



HSBC France

**Programme for the issue of Structured Notes and Certificates  
for an aggregate maximum issue amount of €20,000,000,000  
(the "Programme")**

**This offering memorandum (the "Offering Memorandum") constitutes base listing particulars for the purposes of listing on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") and trading on its Global Exchange Market and does not constitute a prospectus for the purposes of Directive 2003/71/EC (as amended) (the "Prospectus Directive").**

This Offering Memorandum has been prepared for the purposes of providing information on the common characteristics applicable to the issues of notes (the "**Notes**") and certificates (the "**Certificates**") by HSBC France, in its capacity as "**Issuer**". One or more supplements may amend or supplement the financial characteristics of the Notes or Certificates or include updated information on the Issuer's situation (each referred to herein as a "**Supplement**"). The Offering Memorandum does not comprise a base prospectus for the purposes of the Prospectus Directive. The Offering Memorandum has been prepared solely with regard to Notes and Certificates that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2014/65/EU, as amended and (ii) not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

Application has been made for approval of this Offering Memorandum by Euronext Dublin.

An application may be made, at the Issuer's option, for the Notes and Certificates to be admitted to the Official List of Euronext Dublin and trading on its Global Exchange Market ("**Euronext Dublin's Global Exchange Market**"). The Notes and Certificates may, however, not be listed on a stock market, in which case a factsheet will be sent to holders containing the same information as that included in the Pricing Supplement, adapted as necessary.

Any Person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") will do so, and offers and sales of the securities to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers as defined herein) in connection with the offer or sale of the securities and, accordingly, this Offering Memorandum and any Pricing Supplement will not contain such information and an Investor must obtain such information from the Offeror.

The Issuer has been rated AA- by Standard & Poor's Global Ratings ("**S&P**"), Aa3 by Moody's Investors Services Inc. ("**Moody's**") and AA- by Fitch Ratings ("**Fitch**").

The Notes and Certificates issued by HSBC France under the Programme may be rated. The relevant Pricing Supplement will specify whether or not the relevant credit ratings are issued by a credit rating agency established in the European Union and registered in accordance with EC Regulation no. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**").

The Notes and Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the state securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account of benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

**PRIIPs REGULATION – IMPORTANT – EEA RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes or Certificates includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes and/or Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in

point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes and/or Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes and/or Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Pricing Supplement in respect of any Notes or Certificates will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and/or Certificates and which channels for distribution of the Notes and/or Certificates are appropriate. Any person subsequently offering, selling or recommending the Notes and/or Certificates (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes and/or Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes and/or Certificates is a manufacturer in respect of such Notes and/or Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**BENCHMARKS REGULATION** - Amounts payable on Floating Rate Notes or Floating Rate Certificates may be calculated by reference to EURIBOR or LIBOR or EONIA or CMS Rate, as specified in the relevant Pricing Supplement. As at the date of this Offering Memorandum, the administrator of EURIBOR and EONIA is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**") and the administrator of LIBOR and CMS Rate is included in such register of administrators.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute, the administrator of EURIBOR and EONIA, is not currently required to obtain authorisation/registration. The relevant Pricing Supplement will specify the administrator of any other benchmark used as a reference under the Floating Rate Notes or the Floating Rate Certificates and whether or not such administrator appears on the above mentioned register of administrators and benchmarks established and maintained by the ESMA.

**Arranger**  
**HSBC France**

**Dealers**  
**HSBC France**  
**HSBC Bank plc**

In accordance with the terms and conditions of the Offering Memorandum, the Issuer may at any time issue (i) Notes including Notes linked to an equity ("**Equity Linked Notes**"), a basket of equities ("**Equity Basket-Linked Notes**"), an index ("**Index Linked Notes**"), a basket of indices ("**Index Basket-Linked Notes**"), an inflation rate ("**Inflation Rate-Linked Notes**"), a currency ("**Currency-Linked Notes**"), an ETF unit ("**ETF Linked Notes**"), a basket of ETFs ("**ETF Basket-Linked Notes**"), an ADR/GDR ("**ADR Linked Notes**" or "**GDR Linked Notes**"), a basket of ADRs/GDRs ("**ADR Basket-Linked Notes**" or "**GDR Basket-Linked Notes**"), a fund ("**Fund-Linked Notes**"), a basket of funds ("**Fund Basket-Linked Notes**"), the credit of an entity or obligation or of a portfolio of entities or obligations ("**Credit-Linked Notes**") and a preference share ("**Preference Share Linked Notes**") and (ii) Certificates including Certificates linked to an equity ("**Equity Linked Certificates**"), a basket of equities ("**Equity Basket-Linked Certificates**"), an index ("**Index Linked Certificates**"), a basket of indices ("**Index Basket-Linked Certificates**"), an inflation rate ("**Inflation Rate-Linked Certificates**"), a currency ("**Currency-Linked Certificates**"), an ETF unit ("**ETF Linked Certificates**"), a basket of ETFs ("**ETF Basket-Linked Certificates**"), an ADR/GDR ("**ADR Linked Certificates**" or "**GDR Linked Certificates**") and a basket of ADRs/GDRs ("**ADR Basket-Linked Certificates**" or "**GDR Basket-Linked Certificates**") for an aggregate maximum issue amount of €20,000,000,000, corresponding to the number of Certificates per issue multiplied by their issue price.

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

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

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

A pro forma Pricing Supplement is provided on page 315 for the Certificates and on page 343 for the Notes. The Pricing Supplement will specify, inter alia, as regards the issue of Notes and Certificates to which they relate, the number of Notes and Certificates issued and the type of Notes and Certificates, the issue date, the issue price, the exercise price, as well as the share, the basket of shares, the index, the basket of indices, the inflation rate, the currency, the ETF unit, the basket of ETFs, the ADR/GDR, the basket of ADRs/GDRs, the fund, the basket of funds, the preference share to which and, as the case may be, the reference entity or obligation or portfolio of reference entities or obligations to whose credit the Notes and Certificates relate. When necessary, an exercise notice will be attached to the Pricing Supplement.

Dematerialised Notes and Certificates may be issued, at the Issuer's option, either in bearer form (*au porteur*), recorded in the books of Euroclear France, a subsidiary of Euroclear Bank S.A./N.V. ("**Euroclear France**") (acting as central depository) which will credit the accounts of the Account Holders (as defined in the Terms and Conditions below), or in registered form (*au nominatif*) and, in such case, at the option of the relevant holder, either in administered registered form (*au nominatif administré*), in which case they will be recorded in the books of an Account Holder designated by the relevant holder, or in fully registered form (*au nominatif pur*), in which case they will be recorded in an account maintained by the Issuer or by a Registration Agent (as defined and indicated in the relevant Pricing Supplement) acting on behalf of the Issuer.

Materialised Notes are issued in bearer form only.

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

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

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

No person is authorised to give any information or to make any representations other than those contained in the Offering Memorandum. No information or representation not contained in the Offering Memorandum may be deemed to have been authorised by or on behalf of the Issuer, of HSBC Bank plc in its capacity as Dealer, of HSBC France, in its capacity as Dealer and arranger (the "**Arranger**") or of any Dealer of an issue of Notes or Certificates referred to in the applicable Pricing Supplement.

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

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

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

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

In particular, neither the Notes nor the Certificates have been or will be registered under the Securities Act, and trading in the Notes and Certificates has not been authorised by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act. Neither the Notes nor the Certificates may be offered, sold, delivered directly or indirectly in the United States or to, or on behalf of or for the benefit of, U.S. Persons. Additional selling restrictions may apply to certain Notes, which will be set forth in the Pricing Supplement. For a description of certain further restrictions on the offering and sale of the Notes and Certificates and on the distribution of the Offering Memorandum, see the section below entitled "Subscription and Sale".

In this Offering Memorandum and in the Pricing Supplement and unless otherwise specified, references to "**EUR**", "**EURO**" and "**€**" are to the lawful currency of the Member States of the European Economic and Monetary Union,

references to "**CHF**" and "**Swiss Franc**" are to the lawful currency of Switzerland, references to "**DKK**" and "**Danish krone**" are to the lawful currency of Denmark, references to "**GBP**" and "**pounds sterling**" are to the lawful currency of the United Kingdom, references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China ("**PRC**"), which solely for the purpose of this Offering Memorandum, excludes the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan, all references to "**Offshore RMB**", where the context requires, are Chinese Renminbi that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement prevailing as of the trade date of the Notes and Certificates, references to "**HKD**" and "**Hong Kong dollar**" are to the lawful currency of Hong Kong, references to "**JPY**" and "**Japanese yen**" are to the lawful currency of Japan, references to "**KRW**" and "**Korean won**" are to the lawful currency of South Korea, references to "**SEK**" and "**Swedish krona**" are to the lawful currency of Sweden, and references to "**USD**" and "**US dollar**" are to the lawful currency of the United States of America.

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## **RISK FACTORS RELATING TO THE ISSUER**

The value of the Notes and Certificates will be affected, in part, by the assessment made by investors of the Issuer's solvency. Such assessment generally takes into account the ratings given to the Issuer and/or the Issuer's securities already in issue by the various ratings agencies such as Fitch Ratings, Moody's Investors Services Inc. and Standard & Poor's Global Ratings. A reduction in the rating given to the Issuer's securities already in issue by one of these ratings agencies could result in a fall in the trading value of the Notes and Certificates. The Issuer does not intend to have the Notes and Certificates rated.

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

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

- a) financial risks (credit risk, counterparty risk, market risk, structural interest-rate risk, structural foreign exchange risk and liquidity and funding risk);
- b) operational risks (legal risk, tax risk, IT systems risk, non-compliance risk and accounting risk); and
- c) environmental risks,

they are detailed on pages 62 to 121 of the Issuer's 2017 Registration Document and on pages 12 to 21 of the Update to the 2017 Registration Document (all as defined in Section "Documents Incorporated by Reference"), which are incorporated by reference in this Offering Memorandum. Investors are invited to carefully take into consideration these risk factors prior to making an investment in the Notes or Certificates.

## **RISK FACTORS RELATING TO THE NOTES**

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

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

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Memorandum or any supplement to this Offering Memorandum and the relevant Pricing Supplement; and
- (b) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or for which the currency for principal or interest payments is different from the potential investor's currency.

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

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

### **2. Risks related to structured Notes**

The Issuer may issue Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes whose Settlement Amount (as defined in the Terms and Conditions of the Notes) is determined by reference to an index or formula, changes in the Underlying (as defined in the Terms and Conditions of the Notes) or other factors. Potential investors should be aware that:



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

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

### 3. **Potential conflict of interest related to structured Notes**

The Issuer or affiliates of the Issuer may from time to time: (i) advise or engage in business with the Issuer or obligors in respect of any Series of Notes where the principal and/or interest in respect to such Notes is determined by reference to one or more variables such as an index, formula, security, currency exchange rate, interest rate, inflation index, the credit of one or more entities or other factor (each variable being a “**Reference Asset**” or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index)) regarding transactions to be entered into by them; (ii) engage in transactions involving Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) for their proprietary accounts, for other accounts under their management or to facilitate client orders; (iii) carry out hedging activities related to the Notes by purchasing the Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index); (iv) publish research reports relating to Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index); or (v) acquire non-public information about Reference Asset or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index). Any such activity by the Issuer or its affiliates (as applicable) may have a negative effect on the value of such Reference Asset(s) and therefore on the value of any Notes to which they relate.

In addition, the conditions of the Notes may provide for (a) the early redemption of the Notes or (b) a lesser amount being payable in respect of the Notes if the value of any Reference Asset exceeds, falls below, is equal to or does not stay within pre-determined reference levels (“**Threshold Events**”). The activity described in the preceding paragraph may cause such Threshold Events to be triggered, which could potentially have a negative impact on the value of any Notes to which they relate.

Certain affiliates of the Issuer or the Issuer itself may: (i) be the counterparty to the hedge of the Issuer's obligations under an issue of Notes; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Notes; or (iii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes referencing the Reference Asset(s). Accordingly, there is a risk that certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of Noteholders.

**4. Risks relating to Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes and Preference Share Linked Notes**

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

Fluctuations in the price of the underlying Equity (or underlying Equity Basket), ADR/GDR (or underlying ADR/GDR Basket) or Preference Share will affect the value of the Equity Linked Notes or Equity Basket-Linked Notes.

**5. Risks relating to Index Linked Notes and Index Basket-Linked Notes**

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

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

**6. Risks relating to ETF Linked Notes and ETF Basket-Linked Notes**

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

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

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

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

Potential investors should review carefully the Offering Memorandum and any offering document (where relevant) relating to the ETF or ETF Basket concerned prior to investing in the Notes. None of the Issuer, any company affiliated to the Issuer or the Calculation Agent makes any representation as to the solvency of an

underlying ETF or ETF Basket or of the administrative or financial managers, depository bank or of any other advisor of the ETF or ETF Basket.

## 7. Risks relating to Preference Share Linked Notes

### (a) General

On redemption Preference Share Linked Notes will be redeemed by payment of an amount determined by reference to the performance of the relevant preference shares, which depends on the performance of the relevant underlying asset(s) or basis of reference to which the preference shares are linked (the "**Preference Share Underlying**" or, if it is comprised in a basket of underlying assets, a "**Preference Share Underlying Component**"). If the performance of the Preference Share Underlying or a Preference Share Underlying Component is negative, the performance of the preference shares will or may be negative and, if so, the value of the Preference Share Linked Notes will be adversely affected. Purchasers of Preference Share Linked Notes risk losing all or a part of their investment if the value of the preference shares does not move in the anticipated direction. If the value of the Preference Shares becomes zero, the value of the Preference Share Linked Notes will also become zero.

### (b) Preference Share Underlying

The Preference Share Underlying may be a specified index or basket of indices, a specified share or basket of shares, a specified currency or basket of currencies, a specified debt instrument or basket of debt instruments, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or such other underlying instruments, bases of reference or factors as may be determined by the Preference Share Issuer and specified in the terms and conditions of the relevant series of Preference Shares.

### (c) Credit Risk of Preference Share Issuer

Preference Share Linked Notes are linked to the performance of the relevant preference shares issued by the Preference Share Issuer. Investors bear the Preference Share Issuer risk. The value of the Preference Share Linked Notes is dependent not only on the value of the preference share, but also on the creditworthiness of the Preference Share Issuer, which may vary over the term of the Preference Share Linked Notes. The Preference Share Issuer is not an operating company.

Its sole business activity is the issue of redeemable preference shares. The Preference Share Issuer does not have any trading assets and does not generate any significant net income. As its funds are limited any misappropriation of funds or other fraudulent action by the Preference Share Issuer or person acting on its behalf would have a significant effect on the value of the preference shares and will affect the value of the Preference Share Linked Notes.

### (d) Potential conflicts of interest

The Issuer or affiliates of the Issuer may from time to time: (i) advise or engage in business with the issuers of or obligors in respect of a Preference Share Underlying, Preference Share Underlying Components or the component shares of any Preference Share Underlying or Preference Share Underlying Component which is an equity index regarding transactions to be entered into by them; (ii) engage in transactions involving a Preference Share Underlying, Preference Share Underlying Components or the component shares of any Preference Share Underlying or Preference Share Underlying Component which is an equity index for their proprietary accounts, for other accounts under their management or to facilitate client orders; (iii) carry out hedging activities related to the Preference Share-Linked Notes by purchasing the Preference Share Underlying, Preference Share Underlying Components or the component shares of any Preference Share Underlying or Preference Share Underlying Component which is an equity index; (iv) publish research reports relating to a Preference Share Underlying, certain Preference Share Underlying Components or the component shares of any Preference Share Underlying or Preference Share Underlying Component which is an equity

index; or (v) acquire non-public information about a Preference Share Underlying, Preference Share Underlying Component or the component shares of any Preference Share Underlying or Preference Share Underlying Component which is an equity index. Any such activity by the Issuer or its affiliates (as applicable) may have a negative effect on the value of such Preference Share Underlying, Preference Share Underlying Components and therefore on the value of any Preference Share-Linked Notes to which they relate.

In addition, the conditions of the Preference Shares may provide for (a) the early redemption of the Preference Shares, and/or (b) a lesser amount being payable in respect of the Preference Shares, if the value of the Preference Share Underlying or a Preference Share Underlying Component exceeds, falls below, is equal to or does not stay within pre-determined reference levels ("**Threshold Events**") resulting in the Preference Share-Linked Notes also being redeemed early or a lesser amount being payable in respect of the Preference Share-Linked Notes, as the case may be. The activities described in the preceding paragraph may cause such Threshold Events to be triggered, which could potentially have a negative impact on the value of any Preference Share-Linked Notes to which they relate.

Certain affiliates of the Issuer or the Issuer itself may: (i) be the counterparty to the hedge of the Issuer's obligations under an issue of the Preference Share-Linked Notes; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Preference Share-Linked Notes; or (iii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Preference Share-Linked Notes referencing the Preference Share Underlying or Preference Share Underlying Components. Accordingly, there is a risk that certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of Noteholders.

Furthermore, HSBC France is the Issuer and HSBC Bank plc is the Calculation Agent in respect of Preference Share Linked Notes and also acts as calculation agent in respect of the Preference Shares (the "**Preference Share Calculation Agent**"). HSBC France and HSBC Bank plc are both members of the HSBC group of companies. As a result of this relationship, potential conflicts of interest may arise for HSBC France and HSBC Bank plc in acting in their respective capacities. Subject to any relevant regulatory obligations, the Issuer and the Preference Share Calculation Agent owe no duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder. The Preference Share Issuer may also rely on other HSBC entities (including the Preference Share Calculation Agent) or other service providers to perform its operational requirements. In the event any relevant HSBC entities or other service providers fail to perform any obligations, this may adversely affect the value of the Preference Shares and potentially the amounts payable under the Notes.

In addition to providing calculation agency services to the Preference Share Issuer, HSBC Bank plc or any of its affiliates may perform further or alternative roles relating to the Preference Share Issuer and any series of Preference Shares including, but not limited to, being involved in arrangements relating to any Preference Share Underlying or Preference Share Underlying Component (for example as a calculation agent). Further, HSBC Bank plc or any of its affiliates (including HSBC France) may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer, the Preference Shares or any Preference Share Underlying or Preference Share Underlying Component or component share of any Preference Share Underlying or Preference Share Underlying Component which is an equity index and, as a result, HSBC Bank plc may face a conflict between its obligations as Preference Share Calculation Agent and its and/or its affiliates' interests in other capacities.

## **8. Risks relating to Inflation Rate-Linked Notes**

### ***Volatility***

Inflation rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in inflation rates resulting in a decrease in the value of interest payments and the principal payable on the Notes at maturity. As a consequence the market value of the Notes may also fall.

### ***Interest income risk***

In relation to certain types of Inflation Rate Linked Notes, interest only accrues on days on which the interest related Reference Asset fixes within a predetermined range set out in the Pricing Supplement. If the interest related Reference Asset does not fix within such range on one or more days during the term of the Notes, then the return on the Notes may be lower than traditional fixed rate securities, or even zero. Holders should note that no interest accrues on days when the interest related Reference Asset fixes outside of the range.

## **9. Risks relating to Currency-Linked Notes**

### ***Volatility of exchange rates***

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the Specified Currency and Reference Currencies and the Settlement Currency and Alternative Payment Currency (as applicable) may result in a decrease in the value of interest payments or the principal payable on the Notes at maturity. As a consequence, the market value of the Notes may also fall.

### ***FX Disruption Event***

Investors in the Notes should be aware that, following the occurrence of a FX Disruption Event (as defined in the Conditions) the Issuer may elect to redeem the Notes against payment of an amount determined by the Calculation Agent to be the fair market value of the Notes less the cost to the Issuer of unwinding any underlying related hedging arrangements (such amount may be less than any amount received at maturity or expiry or exercise and may result in a loss to the investors) or instruct the Calculation Agent to make such adjustments to the Conditions of the Notes as it determines to be necessary or desirable to reflect any market practice which develops in respect of the FX Disruption Event.

If, by reason of an FX Disruption Event, the Issuer is unable to settle payments under the Notes in the Settlement Currency, the Issuer may settle payments by payment of the Alternative Payment Currency Equivalent (which will be an amount in USD or such other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement). Also, if the Notes are redeemed early, investors will forego any future appreciation or depreciation in the underlying currency.

### ***Payment of Alternative Payment Currency Equivalent***

Notes may provide that, if by reason of an FX Disruption Event (as defined in the Conditions) or the relevant clearing system ceasing to accept payments in the Settlement Currency or the occurrence of an event specified in the Pricing Supplement as an Alternative Payment Currency Event, the Issuer is not able to satisfy its obligations to pay any amounts due under the Notes (as applicable) in the Settlement Currency, then the Issuer is entitled to make the payments in an alternative payment currency (the "**Alternative Payment Currency**").

### ***Notes linked to an index, formula or other underlying and multi-currency and Dual Currency Notes***

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**Dual Currency Notes**"). Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iii) they may lose all or a substantial portion of their principal and/or interest payments;

- (iv) the relevant currencies may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and
- (v) the timing of changes in a relevant currency may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant currency, the greater the effect on yield.

***Specific risks relating to Offshore Notes denominated in RMB and Notes linked to Offshore RMB and traded outside the PRC***

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

- (a) *RMB is not completely freely convertible; Restrictions on RMB conversion through relevant Offshore RMB Centres (as specified in the relevant Pricing Supplement) may adversely affect the liquidity of the Notes*

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been a significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions were implemented by the People's Bank of China (the "**PBoC**") in 2018, there is no assurance that the PRC Government will liberalise its control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC, which may negatively impact on the liquidity of the Notes and thus the value of the Notes. In addition, if Renminbi outside the PRC is unavailable, this will impact on the ability of the Issuer to source Renminbi to perform its obligations under Notes denominated in Renminbi.

- (b) *RMB interest rate risk*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility and, as a result, the value of the Notes may fluctuate as well. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the

interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

RMB Notes may carry a fixed interest rate ("**Fixed Rate Notes**") or have a resettable interest rate ("**Resettable Notes**"). Consequently, the trading price of RMB Notes which are Fixed Rate Notes or Resettable Notes will vary with the fluctuations in the Renminbi interest rates. If holders of such RMB Notes propose to sell such Notes before their maturity, they may receive an offer lower than the amount they have invested.

(c) *RMB exchange rate risk*

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

The value of Renminbi against other foreign currencies is susceptible to PRC internal and external factors. Recently the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account marketmaker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Offshore RMB depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

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

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

## **10. Risks relating to Fund-Linked Notes and Fund Basket-Linked Notes**

### ***Information***

No investigation has been made of the financial condition or creditworthiness of any Reference Fund in connection with the issue of any Fund-Linked Notes or Fund Basket-Linked Notes. Investors in the Fund-Linked Notes or Fund Basket-Linked Notes should obtain and evaluate the same information concerning each Reference Fund as they would if they were investing directly in such Reference Fund. In addition, investors should understand that the historical performance of the Reference Fund should not be viewed as predictive of future results.

### ***Actions or omissions of the Reference Fund or other***

In certain circumstances, the actions or omissions of the relevant Reference Fund or others outside the control of the Issuer, may adversely affect the rights of the Noteholders and/or the value of the Fund-Linked Notes or Fund Basket-Linked Notes, including actions that may give rise to an adjustment to, or early redemption of, the Fund-Linked Notes or Fund Basket-Linked Notes.

### ***Reference Fund Disruption Event***

Investors in the Fund-Linked Notes or Fund Basket-Linked Notes are subject to the risk that a Reference Fund Disruption Event may occur in relation to a Reference Fund. A Reference Fund Disruption Event may occur in respect of Notes if, as determined by the Calculation Agent: the date on which a Reference Fund is scheduled to determine the net asset value of such Reference Fund is postponed; the reporting of such net asset value is postponed; or payment in respect of any redemption is postponed.

If the Calculation Agent determines that a Reference Fund Disruption Event has occurred, the Calculation Agent may postpone the Valuation Date to a later date which is not a Disrupted Day, provided that the Valuation Date will not be postponed beyond the date specified in the relevant Pricing Supplement as the "**Cut-off Valuation Date**". If the Calculation Agent postpones the Valuation Date, the due dates for any payments or delivery in respect of the Notes (including, without limitation, the maturity date) may also be postponed.

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

Investors should note that Additional Disruption Events may occur in relation to the relevant Notes in certain circumstances described in the Conditions. If any Additional Disruption Event occurs in relation to the relevant Notes, the Issuer may declare a valuation date and designate an early redemption date and the Noteholders will receive an early redemption amount based on the determinations made by the Calculation Agent.

The following Additional Disruption Events may be specified to be applicable in the relevant Pricing Supplement:

- "**Change in Law**" may occur where the Issuer determines (i) it is or will become unlawful, illegal or otherwise prohibited for it to hedge its obligations under the Notes or such hedging arrangements may be materially adversely affected, or (ii) it has become illegal or inadvisable to, or there has been a material increase to the Issuer in the cost of holding such assets, each due to a change in law;
- "**Hedging Disruption**" may occur if it is or has become not reasonably practicable, or it has otherwise become undesirable for the Issuer (having used commercially reasonable efforts to do so) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);
- "**Increased Cost of Hedging**" may occur where the Issuer would incur a materially increased cost, other than as a consequence of deterioration in its own creditworthiness, in hedging its obligations under the Notes;

Upon the occurrence of such an early redemption prior to the originally scheduled maturity date of the relevant Notes, Noteholders may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant Reference Fund that may occur following such redemption.

### ***Extraordinary Fund Events***

In respect of Fund-Linked Notes or Fund Basket-Linked Notes, one of the following events may occur in relation to one or more funds to which the Notes are linked:

- (a) any breach or violation of the provisions of the fund prospectus or any other documents in relation to the fund;
- (b) the non-execution or partial execution by such fund for any reason of a subscription or redemption order in respect of any units in that fund given by a Hypothetical Investor (as defined in the Terms



and Conditions of the Notes) (whether or not in accordance with the relevant fund prospectus), (ii) the fund suspends or refuses transfers of any of its units, (iii) the fund imposes in whole or in part any restriction, charge or fee in respect of a redemption or subscription of its units by the Issuer or exercises its right to claw back the proceeds already paid on redeemed units if in any case it could, in the determination of the Calculation Agent, have an adverse impact on the Issuer's or any of its designated affiliates', as applicable, rights or obligations in relation to its hedging activities in relation to the Notes, or (iv) a mandatory redemption, in whole or in part, of the units is imposed by the fund on any one or more holders of units at any time for any reason;

- (c) such fund or any service provider in respect thereof is (or is to be) wound-up or similar, or makes a restructuring arrangement with its creditors or certain insolvency proceedings or similar are commenced against the fund;
- (d) there exists any litigation against the fund or any service provider in respect thereof which could materially affect the value of the units in the fund or the rights or remedies of any investor in such units, as determined by the Calculation Agent;
- (e) (i) a service provider in respect of the fund ceases to act in such capacity in relation to the fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the fund and/or any service provider in respect of the fund to meet or maintain any obligation or undertaking under the fund prospectus or any other relevant fund document which failure is reasonably likely to have an adverse impact on the value of the units in the fund or on the rights or remedies of any investor in such units;
- (f) a material modification, or any announcement regarding a potential future material modification, of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of such fund;
- (g) the failure by such fund to comply with its reporting obligations in accordance with its agreements with the Issuer or any of its designated affiliates (as applicable);
- (h) a material modification (other than any modifications referred to in (e) above) of such fund or the occurrence of a change or any event materially affecting such fund;
- (i) a material modification of the type of assets in which such fund invests or the trading practices of the relevant fund which, in the determination of the Calculation Agent, has or is likely to have a material effect on any hedging arrangements entered into by the Issuer or any of its designated affiliates (as applicable) in respect of these Notes;
- (j) such fund or service provider in respect thereof has its authorisation or registration cancelled by any applicable regulatory authority;
- (k) (i) an allegation of criminal or fraudulent activity is made in respect of the fund, or any service provider in respect thereof, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred or (ii) such fund or a service provider in respect thereof (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such fund, investment adviser, manager or administration agent; (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of such fund; (C) makes any material misrepresentation under any document in respect of the relevant fund or (D) announces its intention to cease the business of investment management;

- (l) any relevant activities of or in relation to the fund or a service provider in respect thereof are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction, (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the fund or a service provider in respect thereof or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the fund is required by a competent authority to redeem any units, (iv) the Issuer or any of its designated affiliates (as applicable) is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any units in such fund held in connection with any hedging arrangements relating to the Notes and/or (v) any change in the legal, tax, accounting or regulatory treatment of the fund or any service provider in respect thereof that is reasonably likely to have an adverse impact on the value of the units in the fund or other activities or undertakings of the fund or on the rights or remedies of any investor in such units, including the Issuer;
- (m) the creation by the fund of any illiquid share class or unit howsoever described;
- (n) the currency denomination of the units in the fund is amended from that set out in the fund prospectus or any other relevant fund document so that the NAV per unit is no longer calculated in the same currency as it was as at the Trade Date;
- (o) if applicable, the fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction;
- (p) if the fund comprises multiple classes or series (howsoever described in the fund prospectus or any other relevant fund document) of shares or units, and the Calculation Agent determines (in good faith and a commercially reasonable manner) at any time, taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the fund prospectus or any other relevant fund document), that such other class or series has or may have an adverse effect on the hedging activities of the Issuer or any of its designated affiliates (as applicable) in relation to the Notes;
- (q) (i) the Calculation Agent determines, at any time, that the NAV per unit is inaccurate, or (ii) the reported net asset value of the units in the fund misrepresents the net asset value of such units;
- (r) any material modification of the method of calculating the NAV per unit;
- (s) any change in the periodicity of the calculation or the publication of the NAV per unit;
- (t) any change in the length of notice periods for redemptions or transfers in relation to the fund;
- (u) a Reference Fund Disruption Event (as defined in the Terms and Conditions of the Notes) has occurred and is continuing for at least three consecutive Reference Fund Valuation Days (as defined in the Terms and Conditions of the Notes); or
- (v) the exposure (expressed as percentage) of the fund to securities with a credit quality (based upon the lowest credit ratings from S&P, Moody's and Fitch when available) below B, B2 or B for S&P, Moody's and Fitch respectively exceeds 35%; the aggregated level of leverage (expressed as percentage) of the fund exceeds 20%;
- (w) the Calculation Agent determines that, over any period not exceeding twelve months, the total net value of the assets of the Reference Fund has decreased by 30 per cent. (either due to redemptions, a decrease in value of such assets or otherwise); or

- (x) the Calculation Agent determines that, over any period not exceeding twelve months (ending on the immediately preceding date on which the Reference Fund Adviser published the total value of the assets it managed), the total value of the assets managed by the Reference Fund Adviser (including the Reference Fund) has decreased by 50 per cent. (either due to redemptions, a decrease in value of such assets or otherwise);

Following the occurrence of such event ("**Extraordinary Fund Event**"), the Calculation Agent may make certain adjustments to or substitutions for the affected Reference Fund, Reference Fund unit and/or any other terms and conditions of the Notes as the Calculation Agent may determine in good faith and in a commercially reasonable manner, or the Calculation Agent may determine in good faith and in a commercially reasonable manner that the relevant Notes shall be terminated upon payment to the holders thereof of the Fair Market Value of such Notes (taking into account the redemption proceeds (if any) which a Hypothetical Investor would have received in relation to the relevant fund (in accordance with the Conditions)), each of which may result in a loss to such holders.

### ***Tax and Currency Risk***

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

### ***Class of Investments***

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

### ***Investment Risk***

There can be no assurance that any Reference Fund will achieve its investment objectives. The investment income of each Reference Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Reference Fund's investment income may be expected to fluctuate in response to changes in such expenses or income and this may have an adverse effect on the value of the Notes and any amounts payable thereunder.

### ***High Yield***

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

the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Reference Funds. All such risks could adversely affect the value of Notes linked to Reference Funds which invest in high yield securities.

#### ***Reference Funds with One or More Currency Hedged Share Classes***

Certain share classes in a Reference Fund may hedge their currency exposure using forward FX contracts and spot FX contracts. All gains, losses and expenses arising from hedging transactions for a particular share class are attributed only to that share class and should generally be borne only by the investors in that share class. However, in respect of certain Reference Funds there is no legal segregation of share class such that there is a risk that, if the assets notionally allocated to a currency hedged share class are insufficient to meet the losses arising from its hedging transactions (in addition to other fees and expenses attributable to such share class), the losses arising from such the hedging transactions could affect the net asset value per share of one or more other share classes of the same Reference Fund.

#### ***Provision of Information***

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

#### ***Additional considerations/risk factors set out in offering documents relating to Reference Funds***

Investors in Fund-Linked Notes or Fund Basket-Linked Notes should note that there may be particular investment considerations and risk factors set out in the offering documentation relating to the Reference Funds and are advised to read and consider such offering documentation in making an investment decision to invest in such Notes. Such information is not incorporated by reference and does not form part of this Offering Memorandum.

### **11. Risks relating to Credit-Linked Notes**

#### ***General***

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more entities (together "**Reference Entities**" and each, a "**Reference Entity**") and, if so, unless the Notes are "zero recovery" or "fixed recovery" Notes on the value of certain specified assets of such Reference Entity(ies) or, where, if such events have occurred, the Issuer's obligation is to deliver certain specified assets upon redemption of the Notes. In this respect, the Notes provide investors with a return linked to the credit of the Reference Entity or Reference Entities, as well as the credit risk of the Issuer in performing its obligations under the Notes, and will not provide protection of principal or a guarantee of interest.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit-Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. It is the responsibility of investors to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of their entitlement to receive payments under the Notes.

The market price of such Notes may be volatile and will be affected by factors that interrelate in complex ways, including amongst other things, the Issuer's creditworthiness, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. It is important for investors to understand that the effect of one factor may offset the increase in the market price of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the market price of the Notes caused by another factor. For example, a drop in the creditworthiness of a Reference Entity may more than offset any increase in the Issuer's creditworthiness. The market price of the Notes may be zero.

The Credit-Linked Conditions set out in this Offering Memorandum contain provisions for Credit-Linked Notes with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). The 2014 ISDA Definitions are different from the 2003 ISDA Credit Derivatives Definitions (as supplemented) (the "**2003 ISDA Definitions**") (see further "*Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions*" below).

Any references in this sub-section 10 to ISDA will include any other entity which succeeds to or is performing functions previously undertaken by ISDA in relation to Credit Derivatives Determinations Committees and references to Credit Derivatives Determinations Committees in relation to ISDA will include any successor thereto. The Calculation Agent may make such adjustments to the Credit-Linked Conditions and the relevant Pricing Supplement as it determines appropriate to account for any other entity so succeeding to or performing functions previously undertaken by ISDA.

The Issuer's obligations in respect of Credit-Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The holders of Credit-Linked Notes will be exposed to the credit of one or more Reference Entities, which exposure shall be, unless otherwise stated in the relevant Pricing Supplement or the Notes are "fixed recovery" Notes, to the full extent of their investment in such Notes. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

The Calculation Agent may exercise its right to deliver a Credit Event Notice even if the relevant Credit Event is no longer continuing and Noteholders will have no right to compel the exercise of this right or to control the timing of a Credit Event Determination Date. Notwithstanding this, in most cases a Credit Event can only be triggered (whether by an ISDA Credit Derivatives Determinations Committee determination or the Calculation Agent) if the relevant event occurred within a 60 calendar day look-back period. These provisions mean that there is a time limit on the ability to act on a Credit Event and that it is possible that the Notes could be affected by a Credit Event that took place prior to the Trade Date.

Not all of the Credit Events require an actual default with respect to the Reference Entity's obligations. Thus Noteholders may bear losses based on a deterioration in the credit of a Reference Entity short of default. Also, not all Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. Under the terms of the Notes, subject to certain Credit Derivatives Determinations Committee determinations, the Calculation Agent's determination will be binding on the Issuer and Noteholders and may be different from the view of Noteholders, other financial institutions and/or commentators.

The Issuer may determine that certain terms of the Notes (for example the applicable Credit Events, Deliverable Obligations and Obligations) be those set in the Credit Derivatives Physical Settlement Matrix ("**Physical Settlement Matrix**") for the Transaction Type(s) specified in the Pricing Supplement for the Reference Entity(ies), rather than being specified in the Pricing Supplement. The Physical Settlement Matrix sets out a number of terms which, depending on the Transaction Type specified, will apply to standard credit derivatives transactions if incorporated into the documentation for those transactions and is published by ISDA on its website at [www2.isda.org](http://www2.isda.org) (or any successor website thereto). If applicable to the Notes, the version of the Physical Settlement Matrix which will apply will be that dated the date specified in the relevant Pricing Supplement.

#### ***Redemption following a Credit Event***

Where cash settlement (other than for "fixed recovery" Notes) or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced nominal amount or at zero, and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. The value of obligations of the relevant Reference Entity which will affect the amount (if any) due on such redemption may substantially decrease in value during the period between the Credit Event and settlement of the Notes.

In such circumstances, where cash settlement applies and the amount (if any) due on redemption of the Notes is to be calculated by reference to the value of one or more Valuation Obligations of the relevant Reference Entity, the Issuer will select the relevant Valuation Obligations in its sole and absolute discretion irrespective of their market value or liquidity and will not be obliged to consider the interests of Noteholders or mitigate their losses.

Where physical settlement is intended to apply, unless the Issuer does not deliver a Notice of Physical Settlement following the occurrence of a Credit Event because it determines that it would not have any relevant assets to deliver or that all of the relevant assets would be impossible, illegal or impractical to deliver (in which case auction or cash settlement will apply as above), the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity and/or obligations received under certain transactions which may be entered into by the Issuer and/or its affiliates in connection with the Issuer's obligations under the Notes, which obligations are likely to have a market value which is substantially less than their par amount (and may substantially decrease in value during the period between the Credit Event and settlement of the Notes), and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. Where the Notes provide for physical settlement and the Issuer delivers a Notice of Physical Settlement, the Calculation Agent may nonetheless determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible, illegal or impractical to deliver on the specified settlement date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate in connection with the Issuer's obligations under the Notes. Any such determination may delay settlement in respect of the Notes (in the case of paragraph (b)) and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount (if any) which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. In this respect investors should note that neither the Issuer nor its affiliates are under any obligation to acquire any assets for delivery under the Notes and if no such assets are held for these purposes the Notes will be redeemed by payment of a cash amount (if any). Prospective Investors should review the "*Additional Terms and Conditions relating to Credit-Linked Notes*" and the relevant Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

Where cash settlement applies and the Notes are "fixed recovery" Notes, the occurrence of a Credit Event in relation to any Reference Entity from time to time will result in a redemption of the Notes at an amount less

than the nominal amount or at zero, and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. The amount payable on redemption will be dependent upon the fixed Final Price specified in the relevant Pricing Supplement. In such circumstances, if that fixed Final Price is lower than the price that could have been determined pursuant to the auction (as described under *"Risks relating to Auction Settlement of Credit-Linked Notes"* below) or on valuation of the Valuation Obligation(s), as applicable, had auction settlement or cash settlement as described above have applied to the Notes, the redemption amount will be lower than would otherwise have been the case.

Where the Notes are "zero recovery" Notes, the occurrence of a Credit Event in relation to any Reference Entity from time to time will result in cancellation of the Notes at zero, with no amounts being payable under the Notes in this respect and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any accrued interest amounts.

#### ***Credit Event Maturity Settlement Notes***

Credit-Linked Notes in relation to which Credit Event Maturity Settlement is applicable will not, even following the occurrence of a Credit Event, redeem earlier than the Scheduled Maturity Date, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event. Following the occurrence of a Credit Event investors may therefore not receive any interest on their investment for a substantial period of time and may miss the opportunity to invest the amount payable on redemption, that would otherwise have been received earlier, in other assets or investments.

#### ***A Credit Event may occur prior to the Trade Date***

As mentioned above, holders of the Notes may suffer a loss of some or all principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their respective affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

#### ***Increased credit risk is associated with Basket Credit-Linked Notes***

Where the Notes are Basket Credit-Linked Notes, the Notes may be subject to redemption in part as described above upon the occurrence of a Credit Event in relation to each Reference Entity in respect of which a Credit Event occurs, on the basis of the proportional weighting of each such Reference Entity in the basket. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities.

Principal repayments on the Notes will and interest on the Notes may be calculated by reference to the Adjusted Credit Outstanding Nominal Amount. As at the Issue Date the Adjusted Credit Outstanding Nominal Amount is an amount equal to the Aggregate Principal Amount. If a Credit Event occurs in respect of a Reference Entity, then the Adjusted Credit Outstanding Nominal Amount will be reduced by (i) an amount equal to a predefined portion of the Aggregate Principal Amount (reflecting the Notes' exposure to such Reference Entity) and, if "Unwind Costs" are specified as applicable in the relevant Pricing Supplement, (ii) if the Notes are "zero recovery" Notes, the hedging costs arising in relation to the Issuer's and/or any of its affiliates' hedging arrangements in connection with the partial redemption of the Notes or, for any other types

of Note, if such hedging costs exceed the relevant Recovery Value (if auction settlement or cash settlement applies) or the market value of the relevant Initial Deliverable Obligations (if physical settlement applies), such excess. Therefore, investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.

### ***Index Basket Credit-Linked Notes***

For Index Basket Credit Linked Notes, the Reference Obligations as of the issue date of the Notes will be those set out in each relevant Index Annex, being the list for the relevant Markit iTraxx® Index (in the case of Notes linked to one or more iTraxx Indices) or Markit CDX™ Index (in the case of Notes linked to one or more CDX Indices) with the relevant Annex Date specified in the relevant Pricing Supplement, as published by the relevant Index Publisher, being Markit Group Limited as of the date of this Offering Memorandum). Notwithstanding "Successors" below, determinations by each relevant Index Sponsor (being Markit Indices Limited in the case of Notes linked to one or more iTraxx Indices and Markit North America, Inc. in the case of linked to one or more CDX Indices, in each case as of the date of this Offering Memorandum) with respect to replacement Reference Obligations and/or Successors, will apply for the purposes of the Notes. In addition, if ISDA publicly announces a Successor prior to the Trade Date but following the relevant "Roll Date" (in the case of Notes linked to one or more iTraxx Indices) or "Effective Date" (in the case of linked to one or more CDX Indices) specified in an Index Annex, such Successor will apply for the purposes of the Notes, notwithstanding such announcement occurring prior to the Trade Date.

### ***Successors***

A Reference Entity may be replaced as Reference Entity by one or more Successor(s). For these purposes the relevant Succession Date must occur within a 90 calendar day look-back period, other than in the case of a universal succession, where the Succession Date must have occurred on or after 1 January 2014. These provisions mean that there is a time limit on the ability to act on a succession and that it is possible that the Notes could be affected by a succession that took place prior to the Trade Date.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment.

In addition, where more than one Successor to a Reference Entity has been identified the Calculation Agent shall adjust such of Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the relevant Reference Entity Notional Amount and (if applicable) the relevant Transaction Type) to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

### ***Maturity Date extension, interest postponement and settlement suspension***

Investors should note that the maturity of the Notes may be extended beyond the Scheduled Maturity Date in circumstances where a Credit Event may have occurred in relation to a Reference Entity or a Potential Credit Event has or may have occurred in relation to a Reference Entity. As a result, repayment to the Noteholders may be delayed for a significant period of time even in circumstances where it transpires no Credit Event has occurred. In addition, the maturity of the Notes may be extended and ongoing interest payments may be delayed if there is a pending Credit Derivatives Determinations Committee decision at the relevant time.

The Credit Linked Conditions also provide that (other than in respect of "zero recovery" Notes) if, following the determination of a Credit Event Determination Date but prior to a cut-off date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit



Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date and any other Credit Linked Condition as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal (with no action being taken in connection with the settlement of the Notes during such Suspension Period). At that point, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension, and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest-bearing Credit-Linked Notes:

- (a) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (b) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until after the end of the Suspension Period.

***Amendment of Credit-Linked Conditions in accordance with market convention***

The Calculation Agent may from time to time amend any provision of the Credit-Linked Conditions (i) to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees, including without limitation, in relation to settlement, credit events and successors, and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect hedging arrangements of the Issuer.

***ISDA Credit Derivatives Definitions***

Whilst there are many similarities between the terms used in this Offering Memorandum (in particular, in the Credit-Linked Conditions and the terms used in the 2014 ISDA Definitions, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Offering Memorandum and the relevant Pricing Supplement and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit-Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit-Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how sets of ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit-Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit-Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

***Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions***

There are a number of important differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions. In particular, the 2014 ISDA Definitions have:

- (a) introduced a new Credit Event of "Governmental Intervention", which is intended to capture "bail-in" procedures to which financial institutions may be subject;
- (b) made certain amendments to the Restructuring Credit Event to provide for the possibility of a Euro exit;
- (c) reduced the number of buckets applicable in circumstances where Mod Mod R is applicable and deleted the concept of the "Enabling Obligation" which was previously applicable to both Mod R and Mod Mod R;
- (d) introduced the concept of Asset Package Delivery in respect of certain Financial Reference Entities and Sovereigns. This provides that if Deliverable Obligations are exchanged into non-Deliverable assets or written-down in part or in full, in certain circumstances, the credit protection buyer will be able to deliver the resultant package of Assets or the written-down Deliverable Obligation to realise its protection;
- (e) split credit protection between senior and subordinated coverage in respect of a Governmental Intervention and Restructuring Credit Event for Financial Reference Entities, i.e. a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of Senior Obligations and a Subordinated Transaction will not be capable of being triggered by a Restructuring or Governmental Intervention of an obligation which is Subordinated to the Subordinated Reference Obligation;
- (f) made a number of changes to the provisions for determining a Successor to a Reference Entity, particularly with respect to Financial and Sovereign Reference Entities;
- (g) provided for a new election of "Standard Reference Obligation" which, if chosen, will mean that the Reference Obligation will be the obligation of the relevant seniority level published in respect of the relevant Reference Entity on a List maintained by ISDA. A transaction on the terms of the 2014 ISDA Definitions may elect not to apply that election such that the Reference Obligation would remain as chosen by the parties, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 ISDA Definitions;
- (h) replaced the Not Contingent Deliverable Obligation Characteristic with the concept of Outstanding Principal Balance. In order for an obligation (including the Reference Obligation) to constitute a Deliverable Obligation, it must have an Outstanding Principal Balance greater than zero;
- (i) amended the definition of "Qualifying Guarantee" to expand the universe of guarantees that can constitute Qualifying Guarantees (with a particular emphasis on including, to some extent, guarantees with caps or transfer provisions); and
- (j) introduced a large number of technical and other changes.

These changes in the 2014 ISDA Definitions as compared to the 2003 ISDA Definitions have been reflected in the Credit-Linked Conditions in this Offering Memorandum, but in each case subject to important differences, including to reflect the nature of the Notes as compared to "over-the-counter" transactions and to reflect any hedging arrangements the Issuer may put in place. Some changes, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit-Linked Notes and may mean the value of the Credit-Linked Notes and the return (if any) to investors is significantly different from credit-linked Notes whose terms reflect the 2003 ISDA Definitions. Some changes may be disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Notes and, where in any doubt, take advice from suitably qualified professional advisers.

***Risks relating to Auction Settlement of Credit-Linked Notes***

Where an Auction Final Price Determination Date occurs in respect of Credit-Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at [www2.isda.org](http://www2.isda.org) (or any successor website thereto) from time to time and may be amended from time-to-time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

The Issuer and the Noteholders may have little or no influence in outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (or any of their affiliates) shall be under any obligation to consider the interests of any Noteholder.

***No representation by Issuer, Calculation Agent and affiliates***

None of the Issuer, the Calculation Agent nor any of their respective affiliates makes any representation whatsoever with respect to any Reference Entity, Reference Obligation(s) or other underlying obligation(s).

***Dealings by Issuer, Calculation Agent and affiliates***

The Issuer, the Calculation Agent and any of their respective affiliates may deal in Reference Obligation(s) or other underlying obligation(s) of any Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity, any affiliate of any Reference Entity, and/or any other person or entity having obligations relating to any Reference Entity and may act with respect to such business in the same manner as each of them would if the Notes had not been issued, regardless of whether any such action might have an adverse effect on any Reference Entity, Reference Obligation(s) or other underlying obligation(s) or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

***No disclosure of information***

The Issuer, the Calculation Agent and any of their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of any Notes or at any time thereafter, be in possession of information in relation to any Reference Entity, Reference Obligation(s) or other underlying obligation(s) thereof that is or may be material in the context of the issue of Notes and that may or may not be publicly available or known to Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or any such affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

***Potential conflicts of interest***

HSBC Bank plc as Calculation Agent or Issuer will be entitled to make certain determinations and actions and exercise certain discretions under the Credit-Linked Conditions including (inter alia) as to whether an event constituting a Credit Event has occurred. HSBC Bank plc may also be a Quotation Dealer from which the Calculation Agent may request quotations for the purposes of determining the price of the Valuation Obligation(s) of a Reference Entity following the occurrence of a Credit Event, which may affect the level of any cash amount payable under the Notes in relation to such Credit Event. As a result, potential conflicts of interest may exist between HSBC Bank plc and the Noteholders. In its capacity as Calculation Agent or

Issuer, HSBC Bank plc does not act as fiduciary for or as an adviser to any of the Noteholders in respect of any such or otherwise.

#### ***No post-issuance information***

The Issuer will not provide investors with any post-issuance information regarding any Reference Entity, Reference Obligation(s) or other underlying obligation(s). In addition, prospective investors should understand that historical performance of a Reference Entity, Reference Obligation or other underlying obligation should not be viewed as predictive of future results.

#### ***Currency Risk***

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between (i) the Settlement Currency, (ii) the currency of any relevant underlying obligation(s) of a Reference Entity, and (iii) the relevant local currency of the investor's domicile.

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

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

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

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

### **13. Fixed Rate Notes**

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

### **14. Floating Rate Notes**

Investment in Notes which bear interest at a Floating Rate involves (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Pricing Supplement) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. This volatility is increased if the Floating Rate Notes include a multiplying coefficient. A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then

prevailing. In addition, the Issuer's ability to also issue Fixed Rate Notes may affect the market value and the secondary market (if any) of the Floating Rate Notes (and *vice versa*).

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

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

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

**16. No Ownership Rights**

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

**17. Certain Considerations regarding Hedging**

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

**18. Potential Conflicts of Interest**

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

**19. Illegality**

The Noteholders are subject to the risk that if the Calculation Agent determines acting in good faith and a commercially reasonable manner that the performance of the Issuer's obligations under any Notes (the Issuer's designated affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part. Following such an illegality event, the Issuer may terminate its obligations under the Notes against payment of an amount determined the Early Redemption Amount. Noteholders may suffer a loss of some or all of their investment as a result of such early termination, and will forego any future appreciation in the securities underlying the relevant Reference Asset and future interest payments applicable to such Notes (if any).

**20. Disruption Event**

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

**21. Value of Baskets**

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

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

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

**23. Partly-Paid Notes**

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

**24. Inverse Floating Rate Notes**

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

**25. Fixed/Floating Rate Notes**

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

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

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

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

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

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

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

**28. Leverage risk**

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

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

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

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

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

**30. Limitation of liability**

The Issuer accepts no liability in respect of:

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

**31. Modification of the Terms and Conditions of the Notes**

Condition 12 of the Notes contains provisions for holding a General Meeting or taking a Written Decision, as defined in Condition 12, affecting the common interests of the Noteholders. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or were not represented at the relevant General Meeting or Noteholders who voted in a manner contrary to the majority or did not consent to the Written Decision. Collective Decisions can be taken on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 12.

**32. Taxation**

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Offering Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, disposal and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

**33. The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



### 34. EU Resolution and Recovery Directive

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The impact of the BRRD and its implementing provisions on credit institutions, including the Issuer, could materially affect the activity and financial condition of the Issuer and the value of any Notes.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers provided to authorities in the BRRD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) where a firm's insolvency might raise a concern as to the general public interest, a clear plan to reorganise or wind down the firm in an orderly fashion while preserving its critical functions and as far as possible limiting taxpayers' exposure to losses (which should be used as a last resort).

The BRRD currently contains four resolution tools and powers:

- (i) sale of business: enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply;
- (ii) bridge institution: enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a publicly controlled entity holding such business or part of a business with a view to reselling it);
- (iii) asset separation: enables resolution authorities to transfer impaired or problem assets to asset management vehicles to allow such assets to be managed and worked out over time; and
- (iv) bail-in: gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including Notes) to equity (the **general bail-in tool**), such equity being potentially subject to future cancellation, transfer or dilution by application of the general bail-in tool. When applying bail-in or a statutory write-down (including to zero) and conversion into equity power (including amendment of the terms of the Notes such as a variation of the maturity), the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If the debt bail-in or statutory write-down and conversion power has entered into force and only if this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings (including senior debt instruments such as the Notes).

The BRRD also provides that in exceptional circumstances, where the general bail-in tool is applied, the relevant resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. Such exclusion will apply in particular where: (a) it is not possible to bail-in

a particular liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate so as to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate so as to avoid giving rise to widespread contagion, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause serious disruption to the economy of a Member State of the European Union; or (d) the application of the general bail-in tool to those liabilities would cause a reduction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in altogether.

Consequently, where the relevant resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities:

- (i) the level of write down or conversion applied to other eligible liabilities – due to Noteholders as the case may be - when not excluded, may be increased to take account of such exclusions; and
- (ii) if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the financing arrangement for resolution may make a contribution to the institution under resolution, within certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (a) cover any losses which have not been absorbed by eligible liabilities and restore the net asset value of the institution under resolution to zero and/or (b) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The final step – to the extent any losses remain - would be the granting of extraordinary public financial support through additional financial stabilisation tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD applies since 1 January 2015, except for the general bail-in tool which applies since 1 January 2016.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the **SRM Regulation**) has established a centralised power of resolution entrusted to a Single Resolution Board (the **SRB**) and to the national resolution authorities. For Member States participating in the Banking Union (which includes France), the Single Resolution Mechanism (the **SRM**) fully harmonises the range of available tools, but Member States are authorised to introduce additional tools at national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

As from November 2014, the European Central Bank (the **ECB**) has taken over the prudential supervision under the SSM of significant credit institutions in Eurozone member states. In addition, an SRM has been set up to ensure that the resolution of banks across the Eurozone is harmonised. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the start of 2016.

The Issuer has been designated as a significant supervised entity for the purposes of Article 49(1) of the SSM Regulation and is consequently subject to the direct supervision of the ECB. This means that the Issuer is also subject to the SRM, which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large extent, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The implementation of the BRRD in France was made by several legislative texts. The banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) (the **Banking Law**) had anticipated the implementation of the BRRD and

had introduced in the French *Code monétaire et financier* Article L. 613-31-16 which allows the ACPR to exercise resolution powers when an institution is subject to a procedure relating to its recovery or resolution.

Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance n° 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the **Ordinance**) published in the Official Journal on 21 August 2015 has introduced various provisions amending and supplementing the Banking Law to adapt French law to European Union legislation regarding financial matters. Many of the provisions contained in the BRRD were already similar in effect to provisions contained in the Banking Law. Decree no. 2015-1160 dated 17 September 2015 and three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the Ordinance regarding (i) recovery planning implementing Section A of the Annex of the BRRD, (ii) resolution planning implementing Section B of the Annex of the BRRD, and (iii) criteria to assess the resolvability of an institution or group implementing Section C of the Annex of the BRRD, were published on 20 September 2015, mostly to define implementing rules of the BRRD.

The Ordinance has been ratified by law no. 2016-1691 dated 9 December 2016 (*Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique*) which also incorporates provisions which clarify the implementation of the BRRD.

French credit institutions (such as the Issuer) must now comply at all times with minimum requirements for own funds and eligible liabilities (the **MREL**) under Article L.613-44 of the *French Code monétaire et financier*. The MREL is expressed as a percentage of total liabilities and equity of the institution and aims to prevent institutions to structure their commitments in a manner which could limit or prevent the effectiveness of the bail-in tools.

Implementation provisions of the BRRD in France include the bail-in tool and therefore the powers of reducing the principal, cancellation or conversion of subordinated notes. Accordingly, if the Issuer were to be subjected to a resolution process, holders of Notes may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (including amendment of the terms of the Notes such as a variation of the maturity), in application of (i) the decision of the college of resolution of the ACPR or (ii) the decision of the SRB when SRM applies, which may result in such holders losing some or all of their investment. The SRB works in close cooperation with the ACPR, in particular in relation to resolution planning, and has assumed full resolution powers as from 1 January 2016, the contributions of the transfer conditions at the Single Resolution Fund being met by this date.

It is not yet possible to assess the full impact of the BRRD on the Issuer and the French law implementation provisions and there can be no assurance that it will not adversely affect the rights of holders of Notes, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

The holders of Notes have very limited rights to contest and/or ask for the suspension of the exercise of the relevant competent authorities' resolution powers.

### 35. Risks relating to the United Kingdom's vote to leave the European Union

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of the intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms are ongoing. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union

and/or any related matters may have on the market value and/or the liquidity of the Notes in the secondary market.

**36. Changes to existing legislation**

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

**37. French Insolvency Law**

Except as otherwise provided in the Pricing Supplement, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse*, as defined in Condition 12. However, under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is commenced in France with respect to the Issuer.

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

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

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

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

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

**38. The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmark"**

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation

(EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The administrator of a rate or index which is a "benchmark" may not obtain authorisation/registration or not be able to rely on one of the regimes available to non-EU benchmarks. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, such benchmark may be deemed replaced (for the purposes of the Notes) with an alternative benchmark selected by the Issuer (or any Alternative Pre-nominated Index specified in the Pricing Supplement as applicable), the terms and conditions of the Notes might be adjusted pursuant to Condition 17 (*Consequences of a Benchmark Trigger Event*), or de-listed, redeemed or terminated early, or otherwise impacted.

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation or other reforms. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark" (including, without limitation, the LIBOR benchmark) could result in such benchmark being deemed replaced (for the purposes of the Notes) with an alternative benchmark selected by the Issuer (or any Alternative Pre-nominated Index specified in the Pricing Supplement as applicable), adjustment to the terms and conditions pursuant to Condition 5.3(d) (*Alternative Reference Rates*), Condition 17 (*Consequences of a Benchmark Trigger Event*), early redemption or termination, discretionary valuation by the Issuer and/or the Calculation Agent, delisting or other consequences in relation to Notes linked to such "benchmark" or to the interest rate applicable to such Notes effectively becoming fixed at the rate last set in accordance with the Conditions. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

In addition, if the terms and conditions of any Notes are adjusted pursuant to Condition 5.3(d) (*Alternative Reference Rates*) so as to provide for an Alternative Reference Rate, there can be no assurance that any specified Margin will be adjusted for any difference between the Alternative Reference Rate and the original Reference Rate applicable to such Notes or that any adjustment made will correspond to the difference between the Alternative Reference Rate and the original Reference Rate when assessed at any particular date. Investors may accordingly receive less than they would otherwise have received.

There can also be no assurance that the amounts payable to investors in relation to any Notes following the application of a Replacement Index pursuant to Condition 17 (*Consequences of a Benchmark Trigger Event*), and any related adjustments to the terms and conditions of the relevant Notes, will correspond with the amounts that investors would have received if the original Reference Rate or (as the case may be) original Relevant Benchmark had continued to apply, and investors may accordingly receive less than they would otherwise have received.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

**39. Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR**

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions of the Notes, this may (i) if FBF Determination or ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

**40. Risks relating to Green Bonds**

The Pricing Supplement relating to any specific Tranche of Notes may provide that the Issuer intends to use an amount equal to the net proceeds of the issue of those Notes (the **Green Bonds**) to fund eligible businesses and projects in Eligible Sectors as defined in the green bond framework dated 6 November 2015 and available on the following website: <https://www.hsbc.com/investor-relations/fixed-income-investors/green-and-sustainability-bonds> (the **Green Bond Framework**), as amended and supplemented from time to time and as specified in the relevant Pricing Supplement.

Prospective investors should have regard to the information set out in the relevant Pricing Supplement regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green Bonds together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Sector will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a "green" or an equivalently-labelled lending. In addition the requirements of any such label may evolve from time to time, accordingly, no assurance is or can be given to investors that any Eligible Sector or use(s) the subject of, or related to, any Eligible Sectors will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Bonds and in particular with any Eligible Sector, to fulfill any environmental, sustainable and/or other criteria. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Green Bonds.

While it is the intention of the Issuer to apply the proceeds of any Green Bonds so specified to the relevant Eligible Sector, in, or substantially in, the manner described in the relevant Pricing Supplement, there can be no assurance that the relevant Eligible Sector or use(s) the subject of, or related to, any Eligible Sector, will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such eligible sector. Nor can there be any assurance that businesses and projects in such Eligible Sector will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Green Bonds.

Any such event or failure to apply the proceeds of any issue of Green Bonds to any Eligible Sector as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value and marketability of such Green Bonds and also potentially the value of any other Green Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green Bonds shall not depend on the performance of businesses and projects in the relevant Eligible Sector.

No Dealer makes any representation as to the suitability of the Green Bonds to fulfil environmental or sustainability criteria required by prospective investors. The Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria, any verification of whether the Green Bonds meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's website or any third-party opinion.

#### **41. A Noteholder's actual yield may be reduced by transaction costs**

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

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

#### **42. Market value of the Notes**

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

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

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

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

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

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

**45. Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes**

The U.S. Hiring Incentives to Restore Employment Act imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Notes – United States of America – Hiring Incentives to Restore Employment Act*".

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

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

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



## **GENERAL INFORMATION ON TAXATION**

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

## **RISK FACTORS RELATING TO THE CERTIFICATES**

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

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

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the relevant Certificates and the information contained or incorporated by reference in this Offering Memorandum or any supplement to this Offering Memorandum and the relevant Pricing Supplement; and
- (b) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with principal or interest payable in one or more currencies, or for which the currency for principal or interest payments is different from the potential investor's currency.

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

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

### **2. Risks related to structured Certificates**

The Issuer may issue Index Linked Certificates, Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, Equity Linked Certificates, Equity Basket Linked Certificates, ADR/GDR Linked Certificates and ADR/GDR Basket-Linked Certificates whose Settlement Amount (as defined in the Terms and Conditions of the Certificates) is determined by reference to an index or formula,

changes in the Underlying (as defined in the Terms and Conditions of the Certificates) or other factors. Potential investors should be aware that:

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

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

### 3. Potential conflict of interest related to structured Certificates

The Issuer or affiliates of the Issuer may from time to time: (i) advise or engage in business with the Issuer or obligors in respect of any Series of Certificates where the principal and/or interest in respect to such Certificates is determined by reference to one or more variables such as an index, formula, security, currency exchange rate, interest rate, inflation index or other factor (each variable being a “**Reference Asset**” or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index)) regarding transactions to be entered into by them; (ii) engage in transactions involving Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index) for their proprietary accounts, for other accounts under their management or to facilitate client orders; (iii) carry out hedging activities related to the Certificates by purchasing the Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index); (iv) publish research reports relating to Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index); or (v) acquire non-public information about Reference Asset(s) or securities underlying Reference Asset(s) (where such Reference Asset(s) is an equity index). Any such activity by the Issuer or its affiliates (as applicable) may have a negative effect on the value of such Reference Asset(s) and therefore on the value of any Certificates to which they relate.

In addition, the conditions of the Certificates may provide for (a) the early redemption of the Certificates or (b) a lesser amount being payable in respect of the Certificates if the value of any Reference Asset exceeds, falls below, is equal to or does not stay within pre-determined reference levels (“**Threshold Events**”). The activity described in the preceding paragraph may cause such Threshold Events to be triggered, which could potentially have a negative impact on the value of any Certificates to which they relate.

Certain affiliates of the Issuer or the Issuer itself may: (i) be the counterparty to the hedge of the Issuer's obligations under an issue of Certificates; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Certificates; or (iii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Certificates referencing the Reference Asset(s). Accordingly, there is a risk that certain conflicts of interest may arise both among the

Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of Certificateholders.

**4. Risks relating to Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates and ADR/GDR Basket-Linked Certificates**

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

Fluctuations in the price of the underlying Equity (or underlying Equity Basket) or ADR/GDR (or underlying ADR/GDR) will affect the value of the Equity Linked Certificates or Equity Basket-Linked Certificates.

**5. Risks relating to Index Linked Certificates and Index Basket-Linked Certificates**

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

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

**6. Risks relating to ETF Linked Certificates and ETF Basket-Linked Certificates**

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

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

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

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

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

## **7. Risks relating to Inflation Rate-Linked Certificates**

### ***Volatility***

Inflation rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in inflation rates resulting in a decrease in the value of interest payments and the principal payable on the Certificates at expiry or exercise. As a consequence the market value of the Certificates may also fall.

### ***Interest income risk***

In relation to certain types of Inflation Rate Linked Certificates, interest only accrues on days on which the interest related Reference Asset fixes within a predetermined range set out in the Pricing Supplement. If the interest related Reference Asset does not fix within such range on one or more days during the term of the Certificates, then the return on the Certificates may be lower than traditional fixed rate securities, or even zero. Holders should note that no interest accrues on days when the interest related Reference Asset fixes outside of the range.

## **8. Risks relating to Currency-Linked Certificates**

### ***Volatility of exchange rates***

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the Specified Currency and Reference Currencies and the Settlement Currency and the Settlement Currency and Alternative Payment Currency (as applicable) may result in a decrease in the value of interest payments or the principal payable on the Certificates at maturity. As a consequence, the market value of the Certificates may also fall.

### ***FX Disruption Event***

Investors in the Certificates should be aware that, following the occurrence of a FX Disruption Event (as defined in the Conditions) the Issuer may elect to redeem the Certificates against payment of an amount determined by the Calculation Agent to be the fair market value of the Certificates less the cost to the Issuer of unwinding any underlying related hedging arrangements (such amount may be less than any amount received at maturity or expiry or exercise and may result in a loss to the investors) or instruct the Calculation Agent to make such adjustments to the Conditions of the Certificates as it determines to be necessary or desirable to reflect any market practice which develops in respect of the FX Disruption Event.

If, by reason of an FX Disruption Event, the Issuer is unable to settle payments under the Certificates in the Settlement Currency, the Issuer may settle payments by payment of the Alternative Payment Currency Equivalent (which will be an amount in USD or such other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement). Also, if the Certificates are redeemed early, investors will forego any future appreciation or depreciation in the underlying currency.

### ***Payment of Alternative Payment Currency Equivalent***

Certificates may provide that, if by reason of an FX Disruption Event (as defined in the Conditions) or the relevant clearing system ceasing to accept payments in the Settlement Currency or the occurrence of an event specified in the Pricing Supplement as an Alternative Payment Currency Event, the Issuer is not able to satisfy

its obligations to pay any amounts due under the Certificates (as applicable) in the Settlement Currency, then the Issuer is entitled to make the payments in an alternative payment currency (the "**Alternative Payment Currency**").

***Certificates linked to an index, formula or other underlying and multi-currency and Dual Currency Certificates***

The Issuer may issue Certificates with principal or interest payable in one or more currencies which may be different from the currency in which the Certificates are denominated ("**Dual Currency Certificates**"). Prospective investors should be aware that:

- (a) the market price of such Certificates may be very volatile;
- (b) payment of principal or interest may occur at a different time or in a different currency than expected;
- (c) they may lose all or a substantial portion of their principal and/or interest payments;
- (d) the relevant currencies may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and
- (e) the timing of changes in a relevant currency may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant currency, the greater the effect on yield.

***Specific risks relating to Offshore Certificates denominated in RMB and Certificates linked to Offshore RMB and traded outside the PRC***

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

- (a) *RMB is not completely freely convertible; Restrictions on RMB conversion through relevant Offshore RMB Centres (as specified in the relevant Pricing Supplement) may adversely affect the liquidity of the Certificates*

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been a significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions were

implemented by the People's Bank of China (the **PBoC**) in 2018, there is no assurance that the PRC Government will liberalise its control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC, which may negatively impact on the liquidity of the Certificates and thus the value of the Certificates. In addition, if Renminbi outside the PRC is unavailable, this will impact on the ability of the Issuer to source Renminbi to perform its obligations under Certificates denominated in Renminbi.

*(b) RMB interest rate risk*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility and, as a result, the value of the Certificates may fluctuate as well. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

RMB Certificates may carry a fixed interest rate ("**Fixed Rate Certificates**") or have a resettable interest rate ("**Resettable Certificates**"). Consequently, the trading price of RMB Certificates which are Fixed Rate Certificates or Resettable Certificates will vary with the fluctuations in the Renminbi interest rates. If holders of such RMB Certificates proposed to sell such RMB Certificates before their maturity, they may receive an offer lower than the amount they have invested.

*(c) RMB exchange rate risk*

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

The value of Renminbi against other foreign currencies is susceptible to PRC internal and external factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account marketmaker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments will be made in Renminbi with respect to Renminbi Certificates unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Offshore RMB depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Certificateholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

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

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

## **9. Certificates subject to optional redemption by the Issuer**

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

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

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

## **10. Fixed Rate Certificates**

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

## **11. Floating Rate Certificates**

Investment in Certificates which bear interest at a Floating Rate involves (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the Certificates but there will be a periodic adjustment (as specified in the relevant Pricing Supplement) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Certificates may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Certificates upon the next periodic adjustment of the relevant reference rate. This volatility is increased if the Floating Rate Certificates include a multiplying coefficient. A key difference between Floating Rate Certificates and Fixed Rate Certificates is that interest income on Floating Rate Certificates cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Certificates at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Certificates provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to also issue Fixed Rate Certificates may affect the market value and the secondary market (if any) of the Floating Rate Certificates (and *vice versa*).

## **12. Exchange rate risks and exchange controls**

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



Currency-equivalent value of the principal payable on the Certificates and (3) the Investor's Currency-equivalent market value of the Certificates.

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

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

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

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

**14. No Ownership Rights**

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

**15. Certain Considerations regarding Hedging**

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

**16. Potential Conflicts of interest**

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

**17. Illegality**

The Certificateholders are subject to the risk that if the Calculation Agent determines acting in good faith and a commercially reasonable manner that the performance of the Issuer's obligations under any Certificates (the Issuer's designated affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part. Following such an illegality event, the Issuer may terminate its obligations under the Certificates against payment of an amount determined by the Calculation Agent which may be, if so specified in the relevant Pricing Supplement, the Fair Market Value of such Certificate immediately prior to such termination (adjusted to account fully for any reasonable expenses

and costs incurred by the Issuer and/or its designated affiliates in connection with the Issuer's obligations under the Certificates or any related hedging or funding arrangements as a result of such events). Certificateholders may suffer a loss of some or all of their investment as a result of such early termination, and will forego any future appreciation in the securities underlying the relevant Reference Asset and future interest payments applicable to such Certificates (if any).

**18. Disruption Event**

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

**19. Value of Baskets**

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

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

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

**21. Partly-Paid Certificates**

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

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

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

**23. Inverse Floating Rate Certificates**

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

**24. Fixed/Floating Rate Certificates**

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

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

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

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

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

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

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

**27. Leverage risk**

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

## 28. **Limitation of liability**

The Issuer accepts no liability in respect of:

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

## 29. **Taxation**

Potential purchasers and sellers of the Certificates should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Certificates are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Certificates. Potential investors are advised not to rely upon the tax summary contained in this Offering Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, disposal and redemption of the Certificates. Only these advisors are in a position to duly consider the specific situation of the potential investor.

## 30. **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw.

Prospective holders of the Certificates are advised to seek their own professional advice in relation to the FTT.

## 31. **EU Resolution and Recovery Directive**

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The impact of the BRRD and its implementing provisions on credit institutions, including the Issuer, could materially affect the activity and financial condition of the Issuer and the value of any Certificates.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers provided to authorities in the BRRD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) where a firm's insolvency might raise a concern as to the general public interest, a clear plan to reorganise or wind down the firm in an orderly fashion while preserving its critical functions and as far as possible limiting taxpayers' exposure to losses.

The BRRD currently contains four resolution tools and powers:

- (i) sale of business: enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply;
- (ii) bridge institution: enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a publicly controlled entity holding such business or part of a business with a view to reselling it);
- (iii) asset separation: enables resolution authorities to transfer impaired or problem assets to asset management vehicles to allow such assets to be managed and worked out over time; and
- (iv) bail-in: gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including Certificates) to equity (the **general bail-in tool**), such equity being potentially subject to future cancellation, transfer or dilution by application of the general bail-in tool. When applying bail-in or a statutory write-down and conversion power, the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If the debt bail-in or statutory write-down and conversion power has entered into force and only if this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings (including senior debt instruments such as the Certificates).

The BRRD also provides that in exceptional circumstances, where the general bail-in tool is applied, the relevant resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. Such exclusion will apply in particular where: (a) it is not possible to bail-in a particular liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate so as to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate so as to avoid giving rise to widespread contagion, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause serious disruption to the economy of a Member State of the European Union; or (d) the application of the general bail-in tool to those liabilities would cause a reduction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in altogether.

Consequently, where the relevant resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities:

- (v) the level of write down or conversion applied to other eligible liabilities – due to Certificateholders as the case may be – when not excluded, may be increased to take account of such exclusions; and
- (vi) if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the financing arrangement for resolution may make a contribution to the institution under resolution, within certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (a) cover any losses which have not been absorbed by eligible liabilities and restore the net asset value of the institution under resolution to zero and/or (b) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The final step – to the extent any losses remain – would be the granting of extraordinary public financial support through additional financial stabilisation tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD applies since 1 January 2015, except for the general bail-in tool which applies since 1 January 2016.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the **SRM Regulation**) has established a centralised power of resolution entrusted to a Single Resolution Board (the **SRB**) and to the national resolution authorities. For Member States participating in the Banking Union (which includes France), the Single Resolution Mechanism (the **SRM**) fully harmonises the range of available tools, but Member States are authorised to introduce additional tools at national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

As from November 2014, the European Central Bank (the **ECB**) has taken over the prudential supervision under the SSM of significant credit institutions in Eurozone member states. In addition, an SRM has been set up to ensure that the resolution of banks across the Eurozone is harmonised. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the start of 2016.

The Issuer has been designated as a significant supervised entity for the purposes of Article 49(1) of the SSM Regulation and is consequently subject to the direct supervision of the ECB. This means that the Issuer is also subject to the SRM, which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large extent, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The implementation of the BRRD in France was made by several legislative texts. The banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) (the **Banking Law**) had anticipated the implementation of the BRRD and had introduced in the French *Code monétaire et financier* Article L. 613-31-16 which allows the ACPR to exercise resolution powers when an institution is subject to a procedure relating to its recovery or resolution.

Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance n° 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the **Ordinance**) published in the Official Journal on 21 August 2015 has introduced various provisions amending and supplementing the Banking Law to adapt French law to European Union legislation regarding financial matters. Many of the provisions contained in the BRRD were already similar in effect to provisions contained in the Banking Law. Decree no. 2015-1160 dated 17 September 2015 and three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the Ordinance regarding (i) recovery planning implementing Section A of the Annex of the BRRD, (ii) resolution planning implementing Section B of the Annex of the BRRD, and (iii) criteria to assess the resolvability of an institution or group implementing

Section C of the Annex of the BRRD, were published on 20 September 2015, mostly to define implementing rules of the BRRD.

The Ordinance has been ratified by law no. 2016-1691 dated 9 December 2016 (*Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique*) which also incorporates provisions which clarify the implementation of the BRRD.

French credit institutions (including the Issuer) must now comply at all times with minimum requirements for own funds and eligible liabilities (the **MREL**) under Article L.613-44 of the *French Code monétaire et financier*. The MREL is expressed as a percentage of total liabilities and equity of the institution and aims to prevent institutions to structure their commitments in a manner which could limit or prevent the effectiveness of the bail-in tools.

Implementation provisions of the BRRD in France include the bail-in tool and therefore the powers of reducing the principal, cancellation or conversion of subordinated certificates. Accordingly, if the Issuer were to be subjected to a resolution process, holders of Certificates may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (including amendment of the terms of the Certificates such as a variation of the maturity), in application of (i) the decision of the college of resolution of the ACPR or (ii) the decision of the SRB when SRM applies, which may result in such holders losing some or all of their investment. The SRB works in close cooperation with the ACPR, in particular in relation to resolution planning, and has assumed full resolution powers as from 1 January 2016, the contributions of the transfer conditions at the Single Resolution Fund being met by this date.

It is not yet possible to assess the full impact of the BRRD on the Issuer and the French law implementation provisions and there can be no assurance that it will not adversely affect the rights of holders of Certificates, the price or value of their investment in the Certificates and/or the ability of the Issuer to satisfy its obligations under the Certificates.

The holders of Certificates have very limited rights to contest and/or ask for the suspension of the exercise of the relevant competent authorities' resolution powers.

## **32. Risks relating to the United Kingdom's vote to leave the European Union**

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of the intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms are ongoing. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the market value and/or the liquidity of the Certificates in the secondary market.

## **33. The regulation and reform of "benchmarks" may adversely affect the value of any Certificates linked to or referencing such "benchmark"**

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on

29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The administrator of a rate or index which is a "benchmark" may not obtain authorisation/registration or not be able to rely on one of the regimes available to non-EU benchmarks. In such event, depending on the particular "benchmark" and the applicable terms of the Certificates, such benchmark may be deemed replaced (for the purposes of the Certificates) with an alternative benchmark selected by the Issuer (or any Alternative Pre-nominated Index specified in the Pricing Supplement as applicable), the terms and conditions of the Certificates might be adjusted pursuant to Condition 15 (*Consequences of a Benchmark Trigger Event*), or delisted, redeemed or terminated early, or otherwise impacted.

The Benchmarks Regulation could have a material impact on any Certificates linked to or referencing "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation or other reforms. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark", (ii) trigger changes in the rules or methodologies used in the "benchmark", or (iii) lead to the disappearance of the "benchmark" (including, without limitation, the LIBOR benchmark) could result in such benchmark being deemed replaced (for the purposes of the Certificates) with an alternative benchmark selected by the Issuer (or any Alternative Pre-nominated Index specified in the Pricing Supplement as applicable), adjustment to the terms and conditions pursuant to Condition 6.3(d) (*Alternative Reference Rates*), Condition 15 (*Consequences of a Benchmark Trigger Event*), early redemption or termination, discretionary valuation by the Issuer and/or the Calculation Agent, delisting or other consequences in relation to Certificates linked to such "benchmark" or to the interest rate applicable to such Certificates effectively becoming fixed at the rate last set in accordance with the Conditions. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to or referencing a "benchmark".

In addition, if the terms and conditions of any Certificates are adjusted pursuant to Condition 6.3(d) (*Alternative Reference Rates*) so as to provide for an Alternative Reference Rate, there can be no assurance that any specified Margin will be adjusted for any difference between the Alternative Reference Rate and the original Reference Rate applicable to such Certificates or that any adjustment made will correspond to the difference between the Alternative Reference Rate and the original Reference Rate when assessed at any particular date. Investors may accordingly receive less than they would otherwise have received.

There can also be no assurance that the amounts payable to investors in relation to any Certificates following the application of a Replacement Index pursuant to Condition 15 (*Consequences of a Benchmark Trigger Event*), and any related adjustments to the terms and conditions of the relevant Certificates, will correspond with the amounts that investors would have received if the original Reference Rate or (as the case may be) original Relevant Benchmark had continued to apply, and investors may accordingly receive less than they would otherwise have received.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Certificates linked to or referencing a "benchmark".



**34. Future discontinuance of LIBOR may adversely affect the value of Floating Rate Certificates which reference LIBOR**

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Certificates which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Certificates. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions of the Certificates, this may (i) if FBF Determination or ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Certificates which reference LIBOR.

**35. Risks relating to Green Bonds**

The Pricing Supplement relating to any specific Tranche of Certificates may provide that the Issuer intends to use an amount equal to the net proceeds of the issue of those Certificates (the **Green Bonds**) to fund eligible businesses and projects in Eligible Sectors as defined in the green bond framework dated 6 November 2015 and available on the following website: <https://www.hsbc.com/investor-relations/fixed-income-investors/green-and-sustainability-bonds> (the **Green Bond Framework**), as amended and supplemented from time to time and as specified in the relevant Pricing Supplement.

Prospective investors should have regard to the information set out in the relevant Pricing Supplement regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green Bonds together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Sector will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a "green" or an equivalently-labelled lending. In addition the requirements of any such label may evolve from time to time, accordingly, no assurance is or can be given to investors that any Eligible Sector or use(s) the subject of, or related to, any Eligible Sectors will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Bonds and in particular with any Eligible Sector, to fulfill any environmental, sustainable and/or other criteria. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Green Bonds.

While it is the intention of the Issuer to apply the proceeds of any Green Bonds so specified to the relevant Eligible Sector, in, or substantially in, the manner described in the relevant Pricing Supplement, there can be no assurance that the relevant Eligible Sector or use(s) the subject of, or related to, any Eligible Sector, will be

capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such eligible sector. Nor can there be any assurance that businesses and projects in such Eligible Sector will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Green Bonds.

Any such event or failure to apply the proceeds of any issue of Green Bonds to any Eligible Sector as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value and marketability of such Green Bonds and also potentially the value of any other Green Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green Bonds shall not depend on the performance of businesses and projects in the relevant Eligible Sector.

No Dealer makes any representation as to the suitability of the Green Bonds to fulfil environmental or sustainability criteria required by prospective investors. The Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria, any verification of whether the Green Bonds meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's website or any third-party opinion.

**36. Changes to existing legislation**

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

**37. A Certificateholder's actual yield may be reduced by transaction costs**

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

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

**38. Market value of the Certificates**

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

The value of the Certificates, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Certificates, the reference assets, the securities comprising the index, or the index are traded. The price at which an owner will be able to sell the Certificates

prior to maturity may be at a discount, which could be substantial, to the issue price or the purchase price paid by such owner. The historical prices of the reference assets or the index should not be taken as an indication of the future performance of the reference assets or the index during the term of any Certificate.

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

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

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

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

**41. Representation of Certificateholders**

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

**42. Hiring Incentives to Restore Employment Act withholding may affect payments on the Certificates**

The U.S. Hiring Incentives to Restore Employment Act imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Certificates – United States of America - Hiring Incentives to Restore Employment Act*".

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

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

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

## **GENERAL INFORMATION ON TAXATION**

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated and form an integral part of the Offering Memorandum:

- (a) the English translation of the Issuer's *Actualisation du Document de référence 2017* filed with the *Autorité des marchés financiers* on 6 August 2018 under No. D.18-0068-A01 (the **Update to the 2017 Registration Document**);
- (b) the English translation of the Issuer's 2017 *Document de référence* filed with the *Autorité des marchés financiers* on 22 February 2018 under No. D.18-0068 (the **2017 Registration Document**);
- (c) the English translation of the Issuer's 2016 *Document de référence* filed with the *Autorité des marchés financiers* on 1 March 2017 under No. D.17-0118 (the **2016 Registration Document**).
- (d) the terms and conditions of the Notes contained at pages 32 to 94 and the terms and conditions of the certificates contained at pages 95 to 147 of the offering memorandum relating to the Programme dated 10 January 2014 (the **2014 Conditions**);
- (e) the terms and conditions of the Notes contained at pages 36 to 103 and the terms and conditions of the certificates contained at pages 104 to 160 of the offering memorandum relating to the Programme dated 9 January 2015 (the **2015 Conditions**);
- (f) the terms and conditions of the Notes contained at pages 39 to 106 and the terms and conditions of the certificates contained at pages 107 to 163 of the offering memorandum relating to the Programme dated 11 January 2016 (the **2016 Conditions**);
- (g) the terms and conditions of the Notes contained at pages 43 to 115 and the terms and conditions of the certificates contained at pages 116 to 177 of the offering memorandum relating to the Programme dated 17 January 2017 (the **January 2017 Conditions**); and
- (h) the terms and conditions of the Notes contained at pages 58 to 140, the additional terms and conditions relating to credit-linked notes contained at pages 141 to 218 and the terms and conditions of the certificates contained at pages 219 to 281 of the offering memorandum relating to the Programme dated 15 November 2017 (the **November 2017 Conditions**).

The Issuer shall make available, without charge, at the designated offices of each Paying Agent during normal opening hours, a copy of the document(s) incorporated by reference (the **Documents Incorporated by Reference**).

All the Documents Incorporated by Reference in the Offering Memorandum shall also be available on the website of HSBC France (<http://www.about.hsbc.fr/investor-relations/debt-issuance>).

Save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Offering Memorandum is prepared modifies or supersedes such statement. Any documents incorporated by reference in the 2016 Registration Document, the 2017 Registration Document or the Update to the 2017 Registration Document do not form part of the Offering Memorandum. To the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Offering Memorandum.

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

filings or financial statements published by the Issuer). Additionally, this Offering Memorandum and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com). For the avoidance of doubt, any websites referred to in this Offering Memorandum or any information appearing on such websites and pages do not form part of this Offering Memorandum.

## TERMS AND CONDITIONS OF THE NOTES

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

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

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

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

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

#### 1.1 Form

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

- (a) Title to Dematerialised Notes shall be evidenced by book entries (*inscription en compte*), in accordance with Articles L.211-3 *et seq.* of the French Monetary and Financial Code. No physical document of title (including depositary receipts (*certificats représentatifs*) pursuant to Article R.211-7 of the French Monetary and Financial Code) shall be issued in respect of the Dematerialised Notes.

Dematerialised Notes may be issued, at the option of the Issuer, either in bearer form (*au porteur*), recorded in the books of Euroclear France (acting as central depositary) which shall credit the

accounts of the Account Holders, or in registered form (*au nominatif*) and, in such case, at the option of the relevant holder, either in administered registered form (*au nominatif administré*), in which case they shall be recorded in the books of an Account Holder designated by the relevant holder, or in fully registered form (*au nominatif pur*), in which case they shall be recorded in an account maintained by the Issuer or by a registration agent (indicated in the relevant Pricing Supplement) acting on behalf of the Issuer (the "**Registration Agent**").

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

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

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

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

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



**Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the value of the ETF Unit or the value of the ETF Basket and/or a formula), **"Fund-Linked Notes"** or **"Fund Basket-Linked Notes"** (including **"Fund-Linked Coupon Notes"** and **"Fund Basket-Linked Coupon Notes"** in respect of which amounts of interest shall be calculated by reference to the performance of the Reference Fund or the performance of the Fund Basket and/or a formula and **"Fund-Linked Redemption Notes"** and **"Fund Basket-Linked Redemption Notes"** in respect of which the principal to be redeemed shall be calculated by reference to the performance of the Reference Fund or the performance of the Fund Basket and/or a formula), **"Credit-Linked Notes"** (including **"Single Reference Entity Credit-Linked Notes"** and **"Basket Credit-Linked Notes"** in respect of which the principal to be redeemed shall be calculated by reference to the credit of a reference entity or reference obligation, or a portfolio of reference entities or reference obligations) or Preference Share Linked Notes (including **"Preference Share Linked Coupon Notes"** in respect of which amounts of interest shall be calculated by reference to the price of the Preference Share and/or a formula and **"Preference Share Linked Redemption Notes"** in respect of which the principal to be redeemed shall be calculated by reference to the price of the Preference Share and/or a formula), **"Dual Currency Notes"** or **"Partly Paid Notes"** or a combination of any of the foregoing, depending on the Interest Basis (as defined in the relevant Pricing Supplement) and the redemption methods specified in the relevant Pricing Supplement.

## 1.2 Denomination(s)

The Notes shall be issued in the specified denomination(s) as set out in the relevant Pricing Supplement (the **"Specified Denomination(s)"**).

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

Dematerialised Notes shall be issued in one Specified Denomination only.

## 1.3 Title

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

In these Terms and Conditions:

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

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Terms and Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid in accordance with the provisions of Condition 7, (c) those which have become non enforceable or in respect of which claims have become prescribed, (d) those which have been repurchased and cancelled as provided in the Terms and Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it has been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

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

#### **1.4 Redenomination**

- (a) The Issuer may (if so specified in the relevant Pricing Supplement), on any date, without the consent of the holder of any Note, Coupon, Receipt or Talon, by giving at least 30 (thirty) calendar days' prior notice in accordance with Condition 16 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a Member State of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "**EC**"), as amended (the "**Treaty**")) or events have occurred which have substantially the same effects (in either case, the "**EMU**"), redenominate all, but not some only, of the Notes of each Series into euros and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Pricing Supplement accordingly, as described more fully below. The date on which such redenomination becomes effective shall be referred to in these Terms and Conditions as the "**Redenomination Date**".
- (b) Unless specified otherwise in the relevant Pricing Supplement, the redenomination of the Notes pursuant to Condition 1.4(a) shall be made by converting the principal amount of each Note from the relevant national currency into euros using the fixed exchange rate between said national currency and the euro as established by the Council of the European Union pursuant to applicable provisions of the Treaty and rounding the resulting figure to the nearest one-hundredth of a euro (with EUR 0.005 being rounded up to the nearest one-hundredth of a euro). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed exchange rate between the relevant national currency and the euro may be rounded down to the nearest euro. The euro denominations of the Notes so determined shall be notified to the holders of any Notes in accordance with Condition 16. Any balance with a value of more than EUR 0.01 remaining from the redenomination shall be paid by way of cash adjustment rounded to the nearest one-hundredth of a euro (with EUR 0.005 being rounded up to the nearest one-hundredth of a euro). Such cash adjustment shall be payable in euros on the Redenomination Date in the manner notified by the Issuer to the holders of any Notes.
- (c) Upon redenomination of the Notes, any reference herein to the relevant national currency shall be construed as a reference to the euro.
- (d) Unless specified otherwise in the relevant Pricing Supplement, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 15.2, without the consent of the holders of any Notes, Receipts, Coupons or Talons, make any changes or additions to these Terms and Conditions or Condition 13 (including, but not limited to, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest calculation basis or benchmark), taking into account market practice in respect of Euromarket debt obligations denominated in euros and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the

holders of any Notes, Receipts, Coupons and Talons and shall be notified to the holders of any Notes in accordance with Condition 16 as soon as practicable thereafter.

- (e) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or any other person for any commissions, costs, losses or expenses in relation to or resulting from a credit or transfer in euros or any currency conversion or rounding effected in connection therewith.

## **2. Conversions and exchanges of Notes**

### **2.1 Dematerialised Notes**

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

### **2.2 Materialised Notes**

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

## **3. Status**

The Notes and, where applicable, any related Receipts and Coupons are direct, unconditional, senior preferred and unsecured obligations of the Issuer (subject to Condition 4) and rank and will rank at all times:

- (i) *pari passu* without any preference among themselves and with other Senior Preferred Obligations of the Issuer;
- (ii) senior to Senior Non-Preferred Obligations of the Issuer and any obligations ranking junior to Senior Non-Preferred Obligations ; and
- (iii) junior to all present and future claims benefiting from statutory preferences.

Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable ou liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer, the rights of Noteholders to payment under the Senior Preferred Obligations rank:

A. junior to present and future claims benefiting from other preferred exceptions; and

B. senior to Senior Non Preferred Obligations.

In these Conditions, the following defined terms shall have the meanings set out below:

**Senior Non-Preferred Obligations** means any obligations or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article L.613-30-3–I-4° of the French *Code monétaire et financier*.

**Senior Preferred Obligations** means any obligations (including the Notes) or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article L.613-30-3-I-3° of the French *Code monétaire et financier*. For the avoidance of doubt, all unsubordinated debt securities issued by the Issuer prior to 11 December 2016 constitute Senior Preferred Obligations.

#### 4. Negative Pledge

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

For the purposes of this Condition the term "outstanding" has the meaning given to it in Condition 1.3.

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

#### 5. Interest and other calculations

##### 5.1 Definitions

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

"**Administrator/Benchmark Event**" means, in respect of any Series of Notes and a Relevant Benchmark, that one of the following events has occurred or will occur, as determined by the Issuer, in respect of such Relevant Benchmark:

- (a) a "**Non-Approval Event**", being any of the following:
  - (i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not obtained;
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register; or
  - (iii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark does not fulfil any other legal or regulatory requirement applicable to the Issuer or the Relevant Benchmark,

in each case, as required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Notes. For the avoidance of doubt, a Non-Approval Event shall not occur if the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Relevant Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension;

- (b) a "**Rejection Event**", being the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark under any applicable law or regulation for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Notes; or
- (c) a "**Suspension/Withdrawal Event**", being:
  - (i) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark which is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Notes; or
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Notes.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Relevant Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension or withdrawal.

**"Affected Relevant Benchmark"** means, in relation to any Series of Notes, the Relevant Benchmark affected by a Benchmark Trigger Event.

**"Alternative Pre-nominated Index"** means, in respect of a Relevant Benchmark, the first of the indices, benchmarks or other price sources specified in the relevant Pricing Supplement as an "Alternative Pre-nominated Index" and which is not subject to a Benchmark Trigger Event.

**"Benchmark Trigger Event"** means:

- a) in respect of a Series of Notes that references a Relevant Benchmark that is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate, an Index Cessation Event or an Administrator/Benchmark Event; and
- b) in respect of any other Series of Notes, an Administrator/Benchmark Event.

**"Benchmark Trigger Event Determination Date"** means, in relation to any Series of Notes and a Relevant Benchmark, the date on which the Issuer determines that a Benchmark Trigger Event has occurred.

**"Business Day"** means:

- (a) in the case of the euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system (the "**TARGET 2 System**") or any successor thereto is operating (a "**TARGET Business Day**"), and/or
- (b) in the case of a Specified Currency other than the euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or

- (c) in the case of a Specified Currency and/or one or more additional business centre(s) as specified in the relevant Pricing Supplement (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the currency of the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

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

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

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

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

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

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

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

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

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

then:

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

or

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

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

Day Count Fraction =

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

where:

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

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

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

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

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

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

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

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

where:

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

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

the fraction is:

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

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

Day Count Fraction:

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

where:

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



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

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

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

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

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

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

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

**"Floating Rate Option"** means, in relation to a Note to which ISDA Determination applies, a rate or price source specified as such in the relevant Pricing Supplement.

**"FBF Definitions"** means the definitions set out in the June 2013 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules (*Additifs Techniques*) as published by the French Banking Federation (*Fédération Bancaire Française*) (together the **"FBF Master Agreement"**), unless specified otherwise in the relevant Pricing Supplement.

**"Independent Adviser"** means means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense and in its discretion.

**"Index Cessation Event"** means means, in respect of a Relevant Benchmark which is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate, the occurrence or existence, as determined by the Issuer, of one or more of the following events:

- (a) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, receivership, administration or winding-up of the administrator of the Relevant Benchmark, or the institution of proceedings relating to or analogous to any of the foregoing (as determined by the Issuer) in relation to the administrator, provided that, at that time, there is no successor administrator that will continue to provide the Relevant Benchmark;
- (b) the administrator of the Relevant Benchmark announcing that it has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide the Relevant Benchmark;
- (c) the administrator of the Relevant Benchmark announcing that the Relevant Benchmark has been or will be permanently or indefinitely discontinued; or

- (d) the supervisor of the administrator of the Relevant Benchmark or the administrator of the Relevant Benchmark announcing that the Relevant Benchmark may no longer be used.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Interest Payment Date"** means the date(s) specified in the relevant Pricing Supplement.

**"Interest Accrual Period Date"** means each Interest Payment Date unless specified otherwise in the relevant Pricing Supplement.

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. as may be supplemented or amended as at the Issue Date.

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

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

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

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

**"Reference Rate"** means the reference rate specified as such in the relevant Pricing Supplement).

**"Relevant Benchmark"** means, in relation to any Series of Notes:

- (a) each Reference Rate, Floating Rate Option or other interest rate, yield, cost of fund or similar rate specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Reference Rate or Floating Rate Option);
- (b) each Relevant Rate specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Relevant Rate);
- (c) each Index specified in the relevant Pricing Supplement as being applicable to such Notes (or, if applicable, the index, benchmark or other price source that is referred to in such Index); or
- (d) any other index, benchmark or price source specified in the relevant Pricing Supplement as being applicable to such Notes. To the extent that any index, benchmark or price source constitutes an Alternative Pre-nominated Index or Replacement Index used pursuant to Condition 17 (*Consequences of a Benchmark Trigger Event*), such index, benchmark or price source, as applicable, shall be a "Relevant Benchmark" from the day on which it is first used.

**"Relevant Benchmark Determination Date"** means, in relation to any Series of Notes and a Relevant Benchmark, a date on which such Relevant Benchmark falls to be determined in accordance with the Conditions.

**"Relevant Benchmark Related Payment Date"** means, in relation to any Series of Notes, a Relevant Benchmark and a Relevant Benchmark Determination Date, any payment date under the Notes for which the amount payable is calculated by reference to the Relevant Benchmark as determined on such Relevant Benchmark Determination Date.

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

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

**"Relevant Nominating Body"** means, in respect of a Relevant Benchmark:

- (a) the central bank for the currency in which the Relevant Benchmark is denominated or any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark; or
- (b) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (i) the central bank for the currency in which the Relevant Benchmark is denominated, (ii) any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark, (iii) a group of those central banks or other supervisors or (iv) the Financial Stability Board or any part thereof.

**"Relevant Reference Asset Fallback Provisions"** means:

- (a) in relation to a Series of Index-Linked Notes where the Affected Relevant Benchmark is an Index, Condition 19.7(c) (*Index Cancellation*), as if the relevant Benchmark Trigger Event were an Index Cancellation;
- (b) in relation to any Series of Notes where the Affected Relevant Benchmark is a Relevant Rate, Condition 7(i) (*Price Source Disruption and FX Disruption*), as if the relevant Benchmark Trigger Event were a Price Source Disruption.

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

**"Relevant Time"** means, with respect to any Coupon Determination Date, the local time in the Relevant Financial Centre specified in the relevant Pricing Supplement or, if no time is specified, the local time in the

Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose "**local time**" means, with respect to Europe and the euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

"**Replacement Index**" has the meaning given to it in Condition 17(b)(ii)(A) (*Consequences of a Benchmark Trigger Event*).

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

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

"**Specified Currency**" means the currency specified in the relevant Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

"**Specified Duration**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the Interest Accrual Period, ignoring any adjustment pursuant to Condition 5.3(b).

## **5.2 Interest on Fixed Rate Notes**

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

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

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

## **5.3 Interest on Floating Rate Notes, Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes**

### **(a) Interest Payment Dates**

Each Floating Rate Note, Index Linked Note, Index Basket-Linked Notes Inflation Rate-Linked Note, Currency-Linked Note, Equity Linked Note, Equity Basket-Linked Note, ADR/GDR Linked Note, ADR/GDR

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

**(b) Business Day Convention**

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

**(c) Rate of Interest for Floating Rate Notes**

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

**(i) FBF Determination for Floating Rate Notes**

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

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

provided, however, that:

- (a) unless Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement:

- (1) if the application of the above provisions does not result in the determination of an FBF Rate for any Interest Period and if the Issuer (in consultation with the Calculation Agent) has not determined that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Notes, then the Calculation Agent shall determine the FBF Rate for such Interest Period having regard to such facts and circumstances as it considers relevant; and
  - (2) if in relation to any Interest Period the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Notes, the provisions of Condition 17 (*Consequences of a Benchmark Trigger Event*) shall apply and the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the FBF Definitions) for purposes of determining the FBF Rate for such Interest Period notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the FBF Definitions; and
- (b) if Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and the application of the above provisions does not result in the determination of an FBF Rate for any Interest Period, then the provisions of Condition 5.3(d) (*Alternative Reference Rates*) shall apply as if Screen Rate Determination had been specified in the relevant Pricing Supplement in place of FBF Determination for such Interest Period, and all future Interest Periods, and as if:
- (1) the Reference Rate were the Floating Rate Option for the Designated Maturity (each as specified in the relevant Pricing Supplement);
  - (2) the Relevant Screen Page were the screen page or other price source specified in the FBF Definitions for such Floating Rate Option;
  - (3) the Relevant Time and the Interest Determination Date were, respectively, the time and date as of and on which the FBF Definitions specify that such Floating Rate Option is, in respect of a Reset Date, to be determined by reference to such screen page or other price source; and
  - (4) the Relevant Financial Centre is such city or place as the Calculation Agent determines should be the Relevant Financial Centre to reflect current market practice for such Floating Rate Option.

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

(ii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Pricing Supplement as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate

that would be determined by the Calculation Agent for a Swap Transaction entered into under the terms of an agreement incorporating the ISDA Definitions and under which:

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

provided, however, that:

- (a) unless Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement:
  - (1) if the application of the above provisions does not result in the determination of an ISDA Rate for any Interest Period and if the Issuer (in consultation with the Calculation Agent) has not determined that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Notes, then the Calculation Agent shall determine the ISDA Rate for such Interest Period having regard to such facts and circumstances as it considers relevant; and
  - (2) if in relation to any Interest Period the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Notes, the provisions of Condition 17 (*Consequences of a Benchmark Trigger Event*) shall apply and the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the ISDA Definitions) for purposes of determining the ISDA Rate for such Interest Period notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the ISDA Definitions; and
- (b) if Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and the application of the above provisions does not result in the determination of an ISDA Rate for any Interest Period, then the provisions of Condition 5.3(d) (*Alternative Reference Rates*) shall apply as if Screen Rate Determination had been specified in the relevant Pricing Supplement in place of ISDA Determination for such Interest Period, and all future Interest Periods, and as if:
  - (1) the Reference Rate were the Floating Rate Option for the Designated Maturity (each as specified in the relevant Pricing Supplement);
  - (2) the Relevant Screen Page were the screen page or other price source specified in the ISDA Definitions for such Floating Rate Option;
  - (3) the Relevant Time and the Interest Determination Date were, respectively, the time and date as of and on which the ISDA Definitions specify that such Floating Rate Option is, in respect of a Reset Date, to be determined by reference to such screen page or other price source; and

- (4) the Relevant Financial Centre is such city or place as the Calculation Agent determines should be the Relevant Financial Centre to reflect current market practice for such Floating Rate Option.

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

(iii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Pricing Supplement as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Coupon Determination Date in respect of such Interest Accrual Period in accordance with the following, subject always to the provisions of Condition 5.3(d) (*Alternative Reference Rates*) or Condition 17 (*Consequences of a Benchmark Trigger Event*) (as applicable):

- (A) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be:
- (a) the Reference Rate (where such Reference Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or
  - (b) the arithmetic mean of the Reference Rates of the institutions whose Reference Rates appear on that Screen Page,
- in each case as appearing on such Screen Page at the Relevant Time on the Coupon Determination Date, as specified in the relevant Pricing Supplement, plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (A)(a) applies and no Reference Rate appears on the Screen Page at the Relevant Time on the Coupon Determination Date or if sub-paragraph (A)(b) applies and fewer than two Reference Rates appear on the Screen Page at the Relevant Time on the Coupon Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Coupon Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any); and
- (C) if paragraph 5.3(c)(iii)(B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Relevant Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is the euro, in the euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date and equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are quoting such rates to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; it being understood that, if fewer than two such



banks are quoting such rates to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Coupon Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum Interest Rate or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

**(d) Alternative Reference Rates**

If Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and notwithstanding the provisions of Condition 5.3(c)(iii) (*Screen Rate Determination*), if the Issuer (in consultation with the Calculation Agent) determines that the Reference Rate specified in the relevant Pricing Supplement has ceased to be published on the Relevant Screen Page as a result of such Reference Rate ceasing to be calculated or administered, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine an alternative rate (the "**Alternative Reference Rate**") and an alternative screen page or source (the "**Alternative Relevant Screen Page**") no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**") for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5(d));
- (ii) the Alternative Reference Rate shall be such rate as the Independent Adviser determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Reference Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date, then the Issuer (in consultation with the Calculation Agent and acting in good faith and a commercially reasonable manner) shall determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Reference Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate; provided, however, that if this Condition 5(d)(iii) applies and the Issuer is unable to determine an Alternative Reference Rate and Alternative Relevant Screen Page on or prior to the Interest Determination Date relating to the next Interest Period, the Rate of Interest applicable to such Interest Period shall be equal to the sum of the Margin and the rate last determined in relation to the Notes in respect of a preceding Interest Period;
- (iv) if an Alternative Reference Rate and Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Alternative Reference Rate and Alternative Relevant Screen Page shall be the Reference Rate and the Relevant Screen Page in relation to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5(d));
- (v) if the Independent Adviser or, in accordance with Condition 5(d)(iii) above, the Issuer determines an Alternative Reference Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Calculation Agent, specify changes to the Relevant Time, Relevant Financial Centre, Reference Banks, Day Count Fraction, Business Day Convention, Business Days and/or Interest Determination Date applicable to the Notes, and the method for determining the Rate of Interest in relation to the Notes if the Alternative Reference Rate is not available, or fewer than the required number of rates appear, on the Alternative

Relevant Screen Page at any time, in order to follow market practice in relation to the Alternative Reference Rate, and shall also specify any other changes (including to the Margin) which the Issuer, following consultation with the Independent Adviser (where appointed), determines in good faith are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of the Alternative Reference Rate, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5(d)) and the Issuer shall effect such amendments to the Conditions and such consequential amendments to the Agency Agreement as the Issuer may deem appropriate in order to give effect to this Condition 5(d). No consent of the Holders of the Notes of the relevant Series or of the Holders of the Coupons appertaining thereto shall be required in connection with effecting the Alternative Reference Rate, Alternative Relevant Screen Page or such other changes, including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required); and

- (vi) the Issuer shall promptly following the determination of any Alternative Reference Rate and Alternative Relevant Screen Page give notice thereof and of any changes pursuant to Condition 5(d)(v) to the Principal Paying Agent, the Calculation Agent and the Noteholders (in accordance with Condition 16 (*Notices*)).

**(e) Rate of Interest on Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes**

The Rate of Interest in respect of Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes shall be determined in accordance with the method specified in the relevant Pricing Supplement and interest shall be calculated by reference to an Underlying, Index, formula or otherwise specified in the relevant Pricing Supplement.

**(f) Dual Currency Notes**

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

**(g) Accrual of Interest**

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

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

- (i) If any Margin is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 5.3 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to the provisions of the next paragraph.

- (ii) If any Minimum or Maximum Rates of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, each such Rate of Interest, Instalment Amount or Redemption Amount may not exceed such maximum or be below such minimum, as the case may be.
- (iii) For the purposes of any calculation required pursuant to these Terms and Conditions (unless specified otherwise), (w) if FBF Determination is specified in the relevant Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) in all other cases, the percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), except in the case of the yen, which shall be rounded down to the nearest yen. For the purposes of this Condition, "**unit**" means the lowest amount of such currency that is legal tender in the country of such currency.

**(i) Calculations**

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

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

As soon as practicable on the date on which the Calculation Agent could be required to calculate any rate or amount, obtain any quotation, determine any amount or make calculations, it shall determine such rate and calculate the Coupon Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period. It shall also calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain the corresponding quotation or make such determination or calculation, as may be necessary. It shall then cause the Rate of Interest and the Coupon Amounts for each Interest Period and the relevant Interest Payment Date and, if required, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Holders and any other Calculation Agent appointed in connection with the Notes to make further calculations upon receipt of such information. If the Notes are listed on a stock exchange, market or quotation system and the rules applicable to that stock exchange, market or quotation system so require, it shall also communicate such information to said stock exchange, market or quotation system as soon as possible after its determination and no later than (i) the commencement of the relevant Interest Period, if such information is determined prior to such time, in the case of notification to such stock exchange, market or quotation system of a Rate of Interest and Coupon Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Condition 5.3(b), the Coupon Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of each rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) or, as the case may be, by the Independent Adviser, shall (in the absence of manifest error) be final and binding upon all parties.

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

The Issuer shall ensure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Notes are outstanding (as defined above). If any Reference Bank (acting through its designated office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where several Calculation Agents are appointed in respect of the Notes, any references in these Terms and Conditions to the Calculation Agent shall be construed as referring to each Calculation Agent performing its respective duties under these Terms and Conditions. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent is unable to establish the Rate of Interest for any Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, the money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a stock exchange, market or quotation system and the applicable rules of, or applicable to, that stock exchange, market or quotation system so require, notice of any change of Calculation Agent shall be given in accordance with Condition 16.

#### **5.4 Zero Coupon Notes**

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is redeemable prior to its Maturity Date pursuant to the exercise of an Issuer's Option or, if so specified in the relevant Pricing Supplement, pursuant to Condition 6.5 or otherwise and is not redeemed when due, the amount due and payable prior to the Maturity Date shall, unless provided otherwise in the relevant Pricing Supplement, be the Early Redemption Amount. As from the Maturity Date, the interest rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Rate of Yield (as described in Condition 6.5(a)).

#### **5.5 Partly Paid Notes**

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

### **6. Redemption, purchase and options**

#### **6.1 Final Redemption**

Unless previously redeemed, repurchased or cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless provided otherwise, is its nominal amount) or, in the case of a Note falling within Condition 6.2 below, its final Instalment Amount. Notwithstanding the above, in the case of Physical Delivery Notes where the applicable Pricing Supplement specify that such Notes shall be redeemed by payment and/or delivery of a Physical Delivery Amount, then each Note shall be finally redeemed by the payment and the delivery of the Physical Delivery Amount specified in, or determined in accordance with, Condition 7 and/or as specified in the applicable Pricing Supplement.

#### **6.2 Redemption by Instalments**

Unless previously redeemed, repurchased or cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates specified for this purpose in the relevant Pricing Supplement) is extended pursuant to the exercise of any Issuer's or Noteholder's option in accordance with Condition 6.3 or 6.4, each Note whose terms and conditions provide for Instalment Dates and Instalment Amounts shall be

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

### **6.3 Redemption at the Option of the Issuer and Partial Redemption**

If a Call Option is specified in the relevant Pricing Supplement, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 16 to the Holders (or such other notice period as may be specified in the relevant Pricing Supplement), redeem all or, as appropriate, some, of the Notes on any Call Option Date (as specified in the relevant Pricing Supplement). Any such redemption of Notes shall be at their Optional Redemption Amount (as specified in the relevant Pricing Supplement) plus interest, if any, accrued to the date fixed for redemption (except in case of Zero Coupon Notes which shall be at their Amortised Nominal Amount as defined in Condition 6.5(a)(ii)). Any such redemption should relate to Notes of a nominal amount at least equal to the minimum redemption amount as specified in the relevant Pricing Supplement and may not exceed the maximum redemption amount as specified in the relevant Pricing Supplement.

If any other Issuer's Option (as described in the relevant Pricing Supplement) is specified in the relevant Pricing Supplement, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 16 to the Holders (or such other notice period as may be specified in the relevant Pricing Supplement) exercise any Issuer's Option in relation to all or, as appropriate, some, of the Notes on any Option Exercise Date. Any such exercise should relate to Notes of a nominal amount at least equal to the minimum redemption amount in respect of which such option has been exercised as specified in the relevant Pricing Supplement and may not exceed the maximum redemption amount in respect of which such option has been exercised as specified in the relevant Pricing Supplement.

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

In the case of a partial redemption of, or a partial exercise of, an Issuer's Option in respect of Dematerialised Notes, the redemption shall be effected by reducing the nominal amount of all such Dematerialised Notes in a given Series in proportion to the aggregate nominal amount redeemed, subject to compliance with the prevailing legislation and stock exchange, market or quotation system or unregulated market regulations.

### **6.4 Holder Put and Exercise of Holders' Options**

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

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

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

## **6.5 Early Redemption**

### **(a) Zero Coupon Notes**

- (i) The Optional Redemption Amount or the Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6.3, 6.4, 6.6 or 6.10 or upon it becoming due and payable as provided in Condition 10, shall be equal to the Amortised Nominal Amount or the Early Redemption Amount, as the case may be, (calculated as provided below) of such Note unless specified otherwise in the relevant Pricing Supplement.
- (ii) Subject to the provisions of sub-paragraph 6.5(a)(iii) below, the (i) Amortised Nominal Amount of any Note shall be, with respect to Conditions 6.3 and 6.4, equal to the Final Redemption Amount of such Note on the Maturity Date, discounted at a rate per annum (expressed as a percentage) equal to the Rate of Yield (which, unless specified otherwise in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date (the "**Rate of Yield**")) compounded annually (the "**Amortised Nominal Amount**") and (ii) Early Redemption Amount, with respect to Condition 6.6, 6.10 and 10, (x) if "Zero Coupon Accrual Yield and Reference Price" is specified as the "Early Redemption Amount" in the relevant Pricing Supplement, the early redemption amount payable in respect of such Notes will be the sum of a reference amount specified in the relevant Pricing Supplement known as the "Zero Coupon Note Reference Price" and the product of an annually compounded percentage rate specified in the relevant Pricing Supplement known as the Accrual Yield applied to the Zero Coupon Note Reference Price over a period from the issue date to the date of early redemption or (y) if "Zero Coupon Accrual Yield and Reference Price" is not specified as the "Early Redemption Amount" in the relevant Pricing Supplement, the early redemption amount payable in respect of such Note will be (a) the amount specified as the "Early Redemption Amount" in the relevant Pricing Supplement, or (b) the Fair Market Value if "Fair Market Value" is specified as the "Early Redemption Amount" in the relevant Pricing Supplement. If "Fair Market Value Floor" is specified in the relevant Pricing Supplement as being applicable, then the Fair Market Value shall in no event be less than the amount equal to the percentage per Specified Denomination specified as the Fair Market Value Floor Percentage in the relevant Pricing Supplement.
- (iii) If the Amortised Nominal Amount or Early Redemption Amount, as the case may be, payable in respect of each Note upon its redemption pursuant to Condition 6.3, 6.4, 6.6, or 6.10 or upon its early

redemption as provided in Condition 10 is not paid when due, the Early Redemption Amount payable in respect of such Note shall be the Amortised Nominal Amount or Early Redemption Amount, as the case may be, of such Note as defined in sub-paragraph 6.5(a)(ii) above, it being understood that such sub-paragraph shall have effect as though the date on which said Note becomes payable is the Relevant Date. The calculation of the Amortised Nominal Amount or Early Redemption Amount, as the case may be, in accordance with this sub-paragraph shall continue to be made (both before and after any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date plus any accrued interest, in accordance with Condition 6.4.

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

(b) *Physical Delivery Notes*

In the case of Physical Delivery Notes, in accordance with Condition 7(b) and as determined in the method specified in the applicable Pricing Supplement.

(c) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than the Notes described in 6.5(a) above), upon redemption of such Note pursuant to Condition 6.6 or 6.10 or upon it becoming due and payable as provided in Condition 10, shall be, as specified in the relevant Pricing Supplement either (i) the Final Redemption Amount plus all interest accrued to the date fixed for redemption or (ii) a percentage of the Specified Denomination as specified in the relevant Pricing Supplement for such Note or (iii) the Fair Market Value of each Note, unless specified otherwise in the relevant Pricing Supplement.

## **6.6 Redemption for Taxation Reasons**

- (a) If, by reason of any change in French law or regulations, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer is, on the occasion of the next redemption of principal or payment of interest or other revenues due in respect of the Notes, Receipts or Coupons, required to pay the additional amounts as specified in Condition 8.2 below, the Issuer may, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the Holders (which notice shall be irrevocable), in accordance with Condition 16, redeem all, but not some only, of the Notes at their Early Redemption Amount plus, unless specified otherwise in the relevant Pricing Supplement, any interest accrued to the date set for redemption provided that the date set for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest or other revenues without being required to withhold or deduct French taxes.
- (b) If the Issuer, on the next redemption of principal or payment of interest or other revenues in respect of the Notes, Receipts or Coupons, is prevented by French law from making payment to the Holders of the full amounts then payable, notwithstanding the undertaking to pay all additional amounts laid down in Condition 8.2 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to giving not less than seven (7) calendar days' prior notice to the Holders in accordance with Condition 16, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount plus, unless specified otherwise in the relevant Pricing Supplement, any interest accrued to the date set for redemption on (A) the latest Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, Receipts or Coupons provided that if such notice expires after such Interest Payment Date, the date for redemption of Holders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due in respect of the Notes, Receipts or Coupons and (ii) fourteen (14) calendar days after giving notice to the Fiscal Agent or (B) if so specified in the relevant Pricing Supplement, on any date, provided that the scheduled date for redemption of which notice

hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, the Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

#### **6.7 Partly-Paid Notes**

Partly-Paid Notes shall be redeemed, whether at maturity, by early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified in the relevant Pricing Supplement.

#### **6.8 Repurchases**

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

Unless specified otherwise in the relevant Pricing Supplement, Notes so repurchased by the Issuer may, at the Issuer's option, be held and resold in accordance with applicable laws and/or regulations.

#### **6.9 Cancellation**

All Notes repurchased by or on behalf of the Issuer to be cancelled in accordance with Condition 6.8 above shall be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Definitive Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

#### **6.10 Illegality**

If, due to any new legislation or regulations coming into effect in France, or any change to a French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer shall, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Holders (which notice shall be irrevocable), in accordance with Condition 16, redeem all, but not some only, of the Notes at their Early Redemption Amount plus any interest accrued to the date set for redemption.

### **7. Payments and Talons**

For the purposes of this Condition 7, references to the payment or redemption (as the case may be) of principal and/or interest and any other similar expressions shall, where the context so admits, be deemed also to refer to the delivery of any Physical Delivery Amount.

#### **(a) Dematerialised Notes**

All payments of principal and interest in respect of Dematerialised Notes shall (i) in the case of Dematerialised Notes in bearer (*au porteur*) or administered registered (*au nominatif administré*) form, be made by transfer to an account denominated in the relevant currency with the Account



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

(b) Definitive Materialised Notes

(i) *Method of payment*

- (A) Subject as provided below, all payments in a Specified Currency shall be made by credit or transfer to an account denominated in the Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account), maintained by the payee or, at the option of the payee, by a cheque in such Specified Currency drawn on a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is the euro, shall be a country in the euro-zone, and, if the Specified Currency is the Australian dollar or New Zealand dollar, shall be Sydney or Auckland, respectively). Where payments of amounts due in respect of Notes are in Offshore Renminbi, such payments will be made by credit or transfer to an account denominated in Offshore Renminbi and maintained by the payee with a bank in the relevant Offshore RMB Centre in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Offshore Renminbi in the relevant Offshore RMB Centre). Payments will, without prejudice to the provisions of this Condition, be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment;
- (B) In the case of Physical Delivery Notes which are settled by way of delivery, on the date scheduled for redemption, the Issuer shall deliver, or procure the delivery of, the documents evidencing the number of thereof, and/or constituting the Physical Delivery Amount, to the order of the Holder in accordance with the Holder's instructions contained in the Transfer Notice (as defined below). The Physical Delivery Amount shall be evidenced in the manner described in the applicable Pricing Supplement.
- (C) In the case of Physical Delivery Notes, the applicable Pricing Supplement may also contain provisions for variation of settlement pursuant to an option to such effect or where the Issuer or the holder of a Physical Delivery Note (as the case may be) is not able to deliver, or take delivery of (as the case may be), the Underlying Assets or where a Settlement Disruption Event (as described in the applicable Pricing Supplement) has occurred, all as provided in the applicable Pricing Supplement.

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

All payments of principal in respect of Definitive Materialised Notes shall (subject as provided below) be made in the manner provided in paragraph 7(a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of the corresponding Notes, and all payments of interest in respect of Definitive Materialised Notes shall (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States

and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

All payments of instalments of principal (if any) in respect of the Definitive Materialised Notes, other than the final instalment, shall (subject as provided below) be made in the manner provided in paragraph 7(b)(i) above against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Receipt in accordance with the preceding paragraph. Payment of the final instalment shall be made in the manner provided in paragraph 7(b)(i) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Note in accordance with the preceding paragraph. Each Receipt should be presented for payment of the relevant instalment together with the Definitive Materialised Note to which it relates. Any Receipts presented for payment without the Definitive Materialised Note to which they relate shall render the Issuer's obligations non enforceable.

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

Fixed Rate Notes represented by Definitive Materialised Notes (other than Dual Currency Notes and Index Linked Notes) should be presented for payment together with the unmatured Coupons relating thereto (which expression shall for this purpose include Coupons falling to be issued in exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of a partial payment, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of a period of ten (10) years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become prescribed under Condition 11) or, if later, before the expiry of a period of five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(c) Payments in the United States

Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with offices outside the United States with the reasonable expectation that such Paying Agents would be able to make

payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at such offices is prohibited or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then authorised by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence for the Issuer.

(d) Payments subject to tax laws

All payments shall be, but without prejudice to the provisions of Condition 8, subject to (i) any laws, regulations and directives, including in relation to tax laws, (ii) any withholding or deduction required pursuant to an agreement described in 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code (**871(m) Withholding**). No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments. In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

With respect to Notes that provide for net dividend reinvestment in respect of either an underlying U.S. security (*i.e.*, a security that pays U.S. source dividends) or an index that includes U.S. securities, all payments on the Notes that reference such U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Offering Memorandum relating to the Issuer's Notes Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(s) and, in each case, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, Calculation Agent or Registration Agent and to appoint another Fiscal Agent or other Paying Agent(s), Calculation Agent(s) or Registration Agent(s) or additional Paying Agent(s), Calculation Agent(s) or Registration Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Terms and Conditions so require, (iii) a Paying Agent having specified offices in at least two major European cities, (iv) in the case of Dematerialised Notes in fully registered form, a Registration Agent and (v) any other agents as may be required by the rules of any other stock exchange, market or quotation system on which the Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph 7(c) above.

Notice of any such change or any change of any specified office shall be given promptly to the Noteholders in accordance with Condition 16.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for such further Coupon sheet) (but excluding any Coupons that may have been cancelled pursuant to Condition 11).

(g) Business Days for payment

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

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

(h) Bank

For the purpose of this Condition 7, "**Bank**" means a bank operating in the principal financial centre in which the specified currency is legal tender or, in the case of payments in euros, in a city in which banks have access to the TARGET System.

(i) Currency Provisions

(i) Payment of Alternative Payment Currency Equivalent

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, then if by reason of a FX Disruption Event, a Clearing System Currency Eligibility Event or any other event specified in the relevant Pricing Supplement as an Additional Alternative Payment Currency Event, the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may, settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i)(i) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders. By acceptance

thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

(ii) Price Source Disruption and FX Disruption

If "Price Source Disruption" is specified as being applicable in the relevant Pricing Supplement, then, if on any day on which the Calculation Agent is required to determine a Relevant Rate (a "**Scheduled FX Fixing Date**"):

(A) a Price Source Disruption occurs, (other than as a result of an Unscheduled Holiday) and no Alternative Payment Currency Exchange Rate Fall-Back provisions and/or Underlying Currency Pair Exchange Rate Fall-Back provisions (as applicable) are specified in the relevant Pricing Supplement, then the Calculation Agent shall:

I. determine the Relevant Rate by reference to the rate of exchange published by available recognised financial information vendors (as selected by the Calculation Agent acting in good faith and in a commercially reasonable manner) on the Scheduled FX Fixing Date (the "**Fallback Reference Price**"); or

II. if (i) the Calculation Agent is unable to determine a Fallback Reference Price in accordance with paragraph (A) above or the Calculation Agent determines that the Fallback Reference Price so determined does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; (ii) the Calculation Agent determines that the Relevant Rate determined in accordance with paragraph (B) above does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; or (iii) fewer than 2 quotations are provided by Reference Dealers following the Calculation Agent's request pursuant to paragraph (B) above, the Calculation Agent will determine the Relevant Rate on the first succeeding Business Day on which the Price Source Disruption ceases to exist; **provided, however, that** if the Price Source Disruption continues for thirty consecutive calendar days (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Date (the "**FX Cut-off Date**"), the Calculation Agent shall determine its good faith estimate of the Relevant Rate on that FX Cut-off Date; or

(B) an Unscheduled Holiday occurs (whether or not a Price Source Disruption also occurs), the Scheduled FX Fixing Date for such Relevant Rate and all other Relevant Rates which have the same Scheduled FX Fixing Date shall be postponed to the first succeeding Relevant Currency Business Day; **provided, however that** in the event that the Scheduled FX Fixing Date is postponed as a result of the occurrence of an Unscheduled Holiday (a "**Postponed FX Fixing Date**"), and if the Postponed FX Fixing Date has not occurred on or before the thirtieth consecutive calendar day (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Date (any such period being a "**Deferral Period**"), then the next day after the Deferral Period that is or would have been a Relevant Currency Business Day but for an Unscheduled Holiday, shall be deemed to be the Postponed FX Fixing Date and the Calculation

Agent shall determine its good faith estimate of the Relevant Rate on that Postponed FX Fixing Date.

If at any time, a FX Disruption Event occurs, the Issuer, in its sole and absolute discretion, may elect to either:

- (a) having given not less than five days' notice to the Noteholders in accordance with Condition 16 (Notices), redeem all, but not some only, of the Notes at their Fair Market Value (and, if the FX Disruption Event occurs on a Scheduled FX Fixing Date on which there is a Price Source Disruption or Unscheduled Holiday, for the purposes of determining such Fair Market Value the Calculation Agent shall first determine any Relevant Rate in accordance with sub-paragraph (A) or (B), as applicable, of Condition 7(i)) on the date notified to the Noteholders; or
- (b) instruct the Calculation Agent to make such adjustment(s) to the Conditions as it determines to be necessary or desirable to reflect or account for any market practice that develops in respect of the FX Disruption Event,

**provided, however that** in relation to (A) and (B) above, if as a result of the FX Disruption Event the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may settle any such payment pursuant to the provisions of Condition 7(i);

If a Scheduled FX Fixing Date is postponed in accordance with this Condition 7(i), any Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) local banking days (or such other number of local banking days as may be specified in the applicable Pricing Supplement) following the postponed Scheduled FX Fixing Date or, if later, the FX Cut-off Date or Postponed FX Fixing Date, as applicable.

In these Terms and Conditions, the following defined terms, for the purposes of the provision 7(i), shall have the meanings set out below:

**"Alternative Payment Currency Fixing Date"** means the fifth day (or such other number of days specified in the relevant Pricing Supplement) prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate). For the purposes of this definition, "day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place specified as such in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Settlement Currency Jurisdiction, the Alternative Payment Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Alternative Payment Cross Currency Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Alternative Payment Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Alternative Payment Currency Fixing Page"** means the Reuters or other screen page specified as such in the relevant Pricing Supplement or any successor page thereof or, if such page is not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate by reference to the spot rate prevailing in the international exchange market;

**"Alternative Payment Currency Fixing Time"** means the time and place specified as such in the relevant Pricing Supplement or, such other time and place as the Calculation Agent determines in the case of a successor page to the Alternative Payment Currency Fixing Page specified in the Pricing Supplement;

**"Clearing System Currency Eligibility Event"** means the relevant clearing system(s) ceases to accept payments in the Settlement Currency;

**"Cross Currency"** means the currency specified as such in the relevant Pricing Supplement, or if such currency is not specified in the relevant Pricing Supplement, the Cross Currency shall mean USD;

**"Cross Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Fair Market Value"** means, in relation to any Notes which is to be terminated early, its fair market value immediately prior to the early termination date, as determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent, as applicable, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements, and any such calculation of the fair market value shall have the effect of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make payments in respect of the Notes which would, but for such early redemption, have fallen due after the relevant early redemption date. For the purposes of calculating the Fair Market Value following an Event of Default pursuant to Condition 10 (Events of Default) only, in determining the fair market value of the Notes, no account shall be taken of the creditworthiness of the Issuer, who shall be deemed to be able to perform fully its obligations in respect of the Notes. In addition, if Fair Market Value Floor is specified in the relevant Pricing Supplement as being applicable, then the Fair Market Value shall in no event be less than the amount equal to the percentage per Specified Denomination specified as the 'Fair Market Value Floor Percentage' in the relevant Pricing Supplement;

**"FX Cut-off Date"** has the meaning ascribed thereto in Condition 7(i)(ii) (Price Source Disruption and FX Disruption);

**"FX Disruption Event"** means the occurrence, as determined by the Calculation Agent, of (i) an Inconvertibility, Non-transferability or Illiquidity, or any other event affecting the Cross Currency, Reference Currency, Settlement Currency or Specified Currency (as applicable) (the "Relevant Currency") which would make it unlawful or impractical 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 power) for the Issuer (or the Issuer's affiliate) to pay or receive amounts in the Relevant Currency under or in respect of any hedging arrangement relating to or connected with the Relevant Currency; or (ii) if Offshore RMB is specified as the applicable Relevant Currency, each of the events specified in (i) above, plus an Offshore RMB Disruption;

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the PRC and each Offshore RMB Centre;

**"Illiquidity"** means where the foreign exchange market in the Settlement Currency Jurisdiction becomes illiquid after the Trade Date and, as a result of which, the Issuer cannot obtain sufficient Settlement Currency in order to satisfy its obligation to pay any amount in respect of the Notes as

determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation (if practicable) with two Reference Dealers;

**"Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the foreign exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Initial Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Relevant Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Relevant Currency or as the number of units of Specified Currency per one unit of Reference Currency (as applicable)) specified as such in the relevant Pricing Supplement;

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

**"Offshore RMB"** means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by competent authorities in the Offshore RMB Centre prevailing as of the Trade Date of the Notes;

**"Offshore RMB Centre"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Offshore RMB Disruption"** means the occurrence of, as determined by the Calculation Agent, an Offshore RMB Inconvertibility, Offshore RMB Non-Transferability or Offshore RMB Illiquidity;

**"Offshore RMB Illiquidity"** means the occurrence of any event after the Trade Date that makes it impossible (where it has previously been possible) for the Issuer to obtain a firm quote of an offer price in respect of any amount in Offshore RMB in order to satisfy its obligation to pay an amount under the Notes (the "Relevant Disrupted Amount"), in each case on the due date for payment, Valuation Date or Underlying Currency Pair Fixing Date (as the case may be), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Offshore RMB exchange market in each Offshore RMB Centre in order to perform its obligations under the Notes;

**"Offshore RMB Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of Offshore RMB no less than the Relevant Disrupted Amount into or from USD in the general Offshore RMB exchange market in each Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Offshore RMB Non-Transferability"** means the occurrence in each Offshore RMB Centre of any event after the Trade Date that makes it impossible (where it had previously been possible) for the



Issuer to transfer Offshore RMB (i) between accounts inside an Offshore RMB Centre, (ii) from an account inside an Offshore RMB Centre to an account outside such Offshore RMB Centre and outside the PRC, or (iii) from an account outside an Offshore RMB Centre and outside the PRC to an account inside such Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Offshore RMB Non-Transferability and Hong Kong as an Offshore RMB Centre only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

**"Price Source Disruption"** means, in relation to a Relevant Rate, such Relevant Rate is not available for any reason as determined by the Calculation Agent;

**"Reference Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Reference Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Reference Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Reference Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Reference Dealers"** means leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent;

**"Related Payment Date"** means any payment date on the Notes on which the amount payable is calculated by reference to the Relevant Rate determined on the related Scheduled FX Fixing Date;

**"Relevant Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Relevant Currency Business Day"** means, in relation to a Relevant Rate that is the:

(i) Alternative Payment Currency Exchange Rate or Alternative Payment Cross Currency Rate or Settlement Currency Exchange Rate (which is being determined for the purposes of determining the Alternative Payment Currency Exchange Rate), an Alternative Payment Currency Fixing Date; or

(ii) Underlying Currency Pair Exchange Rate, Specified Currency Exchange Rate or Reference Currency Exchange Rate, an Underlying Currency Pair Business Day;

**"Relevant Rate"** means the Alternative Payment Currency Exchange Rate, Alternative Payment Cross Currency Rate, Reference Currency Exchange Rate, Settlement Currency Exchange Rate, Specified Currency Exchange Rate or Underlying Currency Pair Exchange Rate (as applicable);

**"Scheduled FX Fixing Date"** has the meaning specified in Condition 7(i);

**"Settlement Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Settlement Currency Exchange Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Settlement Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Settlement Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Specified Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Specified Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement;

**"Underlying Currency Pair Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified in the relevant Pricing Supplement or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Reference Currency Jurisdiction(s), the Specified Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Underlying Currency Pair Exchange Rate"** means

(i) the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one units of Specified Currency) or as the number of units of Specified Currency per one unit of Reference Currency (as applicable) as published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date and as observed by the Calculation Agent.

(ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Specified Currency Exchange Rate and the Reference Currency Exchange Rate, as determined in good faith and in a commercially reasonable manner by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on an Underlying Currency Pair Fixing Date the Relevant Rate is not available for any reason as determined by the Calculation Agent, and (a) if Underlying Currency Pair Exchange Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in accordance with the Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Underlying Currency Pair Exchange Rate in accordance with such Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in its discretion or (b) if such Underlying Currency Pair Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in accordance with sub-paragraph (i) or (ii), as applicable, of Condition 7(i) or, if Price Source Disruption is specified as not applicable in the relevant Pricing Supplement in its discretion;

**"Underlying Currency Pair Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or, if such date is not an Underlying Currency Pair Business Day the immediately following day that is an Underlying Currency Pair Business Day, or if such date is not specified in the relevant Pricing Supplement, the fifth Underlying Currency Pair Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable) (and for these purposes a day shall be deemed to be an Underlying Currency Pair Business Day if the market was not aware of it not being an Underlying Currency Pair Business Day (by means of a public announcement or by reference to other publicly available information) on the Underlying Currency Pair Fixing Date notwithstanding it subsequently ceases to be an Underlying Currency Pair

Business Day for any reason or the market subsequently becomes aware that it was not an Underlying Currency Pair Business Day);

**"Underlying Currency Pair Fixing Page"** means the Reuters or other screen page as specified as such in the Pricing Supplement or any successor page thereof or if not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate by reference to the relevant spot rate prevailing in the international exchange market;

**"Underlying Currency Pair Fixing Time"** means the time and place as specified as such in the relevant Pricing Supplement or such other time and place as the Calculation Agent determines in the case of a successor page to the Underlying Currency Pair Fixing Page specified in the Pricing Supplement;

**"Unscheduled Holiday"** means, in relation to a Relevant Rate, a day, determined by the Calculation Agent, that is not a Relevant Currency Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until on or prior to the second Relevant Currency Business Day (or such other number of Relevant Currency Business Days specified in the relevant Pricing Supplement) immediately preceding the Scheduled FX Fixing Date;

## **8. Taxation**

### **8.1 Withholding tax**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made without any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

### **8.2 Additional amounts**

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

(a) *Other connection*

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

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

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

References in these Terms and Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Coupon Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" and/or "**other revenues**" shall be deemed to include any additional amounts that may be payable under this Condition.

## **9. Taxes, duties and expenses**

Subject to Condition 8.2, the Issuer assumes no liability or other obligation in respect of payment of any taxes, duties, withholding tax or other expenses arising from the ownership, transfer or settlement of the Notes, and all payments made by the Issuer shall be made subject to any taxes, duties, levies, withholding taxes or any other expenses that may have to be discharged, paid, made or deducted.

## **10. Events of Default**

If any of the following events occurs (each an "**Event of Default**"), (i) the Representative (as defined in Condition 12) on its own initiative or upon request of any holder of Notes may, upon simple written notice addressed on behalf of the *Masse* (as defined in Condition 12), to the Fiscal Agent (with copy to the Issuer) given before the default in question shall have been remedied, cause the principal amount of all Notes, and not some only, to become immediately due and payable, plus any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent:

- (a) the Issuer is in default in the payment of the principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 8.2) and such default continues for more than thirty (30) calendar days after such amount becomes due and payable; or
- (b) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been remedied within forty-five (45) calendar days after the receipt by the Fiscal Agent of the written notice of such default given by the Representative or a Noteholder; or
- (c) the Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its assets, or the Issuer enters into voluntary liquidation, except in the case of a dissolution, liquidation, merger or other reorganisation following which all or substantially all of the Issuer's assets are transferred to a legal entity which assumes all of the Issuer's liabilities including the Notes and whose purpose is the continuation of, and which effectively continues, the Issuer's activities; or
- (d) the Issuer applies for or is subject a judgement is rendered for its judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the Issuer's business (*cession totale de l'entreprise*) or the Issuer makes any assignment for the benefit of, or enters into any agreement with, its creditors.

## **11. Prescription**

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

## **12. Representation of Noteholders**

The Noteholders will, in respect of all Tranches of the relevant Series, be grouped automatically for the defence of their common interests in a *masse* (the "**Masse**"), which will be governed by the provisions of Articles L.228-46 *et seq.* of the French *Code de commerce* with the exception of Articles L.228-71 and R.228-69 of the French *Code de commerce* and as supplemented by this Condition 12.

(a) *Legal Personality*

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Noteholders (the "**Collective Decisions**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) *Representative*

The names and addresses of the Representative and its alternate (if any) will be set out in the relevant Pricing Supplement. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single *Masse* of all subsequent Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Pricing Supplement. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of death, liquidation, retirement, resignation or revocation of appointment of the Representative, such Representative will be replaced by its alternate, if any. Another Representative may be appointed.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative (if any) at the registered office of the Issuer.

(c) *Powers of the Representative*

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

(d) *Collective Decisions*

Collective Decisions are adopted either in a general meeting (the "**General Meeting**") or by consent following a written consultation (the "**Written Consultation**").

In accordance with Article R. 228-71 of the French Code de commerce, the rights of each Noteholder to participate in Collective Decision will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00, Paris time, on the second (2<sup>nd</sup>) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 12(h).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

(A) *General Meetings*

A General Meeting may be called at any time either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30<sup>th</sup>) of the principal amount of Notes outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two months after such demand, the Noteholders may commission one of them to petition the competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one fifth (1/5<sup>th</sup>) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3<sup>rd</sup>) majority of votes held by the Noteholders attending such General Meetings or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 12(h) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meetings on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

(B) Written Decisions and Electronic Consent

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Decision.

Such Written Decision shall be signed by or on behalf of Noteholders holding not less than 66.67 per cent. in nominal amount of the Notes outstanding, without having to comply with formalities and time limits referred to in Condition 12(d)(A). Any Written Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Pursuant to Article L.228-46-1 of the French *Code de commerce*, approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders (the "**Electronic Consent**").

(C) Exclusion of certain provisions of the French *Code de commerce*

The following provisions of the French *Code de commerce* shall not apply to the Notes:

(i) Article L.228-65 I. 1° requiring prior approval by Collective Decision for proposed changes to the form or corporate objects of the Issuer;

(ii) Articles L.228-65 I. 3°, L.236-13 and L.236-18 requiring prior approval by Collective Decision for any proposed merger or spin-off;

(iii) Article L.228-65 I. 4° requiring prior approval by Collective Decision for issuance of notes guaranteed by security (*sûreté réelle*).

(e) *Expenses*

The Issuer shall pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by the Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(f) *Single Masse*

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single *Masse*. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single *Masse* of all such Series.

(g) *Sole Noteholder*

If and for so long as the Notes of any Series are held by a sole Noteholder, and unless a Representative has been appointed in relation to such Series, such Noteholder will exercise all the powers, rights and obligations entrusted to the *Masse* by the provisions of the French *Code de commerce*, as supplemented by these Terms and Conditions. Such sole Noteholder shall hold a register of the decisions it will have taken in this capacity and shall make it available, upon request, to any subsequent holder of all or part of the Notes of such Series.

(h) *Notices to Noteholders*

Any notice to be given to Noteholders in accordance with this Condition 12 shall be given in accordance with Condition 16.

(i) *Full Masse*

For Notes issued with a denomination of less than €100,000 (or its equivalent in any other currency), Condition 12 shall apply to the Notes subject to the following modifications.

(A) Condition 12(d)(C) shall not apply to the Notes.

(B) Except if the Pricing Supplement specify "Issue outside France" as applicable, Condition 12(e) shall be deleted and replaced by the following:

"12(e) Expenses

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions."

For the avoidance of doubt, in this Condition 12, the term "outstanding" shall not include those Notes purchased by the Issuer in accordance with Condition 6.8 that are held by it and not cancelled.

### **13. Modifications**

These Terms and Conditions may be amended or modified in relation to any Series of Notes by the terms of the relevant Pricing Supplement relating to such Series.

### **14. Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons**

In the case of Materialised Notes, any Definitive Materialised Note, Receipt, Coupon or Talon that is lost, stolen, mutilated, defaced or destroyed, in whole or in part, may be replaced, subject to compliance with the applicable legislation, regulations and rules of the relevant stock exchange, market or quotation system, at the office of the Fiscal Agent or such other Paying Agent as may from time to time be appointed by the Issuer for this purpose and notice of whose appointment is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and subject to conditions concerning evidence, security and compensation (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer, at its request, the amount payable by the Issuer in respect of such Definitive Materialised Notes, Coupons or further Coupons). Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons shall be surrendered before replacements are issued.

### **15. Further issues and consolidation**

#### **15.1 Further issues**

Unless provided otherwise in the relevant Pricing Supplement, the Issuer shall have the right, without the consent of the Noteholders, Receiptholders or Couponholders, to create and issue further Notes to be assimilated (*assimilables* for the purpose of French Law) with the Notes provided such Notes and the further Notes entitle their holders to rights identical in all respects (or identical in all respects with the exception of the first interest payment) and that the terms and conditions of such Notes provide for such assimilation, and references in these Terms and Conditions to "Notes" shall be construed accordingly.

#### **15.2 Consolidation**

Unless provided otherwise in the relevant Pricing Supplement, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), shall have the right on each Interest Payment Date occurring on or after the Redenomination Date on giving not less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 16, without the consent of the Noteholders or Couponholders, to consolidate the Notes of one Series denominated in euros with the Notes of one or more other Series issued by it, whether or not such Notes were originally issued in one of the European national currencies or in euros, provided such other Notes have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

### **16. Notices**

16.1 Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if mailed to them at their respective addresses, in which case they shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing. It is specified that, so long as such Notes are listed, quoted or admitted to trading on any stock exchange, market or quotation system, notices shall also be published in accordance with the rules applicable to the stock exchange, market or quotation system.

16.2 Notices sent to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily financial newspaper of general circulation in Europe (which is expected to be the Financial Times) and so long as such Notes are listed, quoted or admitted to trading on any stock exchange,



market or quotation system, notices shall also be in accordance with the rules applicable to said stock exchange, market or quotation system.

- 16.3 If any such publication is not practicable, notice shall be deemed validly given if published in a leading daily financial newspaper with general circulation in Europe, it being specified that, as long as the Notes are admitted to trading on any stock exchange, market or quotation system, notices shall be published in any manner required, where appropriate, by the rules applicable to said stock exchange, market or quotation system.
- 16.4 Notices required to be sent to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur or au nominatif*) pursuant to these Terms and Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 16.1, 16.2 and 16.3 above, provided however that so long as such Notes are listed, quoted or admitted to trading on any stock exchange, market or quotation system, notices shall also be published in any other required manner, where appropriate, in accordance with the rules applicable to said stock exchange, market or quotation system.
- 16.5 Notices to be given to Noteholders in accordance with Condition 16 and pursuant to Articles R.228-79 and R.236-11 of the French *Code de commerce* shall be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and (for the avoidance of doubt) Conditions 16.1, 16.2, 16.3 and 16.4 shall not apply to such notice.

## **17. Consequences of a Benchmark Trigger Event**

- (a) This Condition 17 shall apply unless Condition 5.3(d) (*Alternative Reference Rates*) is specified as being applicable in the relevant Pricing Supplement.
- (b) If the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to a Series of Notes, then:
- (i) if an Alternative Pre-nominated Index has been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement:
- (A) unless the Issuer determines that replacing the Relevant Benchmark with the Alternative Pre-nominated Index would not produce a commercially reasonable result, references to such Relevant Benchmark shall be deemed to be replaced with references to the Alternative Pre-nominated Index with effect from the Benchmark Trigger Event Determination Date; and
- (B) the Issuer shall make such other adjustments to the Conditions as it determines are necessary to account for the effect on the Notes of referencing the Alternative Pre-nominated Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes; and
- (ii) if an Alternative Pre-nominated Index has not been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement or the Issuer determines that replacing the Relevant Benchmark with the Alternative Prenominated Index would not produce a commercially reasonable result, the Issuer shall do any of the following:
- (A) determine that references to such Relevant Benchmark shall be deemed to be replaced by references to such index, benchmark or price source as the Issuer determines would have the effect of placing the Issuer in an economically equivalent position to that which it would have been in had the Benchmark Trigger

Event not occurred (the "**Replacement Index**") (and in making such determination the Issuer shall be entitled to take into account such facts and circumstances as it considers relevant including, without limitation, (i) any index, benchmark or other price source which measures the same market or economic reality as the Relevant Benchmark and which is formally designated, nominated or recommended by the administrator or sponsor of the Relevant Benchmark or (ii) any index, benchmark or other price source which is formally designated, nominated or recommended by any Relevant Nominating Body, in each case to replace the Relevant Benchmark), in which case:

- I. references to such Relevant Benchmark shall be deemed to be replaced with references to such Replacement Index with effect from the Benchmark Trigger Event Determination Date; and
  - II. the Issuer shall make such other adjustments to the Conditions as it determines are necessary to account for the effect on the Notes of referencing the Replacement Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes; or
- (B) follow the steps for determining the relevant rate or level set out in the Relevant Reference Asset Fallback Provisions (if any); or
  - (C) determine that the Notes shall be redeemed, in which case the Issuer shall redeem the Notes at their Fair Market Value on the date selected by the Issuer and give notice of such redemption to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 16 (*Notices*);

provided, **however, that** if (1) it is or would be unlawful at any time under applicable law or regulation or (2) it would contravene any applicable licensing requirements, in each case, for any of the above provisions or determinations to apply to the Notes, then such provision shall not apply and the Issuer shall not make such determination (as the case may be) and the Issuer shall instead take any of the above actions that complies with the applicable law, regulation or licensing requirements.

- (c) In making any determination under this Condition 17, the Issuer shall take account of such facts and circumstances as it considers relevant, including, without limitation, any determinations made in respect of any of the Issuer's hedging arrangements in relation to the Notes (including in respect of any termination or re-establishment of hedging arrangements) and the Issuer's funding costs.
- (d) If the Issuer is not able to determine the Relevant Benchmark in accordance with the provisions of this Condition 17 on any Relevant Benchmark Determination Date, then the Relevant Benchmark Determination Date shall be postponed to such date as it is able to make such determination and any Relevant Benchmark Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) local banking days (or such other number of days as may be specified in the applicable Pricing Supplement) following the postponed Relevant Benchmark Determination Date.
- (e) Unless Interest Adjustment is specified in the relevant Pricing Supplement as being applicable, no further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 17 (so that, for the avoidance of doubt, any interest payable in respect of the Notes on a Relevant Benchmark Related Payment Date which is so postponed shall be calculated as if such Relevant Benchmark Related Payment Date had not been postponed pursuant to this Condition 17) unless, in the case of a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note,

there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in Condition 5.2 (*Interest on Fixed Rate Notes*), 5.3 (*Interest on Floating Rate Notes, Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes*) or 5.4 (*Zero Coupon Notes*), as appropriate.

- (f) The Issuer shall promptly following the determination of any replacement for a Relevant Benchmark pursuant to paragraph (b)(i)(A) or (b)(ii)(A) above give notice thereof and of any changes pursuant to paragraph (b)(i)(B) or (b)(ii)(A)(2) (as applicable) to the Principal Paying Agent, the Calculation Agent and the Noteholders (in accordance with Condition 16 (*Notices*)).
- (g) Without prejudice, in the case of any Index-Linked Notes, to Condition 19.7(b) (*Index Modification*), if the definition, methodology or formula for a Relevant Benchmark in respect of a Series of Notes, or other means of calculating the Relevant Benchmark in respect of a Series of Notes, is changed, then references to such Relevant Benchmark shall be to such Relevant Benchmark as so changed.

## **18. Governing Law and jurisdiction**

### **18.1 Governing Law**

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

### **18.2 Jurisdiction**

Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons shall be brought before any competent court in Paris.

## **19. Additional terms relating to Equity-Linked Notes or Equity Basket-Linked Notes, Index Linked Notes or Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, ETF Linked Notes or ETF Basket-Linked Notes, ADR/GDR Linked Notes or ADR/GDR Basket-Linked Notes**

### **19.1 Definitions**

As used in this Condition 19, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 19.10;

"**American Depositary Receipt(s)**" or "**ADR**" means any Security specified as such in the relevant Pricing Supplement provided that if the relevant Deposit Agreement is terminated at any time, any reference to any ADR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Notes and determine the effective date of such adjustment;

"**ADR/GDR Linked Notes**" means a Series of Equity-Linked Notes which relate to one or more Securities which are ADRs/GDRs;

"**Automatic Early Redemption Amount**" means (a) an amount in the relevant currency specified in the relevant Pricing Supplement or if such amount is not specified, (b) the product of (i) the nominal amount of one Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

**"Automatic Early Redemption Date(s)"** means each of the date(s) specified as such in the relevant Pricing Supplement, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Pricing Supplement;

**"Automatic Early Redemption Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level;

**"Automatic Early Redemption Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Automatic Early Redemption Notes"** means a Series of Notes in respect of which the relevant Pricing Supplement specifies that Automatic Early Redemption is applicable;

**"Automatic Early Redemption Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Pricing Supplement;

**"Automatic Early Redemption Valuation Date(s)"** means each of the date(s) specified as such in the relevant Pricing Supplement or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 19.5 which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

**"Averaging Date"** means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 19.5;

**"Cash Settlement"** means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Pricing Supplement in the Specified Currency;

**"Clearing System Business Day"** means, in relation to any Securities, any day on which the principal domestic clearing system customarily used for settling trades in such Securities is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, 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 other securities;

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

**"Delivery Disruption Event"** means, as determined by the Calculation Agent, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note due to illiquidity in the market for such Securities;

**"Deposit Agreement"** means, in relation to each ADR/GDR, the agreement(s) or other instrument(s) constituting such ADR/GDR, as from time to time amended or supplemented;

**"Depository"** means, in relation to a ADR/GDR, the issuer of such ADR/GDR as appointed under the Deposit Agreement, including its successors from time to time;

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Notes are Multiple Exchange Index-Linked Notes, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

**"EMU Event"** means the occurrence of any of the following, as determined by the Calculation Agent:

- (a) the redenomination of any security into euro;
- (b) the change by any organised market, exchange or clearing system, payment or settlement system in the unit of account of its operating procedures to the euro;
- (c) any change in the currency of denomination of any Index; or
- (d) any change in the currency in which some or all of the securities or other property comprising any Index is denominated;

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

**"Equity-Linked Note"** means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Pricing Supplement);

**"Exchange Traded Fund" or "ETF"** means the exchange traded fund as specified in the relevant Pricing Supplement;

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

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

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security or components of the Index, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Pricing Supplement);

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

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

**"Exchange Rate"** means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Pricing Supplement, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Pricing Supplement and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such Exchange Rate by reference to such sources as it may select in its absolute discretion;

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Pricing Supplement or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Pricing Supplement specify that the Securities are Units in an ETF, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Pricing Supplement specify that the Securities are Units in an ETF, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary ETF Event;

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

- (a) the ETF (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (b) the ETF has violated any leverage restriction that is applicable to, or affecting, such ETF or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the ETF Documents or any contractual restriction binding on or affecting the ETF or any of its assets;
- (c) the resignation, termination or replacement of the ETF Adviser (as defined above);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);

- (g) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;
- (h) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that the ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

**"Fair Market Value"** has the meaning specified in Condition 7(i).

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Pricing Supplement or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Levels on such Averaging Dates;



**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Pricing Supplement, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

**"Global Depositary Receipt(s)" or "GDR"** means, any Security specified as such in the relevant Pricing Supplement provided that if the relevant Deposit Agreement is terminated at any time, any reference to any GDR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Notes and determine, the effective date of such adjustment;

**"HSBC Index"** means, in relation to a Series of Notes, an index listed in the section "HSBC Indices" of this Offering Memorandum and specified in the relevant Pricing Supplement;

**"HSBC Index Sponsor"** means Markit Equities Limited, as specified in the relevant Pricing Supplement;

**"HSBC Index Rules"** means, the rules published by Markit Equities Limited which may be obtained from <http://www.markit.com/HSBCDocumentation/Product/HSBCIndices>, as specified in the relevant Pricing Supplement;

**"Index"** means, in relation to a Series of Notes, the index or an HSBC Index to which such Notes relates, as specified in the relevant Pricing Supplement, subject to adjustment pursuant to this Condition 19, and **"Indices"** shall be construed accordingly;

**"Index-Linked Note"** means a Series of Notes in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Pricing Supplement);

**"Index Rules"** (i) means the HSBC Index Rules or (ii) has the meaning ascribed to it in the applicable Pricing Supplement;

**"Index Sponsor"** means (i) the HSBC Index Sponsor or (ii) 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 Pricing Supplement);

**"Inflation Rate-Linked Note"** means a Note in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is determined by reference to an inflation rate, inflation rates or any other inflation rate-dependent variables (as indicated in the relevant Pricing Supplement);

**"Initial Index Level"** means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

**"Initial Price"** means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

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

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth (8<sup>th</sup>) Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 19.5(c)(i), (ii) or (iii), as the case may be;

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

**"Knock-in Event"** means (a) the event or occurrence specified as such in the relevant Pricing Supplement; and (b) (unless otherwise specified in the relevant Pricing Supplement) 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 Pricing Supplement, (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 Pricing Supplement;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement;

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

**"Knock-out Determination Day"** means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth (8<sup>th</sup>) Scheduled Trading Day shall be deemed to be the Knock-

out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 19.5(c)(i), (ii) or (iii), 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 Pricing Supplement; and (ii) (unless otherwise specified in the relevant Pricing Supplement) 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 Pricing Supplement, (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 Pricing Supplement;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement;

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

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

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR

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

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

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

If the Notes are ADRs/GDRs Linked Notes, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Pricing Supplement;

**"Multiple Exchange Index-Linked Notes"** means Notes which relate to a Multiple Exchange Index;

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

**"Notional Sale Date"** has the meaning given in the definition of Settlement Date below;

**"Participating Member States"** means any member state of the European Union which adopts the single currency in accordance with the Treaty.

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to

existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; 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 Pricing Supplement.

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

**"Potential Exercise Date"** means each date specified as such in the Pricing Supplement or if such date is not a Business Day, the next succeeding date that is a Business Date; provided, however, that, if the Scheduled FX Fixing Date on or immediately preceding the Potential Exercise Date is postponed pursuant to the provisions of Condition 7(i), then the Potential Exercise Date shall be the Business Day immediately following the later of the postponed Scheduled FX Fixing Date or, if later, the FX Cut-off Date or Postponed FX Fixing Date, as applicable;

**"Reference Level"** means, unless otherwise specified in the relevant Pricing Supplement (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

**"Reference Price"** means, unless otherwise specified in the relevant Pricing Supplement, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

**"Related Exchange"** means, subject to the provision below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Pricing Supplement, 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 Pricing Supplement, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

**"Residual Amount"** means, in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 19.2, as determined by the Calculation Agent or such amount as otherwise specified in the relevant Pricing Supplement;

**"Residual Cash Amount"** means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Strike Price;

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

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

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

**"Securities"** means, in relation to a Series of Notes or in relation to an Index, the equity securities, ADRs/GDRs, Units of ETF or other securities or property, as adjusted pursuant to this Condition 19, to which such Notes or Index, as the case may be, relate, as specified in the relevant Pricing Supplement and **"Security"** shall be construed accordingly;

**"Securities Transfer Amount"** means the number of Securities per Note as specified in the relevant Pricing Supplement or if no such number is so specified, the number of Securities per Note calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and the denominator is the Strike Price;

**"Settlement Cycle"** means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

**"Settlement Date"** means the date specified as such in the relevant Pricing Supplement or if such date is not a Business Day, the immediately following day that is a Business Day;

**"Settlement Disruption Event"** in relation to a Security or a Component Security, means an event which the Calculation Agent determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant clearing system cannot clear the transfer of such Security or Component Security;

**"Strike Date"** means the date specified as such in the relevant Pricing Supplement;

**"Strike Price"** has the meaning ascribed thereto in the relevant Pricing Supplement;

**"Successor Index"** has the meaning given in Condition 19.7(a);

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

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the

case of an Equity-Linked Note) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Transfer Expenses"** means, with respect to any Notes, all taxes, including the French financial transaction tax, any duties, including stamp duties, any assignment, issue registration or transfer duties, and any other similar taxes or duties, and/or all expenses, fees, including safe-keeping charges, operational or exercise fees, taxes and registration fees payable on the date of and/or by the reason of, or in connection with the Notes, including their redemption, assignment, delivery, and/or the acquisition, transfer, or delivery of the Securities and/or any disposition by the transferor for the benefit of the relevant Holders of any security;

**"Transfer Notice"** means a notice in the form from time to time approved by the Issuer, which must:

- (a) specify the name and address of the Noteholder;
- (b) specify the number of Notes in respect of which it is the Noteholder;
- (c) specify the number of the Noteholder's account at Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system, as the case may be, (A) to debit the Noteholder's account with such Notes on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;
- (e) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the clearing system to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Noteholder with Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Pricing Supplement and, if the Notes are ADR/GDR Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 19.9;

**"Underlying Index"**, in relation to an ETF, has the meaning given to it in the relevant Pricing Supplement;

**"Underlying Security"** means, with respect to ADR/GDR Linked Notes, the security and any other property to which such ADR/GRD relates;

**"Unit"**, in relation to an ETF, has the meaning given to it in the relevant Pricing Supplement;

**"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 Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 19.5; and

**"Valuation Time"** means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

## **19.2 Physical Delivery**

In relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Pricing Supplement:

- (a) (i) each Noteholder shall, on or before the date which is five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (ii) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.
- (iii) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
- (iv) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.



- (v) Delivery of the Securities will be *via* the relevant clearing system. The delivery or transfer of Securities to each Noteholder is at the relevant Noteholder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
  - (vi) the Issuer shall discharge its obligation to redeem the relevant proportion of the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the clearing system for credit to the account with the clearing system specified in the Transfer Notice of the relevant Noteholder.
  - (vii) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount *provided, however, that* if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
  - (viii) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.
  - (ix) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
  - (x) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
  - (xi) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.
- (b) the Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant clearing system unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the

relevant Pricing Supplement) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent) outside the clearing system and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Pricing Supplement, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent) of delivery (which other manner of delivery will be deemed the relevant clearing system for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be postponed until delivery can be effected through the relevant clearing system or in any other commercially reasonable manner.

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

- (c) if the Calculation Agent determines that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:
  - (i) determine that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in a commercially reasonable manner) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
  - (ii) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in a commercially reasonable manner) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 19.2(c) fails to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Noteholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

### **19.3 Automatic Early Redemption**

This Condition 19.3 is applicable only to Automatic Early Redemption Notes.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date, together with any interest accrued but unpaid thereon to the Automatic Early Redemption Date (unless otherwise specified in the relevant Pricing Supplement) immediately following such Automatic Early Redemption Valuation Date and the Redemption

Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

#### 19.4 Knock-in and Knock-out Provisions

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Pricing Supplement in relation to any Equity-Linked Note or Index-Linked Note, then each payment and/or delivery in respect of which a Knock-in Event or Knock-out Event (respectively) applies, as specified in the relevant Pricing Supplement, shall be conditional upon the occurrence of such Knock-in Event or Knock-out Event (respectively).

#### 19.5 Consequences of Disrupted Days

For the purposes of this Condition 19.5 "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Note is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, *provided that*:

- (a) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five (5) local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to fall on the day which is five (5) local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in respect of such Note or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (b) if the Scheduled Valuation Date falls on a day which is five (5) local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

- (c) If any Valuation Date is a Disrupted Day, then:
  - (i) in the case of an Equity-Linked Note or an Index-Linked Note which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, provided that the Valuation Date shall not fall after the Limit Valuation Date. In that case:
    - (A) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:
      - I. the Valuation Date shall be the Limit Valuation Date; or
      - II. the Valuation Date shall be the first (1<sup>st</sup>) succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of 19.5(c)(i)(A)I above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit

Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (B) in respect of an Equity-Linked Note, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;
- (ii) in the case of an Index-Linked Note which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine that either:
- (A) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
  - (B) the Valuation Date shall be the first (1st) succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of 19.5(c)(ii)(A) above, the Calculation Agent shall determine the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (iii) in the case of an Equity-Linked Note which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.
- (d) If Averaging Dates are specified in the relevant Pricing Supplement, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:
- (i) The Final Price or Final Index Level will be, in relation to any Valuation Date:
    - (A) in respect of an Index-Linked or an Equity-Linked Note settled by way of Cash Settlement which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;

- (B) in respect of an Index-Linked Note settled by way of Cash Settlement which, in each case, relates to a basket of Indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Level of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Pricing Supplement); and
  - (C) in respect of an Equity-Linked Note settled by way of Cash Settlement which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Pricing Supplement).
- (ii) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Pricing Supplement in relation to "**Averaging Date Market Disruption**" is:
- (A) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price or Final Index Level, as applicable, *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 19.5(a) 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;
  - (B) "**Postponement**", then Condition 19.5(c) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or
  - (C) "**Modified Postponement**", then:
    - I. in the case of an Index-Linked Note or an Equity-Linked Note which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred

as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

- (a) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:
  - (i) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or
  - (ii) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 19.5(d)(i)(A); and

- (b) in respect of an Equity-Linked Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether the Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with Condition 19.5(d)(i)(B); and

- II. in the case of an Index-Linked Note or an Equity-Linked Note which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:

- (a) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:
  - (i) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
  - (ii) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 19.5(d)(i)(B); and

- (b) in respect of an Equity-Linked Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine the relevant amount for that Averaging Date in accordance with Condition 19.5(d)(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.

- III. If (1) on or prior to any Averaging Date, in respect of an Index-Linked Note, an Index Modification, Index Cancellation or Index Disruption (each as defined in Condition 19.7(b) occurs, or (2) on any Averaging Date in respect of an Index-Linked Note an Index Disruption Event occurs, then the Calculation Agent shall determine the Final Index Level using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

## 19.6 Provisions relating to Currency-Linked Notes

All investors and prospective investors in Currency-Linked Notes should refer to the provisions set out in Condition 7(i).

## 19.7 Adjustments to Indices

This Condition 19.7 is applicable only in relation to Index-Linked Notes other than Inflation Rate-Linked Notes in relation to which Condition 19.8 shall apply.

- (a) 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.

- (b) Index Modification

If on or prior to any Valuation Date, Automatic Early Redemption Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine whether such Index Modification has a material effect on the Notes, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(c) Index Cancellation

If on or prior to any Valuation Date, Automatic Early Redemption Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (i) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 16;
- (ii) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, the Issuer shall (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 16 and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (iii) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Pricing Supplement, the Issuer shall (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:
  - (A) if it determines that the Notes shall continue, then the Calculation Agent shall determine the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
  - (B) if it determines that the Notes shall not continue, the Issuer shall terminate the relevant Notes as of the date selected by the Issuer and give notice thereof to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 16, specifying the early redemption amount and early redemption date, and the entitlements of the relevant Noteholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Notes immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

"**Index Substitution Notice**" means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"**Substitute Index**" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediately prior to the occurrence of the Index Cancellation.



(d) Correction of Index Levels

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Notes is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

## 19.8 Adjustments to Indices for Inflation Rate-Linked Notes

With respect to Inflation Rate-Linked Notes, the following provisions shall apply in lieu of Condition 19.7:

(a) Definitions

In this Condition:

**"Affected Payment Date"** has the meaning given in (b) below;

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government or one of the governments (but not any government agency) of the country (or countries) to whose level of inflation the relevant Index relates and which pays a coupon and/or redemption amount which is calculated by reference to the level of inflation in such country (or countries), with a maturity date which falls on the same day as the Maturity Date or the Settlement Date, as the case may be, or such other date as the Calculation Agent shall select if there is no such bond maturing on the Maturity Date or Settlement Date, as the case may be. If any bond so selected is redeemed, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond is redeemed (including any bond for which the redeemed bond is exchanged);

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which level of the Index was reported is a period other than a month, the Reference Month is the period for which the level of the Index was reported;

**"Related Bond"** means, if specified as applicable in the relevant Pricing Supplement, means the bond specified as such in the relevant Pricing Supplement or, if specified as applicable in the relevant Pricing Supplement and no bond is specified therein, the Fallback Bond, and the Calculation Agent shall use the Fallback Bond for any Related Bond determination; and

**"Substitute Index Level"** means the level of the Index, determined by the Calculation Agent pursuant to (c) below, in respect of an Affected Payment Date.

(b) Delay of Publication

If any level of the Index for a Reference Month relevant to the calculation of a payment of interest has not been published or announced by the day that is five Business Days prior to the relevant Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date or Maturity Date, as the case may be (the "**Affected Payment Date**"), the Calculation Agent shall determine the relevant level of the Index using the following methodology:

- (i) If Related Bond is specified as applicable in the relevant Pricing Supplement, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
- (ii) If (A) Related Bond is specified as not applicable in the relevant Pricing Supplement; or (B) the Calculation Agent is unable to determine the Substitute Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

where:

"**Base Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

"**Latest Level**" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated; and

"**Reference Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above. For the avoidance of doubt, any Reference Level published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date and/or the Maturity Date, as the case may be, will not be used in any calculations and the Substitute Index Level so determined pursuant to this sub-paragraph (B) will be the definitive level.

(c) Cessation of Publication

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Notes by using the following methodology:

- (i) If at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "**Successor Index**" for the purposes of all subsequent determinations of interest payable and/or of an Early Redemption Amount or of the Final Redemption Amount, notwithstanding that any other Successor Index may previously have been determined.

- (ii) If a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Successor Index from the date that such replacement Index comes into effect.
- (iii) If a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index".
- (iv) If the Calculation Agent determines that there is no appropriate alternative index, then the Notes shall be redeemed on the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive any remaining payments of interest and the relevant Early Redemption Amount or the Final Redemption Amount (as applicable) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the early redemption of the Notes.

(d) **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

(e) **Material Modification**

If, on or prior to the day that is five Business Days before the next date which is an Interest Payment Date, the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date (as the case may be), an Index Sponsor announces that it will make a material change to an Index, then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

(f) **Manifest Error in Publication**

If, within thirty days of publication and prior to the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date, as the case may be, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will take such action as it may deem necessary and practicable to give effect to such correction.

## **19.9 Adjustments and Events affecting Securities**

This Condition 19.9 is applicable only in relation to Equity-Linked Notes.

(a) Potential Adjustment Events

The Calculation Agent shall determine whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)) by using the formulae given below for the amount of the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines to be appropriate (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b) to take into account that diluting or concentrative effect) and determine, the effective date(s) of such adjustment(s).

(b) Extraordinary Events

Following the occurrence of any Extraordinary Event, the Calculation Agent will determine (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)) whether or not the relevant Notes shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it determines to be appropriate (after consulting, an independent expert appointed by HSBC France under Condition 19.12(b)) if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent, acting in a commercially reasonable manner. If the Calculation Agent determines that the relevant Notes shall be redeemed, then the Notes shall be redeemed as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

(c) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Notes is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it determines to be appropriate (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)) to the amount payable in respect of the Notes and their terms to account for such correction and the Calculation Agent shall determine the effective date(s) of such adjustment(s) provided that if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but

excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

#### 19.10 Additional Disruption Events

Following the occurrence of any Additional Disruption Event, the Calculation Agent will determine whether or not the relevant Notes shall continue and, if so, determine any adjustments to be made (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)). If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)) if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Notes shall be redeemed, then the Notes shall be redeemed as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Pricing Supplement, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Pricing Supplement:

- (a) "**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 that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Notes, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (b) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Notes, where such failure is due to illiquidity in the market for such Securities;
- (c) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, *provided that* proceedings instituted or petitions presented by

creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;

- (d) **"Hedging Disruption"** means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
- (e) **"Increased Cost of Hedging"** means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

#### 19.11 Effects of European Economic and Monetary Union

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine the effective date of such adjustment) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under Condition 19.12(b)), if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Note relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the **"National Currency Units"**) of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

#### 19.12 Specific Adjustments

- (a) Role of the Calculation Agent: in the case of any event(s) that the Calculation Agent may reasonably consider affects or could potentially affect the value of an Index Linked Note or an Equity Linked Note, the Calculation Agent may make any reasonable additional adjustment (after consulting, if necessary, an independent expert named by HSBC France in the conditions described in Condition 19.12(b)), to the Exercise Price, the number and/or type of Securities and/or Indices to which such Index Linked Note or Equity Linked Note relates and to the exercise, settlement and payment terms or any other term applicable to such Index Linked Note or Equity Linked Note including, without limitations, adjustments to the amount, number or type of cash assets, equities, other securities and property that could be transferred in respect of such Index Linked Note or Equity Linked Note, and may set the effective date(s) of such adjustments.

(b) Adjustments relating to Securities (the underlying is a Security): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall, on a reasonable basis and as quickly as possible, determine the adjustments to be made based on the formulas set forth below, which may be modified in the Pricing Supplement by the Calculation Agent, it being stipulated that the Calculation Agent shall use the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is not available and (ii) the adjustment is challenged by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(c) Applicable adjustment formulas and adjustments by the Calculation Agent following the Event:

(i) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

Where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(ii) Aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

Where:

$$\text{"R factor"} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(iii) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$\text{R factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"R factor" = parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (iii)(A), (iii)(B) or (iii)(C)

"**Number of New Securities**" = number of Underlying Securities before the Event

"**Subscription Price**" = subscription price of Note bearing entitlement to delivery of the Underlying Securities

"**Close Price at ExDate - 1**" = closing price on the last trading day before delivery of the Underlying Securities

- (iv) Distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

Where

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{BonusSecurity}\%)} \right)$$

"**Bonus Security %**" = proportion of new underlying

- (v) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an independent expert appointed by HSBC France in the conditions set forth in Condition 19.12(b) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.

- (vi) It is stipulated that the following events shall not give rise to an adjustment:

- (A) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
- (B) exercise of the rights attached to Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
- (C) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.

- (vii) In the case of events other than those described in paragraphs (c) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (c) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.

- (d) Adjustments relating to an Equity Basket (the underlying is an Equity Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in Condition 19.12(c) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.



### 19.13 Adjustments where the Securities are ETF Units

Where the Securities are specified in the relevant Pricing Supplement as being ETF Units, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the ETF or the value of the Units, the Calculation Agent shall make any adjustment provided for in the preceding provisions of this Condition 19 or:

- (a) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 19 would produce a commercially reasonable result:
  - (i) the Calculation Agent shall use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent, and
  - (ii) if necessary, the Calculation Agent shall adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relating to the Units or the Notes; or
- (b) if the Calculation Agent determines that the relevant Notes shall be redeemed, then the Notes shall be redeemed as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the cancellation of the Notes.
- (c) adjustments relating to ETF Units (the underlying is an ETF Unit): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made based on the formulas shown below, which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (d) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:
  - (i) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (ii) aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$"R \text{ factor}" = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (iii) Exceptional distribution, issue or dividend in favour of the existing holders of the relevant Underlying Securities of (A) such Underlying Securities, or (B) of other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation from the company issuing the Underlying Security, as the case may be, equally or proportionately with such payments to holders of such Underlying Securities, or (C) of any other type of securities, rights, certificates or other assets, in each case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**R factor**" = parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (iii) 19.14(b)(iii)(A), (iii)(B) or (iii)(C)

"**Number of New Securities**" = number of ETF Units before the Event

"**Subscription Price**" = subscription price of the Note granting entitlement to delivery of the ETF Units

"**Close Price at ExDate - 1**" = closing price on the day before delivery of the ETF Units

- (iv) distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

Where

$$"R \text{ factor}" = \left( \frac{1}{(1 + \text{Bonus Security}\%)} \right)$$

"**Bonus Security %**" = proportion of new underlying

- (A) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective procedures, the Calculation Agent (after consulting an independent expert appointed by HSBC France in the conditions set forth in Condition 19.13(c) above) may make any adjustment deemed necessary to respect the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.
- (v) It is also stipulated that the following events shall not give rise to an adjustment:
  - (A) distribution of ordinary dividends in ETF Units or in cash by the ETF issuing the ETF Unit;
  - (B) exercise of rights attached to ETF subscription warrants or securities granting immediate or future rights to part of the capital of the ETF that issues the ETF Unit; and
  - (C) increase in the nominal value of the ETF Unit through incorporation of reserves, profits or premiums.
- (vi) In the case of events other than those described in paragraphs (d) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (d) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.
- (e) Adjustments relating to ETF Baskets (the underlying is an ETF Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in Condition 19.13(d) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

In this Condition 19.13 "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

#### **19.14 Adjustments where the Securities are ADR/GDR**

- (a) adjustments relating to ADR/GDR (the underlying is an ADR/GDR): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible and in a reasonable manner determine the adjustments to be made based on the formulas shown below, which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(b) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:

(i) subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

**"R factor"** = parity before adjustment

**"Number of New Securities"** = number of Securities before the Event

**"Number of Old Securities"** = number of Securities after the Event

(ii) aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

where:

**"R factor"** = parity before adjustment

**"Number of New Securities"** = number of Securities before the Event

**"Number of Old Securities"** = number of Securities after the Event

(iii) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$\text{R factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

**"R factor"** = parity before adjustment

**"Number of Rights per Security"** = number of rights referred to in (iii)(A), (iii)(B) or (iii)(C)

**"Number of New Securities"** = number of Underlying Securities before the Event

**"Subscription Price"** = subscription price of the Note granting entitlement to delivery of the Underlying Securities

**"Close Price at ExDate - 1"** = closing price on the day before delivery of the Underlying Securities

- (iv) distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

where

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{BonusSecurity}\%)} \right)$$

**"Bonus Security %" = proportion of new underlying**

- (v) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an independent expert appointed by HSBC France in the conditions set forth in Condition 19.14(a) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.
- (vi) It is stipulated that the following events shall not give rise to an adjustment:
- (A) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
  - (B) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
  - (C) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (vii) In the case of events other than those described in paragraphs (b) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (b) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.

- (c) Adjustments relating to ADR/GDR Baskets (the underlying is an ADR/GDR Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in Condition 19.14(b) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

## **20. Provisions relating to Preference Share Linked Notes**

### **20.1 Definitions**

As used in this Condition 20 and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means any event specified as such in the relevant Pricing Supplement, or if no such event is specified in the Pricing Supplement, a Change in Law and/or an Insolvency Filing;

**"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 that (x) it will, or there is a substantial likelihood that it will, with the passing of time or it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, or dispose of or realise, recover or remit the proceeds of the sale of or disposal 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 Preference Share Linked Notes (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to the Preference Share Linked Notes, (ii) stock loan transactions in relation to the Preference Share Linked Notes (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, the Preference Share Linked Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Preference Share Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Extraordinary Event"** means a Merger Event, a Tender Offer and/or an Insolvency or such other event specified as such in the relevant Pricing Supplement;

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

**"Insolvency Filing"** means that the Preference Share Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Preference Share Issuer shall not be deemed an Insolvency Filing;

**"Merger Event"** means any (i) reclassification or change of the Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such Preference Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity or person (other than a consolidation, amalgamation or merger in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such preference shares 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 Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such preference shares (other than such Preference Shares owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Preference Shares outstanding but results in the outstanding preference shares (other than preference shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding preference shares immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before the final Valuation Date;

**"Preference Shares"** means the preference shares as specified in the relevant Pricing Supplement;

**"Preference Share Issuer"** means the issuer of the Preference Shares as specified in the relevant Pricing Supplement;

**"Preference Share Valuation Date"** means the date specified as such in the relevant Pricing Supplement, or if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Calculation Agent;

**"Preference Share Linked Note"** means a Note in relation to which the redemption amount payable is linked to the performance of underlying preference shares (as indicated in the relevant Pricing Supplement);

**"Preference Share Value"** means, in respect of any day, the market value of a Preference Share at the Valuation Time on such day as determined by the Calculation Agent;

**"Preference Share Early Redemption Event"** means that the Issuer or any of its affiliates has received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early;

**"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 Preference Share Issuer, 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;

**"Valuation Date"** has the meaning given to it in the applicable Pricing Supplement; and

**"Valuation Time"** has the meaning given to it in the applicable Pricing Supplement.

## **20.2 Early Redemption of Preference Share Linked Notes**

Following the occurrence of a Preference Share Early Redemption Event, the Issuer will terminate all (but not some only) of the Notes on the second Business Day immediately preceding the date on which the Preference Shares are to redeem and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

## **20.3 Extraordinary Events**

If in the determination of the Calculation Agent, an Extraordinary Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

## **20.4 Additional Disruption Event**

If in the determination of the Calculation Agent an Additional Disruption Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

## 20.5 Notices to Noteholders

If in the determination of the Calculation Agent a Preference Share Early Redemption Event, an Extraordinary Event or an Additional Disruption Event occurs and the Issuer elects to terminate the Notes, the Issuer will give notice to Noteholders (with a copy to HSBC France) in accordance with Condition 16.

## 20.6 Amendments to the Conditions

(i) Condition 6.3 is hereby amended by replacing the words "or, as appropriate, some" with the words "but not some only,".

(ii) Final paragraph of Condition 6.8 is hereby deleted and replaced with the following:

"Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held or resold in accordance with the paragraph below or, provided such Notes are held by the Issuer, at the option of the Issuer, cancelled.

## 20.7 Information on the Preference Share Issuer and the Preference Shares

(i) The Preference Share Issuer

Eukairos Investments Limited (the "**Preference Share Issuer**") is a private company limited by shares and was incorporated under the Companies Act 2006 on 30 April 2010 (with registered number 7240905). The Preference Share Issuer is governed by the laws of England and Wales and has its registered office at 35 Great St Helens, London, EC3A 6AF, United Kingdom.

A copy of the Preference Share Issuer's constitutional documents, its audited, non-consolidated annual financial statements, when published, and the Terms and Conditions of the Preference Shares (as defined below) are available (free of charge) from the registered office of the Preference Share Issuer.

The sole business activity of the Preference Share Issuer is to issue redeemable Preference Shares. Accordingly, the Preference Share Issuer does not have any trading assets and does not generate any significant net income.

(ii) The Preference Shares

The Preference Share Issuer may issue redeemable Preference Shares of any kind including, but not limited to, Preference Shares linked to a specified index or basket of indices, a specified share or basket of shares, a specified currency or basket of currencies, a specified debt instrument or basket of debt instruments, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or to such other underlying instruments, bases of reference or factors (the "**Preference Share Underlying**") and on such terms as may be determined by the Preference Share Issuer and specified in the applicable conditions of the relevant series of Preference Shares (the "**Terms and Conditions of the Preference Shares**"). The Terms and Conditions of the Preference Shares, and any non-contractual obligations arising out of or in connection with the Terms and Conditions of the Preference Shares, shall be governed by and construed in accordance with English law.

The performance of the Preference Shares depends on the performance of the Preference Share Underlying to which the relevant Preference Shares are linked. In determining the value of the Preference Shares, the Preference Share Calculation Agent shall employ the calculation procedure and methodology set out in the applicable Terms and Conditions of the Preference Shares.



## **21. Provisions relating to Fund-Linked Notes and Fund Basket-Linked Notes**

### **21.1 Definitions**

As used in this Condition 21, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means a Change in Law, Hedging Disruption and/or an Increased Cost of Hedging, as further specified in the relevant Pricing Supplement;

**"Averaging Date"** means, in respect of the Final Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Reference Fund Valuation Day, the next following Reference Fund Valuation Day), subject to the provisions of Condition 21.2;

**"Change in Law"** means, in relation to any Notes, 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 that (x) it will, or there is a substantial likelihood that it will, with the passing of time, or has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale or disposal of Reference Fund Units relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes (y) it has become illegal for the Issuer or any of its designated affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Cut-off Date"** means the date specified as such in the relevant Pricing Supplement;

**"Cut-Off Final Valuation Date"** means the date specified as such in the relevant Pricing Supplement;

**"Extraordinary Fund Event"** means, in respect of a Reference Fund, the occurrence or existence of any of the following on or prior to the Final Valuation Date, as determined by the Calculation Agent;

- (a) any breach or violation of the provisions of the Reference Fund Prospectus or any other relevant fund document including, but not limited to: the constitutive and governing documents of the relevant Reference Fund, the subscription agreements and other agreements of the relevant Reference Fund, any (verbal or written) agreement with respect to the Reference Fund entered into by the Issuer with the Reference Fund and/or any of its service providers, any strategy or investment guidelines, and any agreement entered into by the relevant Reference Fund and/or its service providers that is reasonably likely to affect the relevant Reference Fund;
- (b) (i) the non-execution or partial execution by such Reference Fund for any reason of a subscription or redemption order in respect of any units in that Reference Fund given by a Hypothetical Investor (whether or not in accordance with the relevant Reference Fund Prospectus), (ii) the Reference Fund suspends or refuses transfers of any of its units (including, without limitation, if the Reference Fund applies any gating, deferral, suspension or other similar provisions permitting the Reference Fund to delay or refuse redemption or transfer of units), (iii) the Reference Fund imposes in whole or in part

any restriction (including, without limitation, any redemption in specie), charge or fee in respect of a redemption or subscription of its units by the Issuer or exercises its right to claw back the proceeds already paid on redeemed units if in any case it could, in the determination of the Calculation Agent, have an adverse impact on the Issuer's or any of its designated affiliates', as applicable, rights or obligations in relation to its hedging activities in relation to the Notes, or (iv) a mandatory redemption, in whole or in part, of the units is imposed by the Reference Fund on any one or more holders of units at any time for any reason;

- (c) such Reference Fund or any Reference Fund Service Provider (i) ceases trading and/or, in the case of a Reference Fund Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable); (ii) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vi) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (v) above;
- (d) there exists any litigation against the Reference Fund or a Reference Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Reference Fund Units or the rights or remedies of any investor in such Reference Fund Units;
- (e) (i) a Reference Fund Service Provider ceases to act in such capacity in relation to the Reference Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the Reference Fund and/or any Reference Fund Service Provider to meet or maintain any obligation or undertaking under the Reference Fund Prospectus or any other relevant fund document which failure is reasonably likely to have an adverse impact on the value of the Reference Fund Units or on the rights or remedies of any investor in such Reference Fund Units;
- (f) a material modification, or any announcement regarding a potential future material modification, of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of such Reference Fund;
- (g) the failure by such Reference Fund to comply with its reporting obligations (including, without limitation, any periodic reporting of the Net Asset Value of such Reference Fund, periodic statements

thereof, return numbers and composition of such Reference Fund and the allocation of capital for such Reference Fund (where applicable)) in accordance with its agreements with the Issuer or any of its designated affiliates (as applicable);

- (h) a material modification (other than any modifications referred to in (e) above) of such Reference Fund (including but not limited to a modification of the Reference Fund Prospectus or the articles of association or other constitutional documents of such Reference Fund) or the occurrence of a change or any event materially affecting such Reference Fund (including, but not limited to, the interruption, breakdown or suspension of the calculation of the Net Asset Value of such Reference Fund unless such interruption, breakdown or suspension is cured within two Business Days);
- (i) a material modification of the type of assets in which such Reference Fund invests or the trading practices of the relevant Reference Fund (including but not limited to a material deviation from the investment policy and investment objectives set out in the Reference Fund Prospectus) which, in the determination of the Calculation Agent, has or is likely to have a material effect on any hedging arrangements entered into by the Issuer or any of its designated affiliates (as applicable) in respect of these Notes;
- (j) such Reference Fund or any Reference Fund Service Provider has its authorisation or registration cancelled by any applicable regulatory authority;
- (k) (i) an allegation of criminal or fraudulent activity is made in respect of the Reference Fund, or any Reference Fund Service Provider, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred or (ii) such Reference Fund or a Reference Fund Service Provider (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, investment adviser, manager or administration agent; (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of such Reference Fund; (C) makes any material misrepresentation under any document in respect of the relevant Reference Fund or (D) announces its intention to cease the business of investment management;
- (l) any relevant activities of or in relation to the Reference Fund or a Reference Fund Service Provider are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the Reference Fund by any governmental, legal or regulatory entity with authority over the Reference Fund), (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Reference Fund or a Reference Fund Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the Reference Fund is required by a competent authority to redeem any Reference Fund Units, (iv) the Issuer or any of its designated affiliates (as applicable) is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any Reference Fund Units held in connection with any hedging arrangements relating to the Notes and/or (v) any change in the legal, tax, accounting or regulatory treatment of the Reference Fund or any Reference Fund Service Provider that is reasonably likely to have an adverse impact on the value of the Reference Fund Units or other activities or undertakings of the Reference Fund or on the rights or remedies of any investor in such Reference Fund Units, including the Issuer;
- (m) the creation by the Reference Fund of any illiquid share class or unit howsoever described;

- (n) the currency denomination of Reference Fund Units is amended from that set out in the Reference Fund Prospectus or any other relevant fund document so that the NAV per unit is no longer calculated in the same currency as it was as at the Trade Date;
- (o) if applicable, the Reference Fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction;
- (p) if the Reference Fund comprises multiple classes or series (howsoever described in the Reference Fund Prospectus or any other relevant fund document) of shares or units, and the Calculation Agent determines (in good faith and a commercially reasonable manner) at any time, taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the Reference Fund Prospectus or any other relevant fund document), that such other class or series has or may have an adverse effect on the hedging activities of the Issuer or any of its designated affiliates (as applicable) in relation to the Notes;
- (q) (i) the Calculation Agent determines, at any time, that the NAV per unit is inaccurate, or (ii) the reported net asset value of the Reference Fund Units misrepresents the net asset value of the Reference Fund Units;
- (r) any material modification of the method of calculating the NAV per unit;
- (s) any change in the periodicity of the calculation or the publication of the NAV per unit;
- (t) any change in the length of notice periods for redemptions or transfers in relation to the Reference Fund;
- (u) a Reference Fund Disruption Event has occurred and is continuing for at least three consecutive Reference Fund Valuation Days; or
- (v) the exposure (expressed as percentage) of the Reference Fund to securities with a credit quality (based upon the lowest credit ratings from S&P, Moody's and Fitch when available) below B, B2 or B for S&P, Moody's and Fitch respectively exceeds 35%; the aggregated level of leverage (expressed as percentage) of the Reference Fund exceeds 20%;
- (w) the Calculation Agent determines that, over any period not exceeding twelve months, the total net value of the assets of the Reference Fund has decreased by 30 per cent. (either due to redemptions, a decrease in value of such assets or otherwise); or
- (x) the Calculation Agent determines that, over any period not exceeding twelve months (ending on the immediately preceding date on which the Reference Fund Adviser published the total value of the assets it managed), the total value of the assets managed by the Reference Fund Adviser (including the Reference Fund) has decreased by 50 per cent. (either due to redemptions, a decrease in value of such assets or otherwise);

**"Final Reference Fund Unit Value"** means, in relation to a Reference Fund Unit, subject to the occurrence of a Reference Fund Event,

- (a) the Reference Fund Unit Value of such Reference Fund Unit on the Final Valuation Date; or
- (b) if Averaging is specified as being applicable, the arithmetic mean of the Reference Fund Unit Values of such Reference Fund Unit on each Averaging Date;

in each case as calculated on the Redemption Calculation Date;

**"Final Valuation Date"** means, subject to Condition 21.2 below, the date specified as such in the relevant Pricing Supplement (the **"Scheduled Final Valuation Date"**) provided that if such date is not a Reference Fund Valuation Day, the Final Valuation Date shall be the next following Reference Fund Valuation Day;

**"Final Value"** means:

- (a) in respect of a Fund-Linked Note relating to a single Reference Fund Unit, the Final Reference Fund Unit Value; and
- (b) in respect of a Fund-Linked Note relating to a basket of Reference Fund Units, the arithmetic mean of the Final Reference Fund Unit Values of each Reference Fund Unit comprising the basket (weighted or adjusted in relation to each Reference Fund Unit as provided in the relevant Pricing Supplement);

**"Hedging Disruption"** means that the Issuer or any of its designated affiliates is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or any of its designated affiliates or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Notes or (B) realise, recover, receive, transfer or remit the proceeds of any such transaction(s) or asset(s) or (C) without prejudice to (B) above, transfer amounts denominated in the Settlement Currency (1) from accounts inside the Settlement Currency Jurisdiction to accounts outside the Settlement Currency Jurisdiction (2) between accounts inside the Settlement Currency Jurisdiction or (3) to a party that is a non-resident of the Settlement Currency Jurisdiction or (D) without prejudice to (B) and (C) above, convert the Settlement Currency into an Alternative Payment Currency) and, for the avoidance of doubt "using commercially reasonable efforts and acting in good faith" to hedge the risks of the Issuer referred to herein does not include the value of any quota granted to the Issuer or any of its designated affiliates under the Qualified Foreign Institutional Investor (**"QFII"**) or Renminbi Qualified Foreign Institutional Investor (**"RQFII"**) Schemes;

**"Hypothetical Investor"** means a hypothetical investor in the Reference Fund Units of a Reference Fund;

**"Increased Cost of Hedging"** means that the Issuer or any of its designated affiliates would incur materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, the amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its designated affiliates, as applicable, shall not be deemed an Increased Cost of Hedging;

**"Initial Reference Fund Unit Value"** means, in respect of a Reference Fund Unit, the value specified as such in the applicable Pricing Supplement, or, if no Initial Reference Fund Unit Value is specified, the Reference Fund Unit Value on the Strike Date;

**"Initial Value"** means:

- (a) In respect of a Fund-Linked Note relating to a single Reference Fund, the Initial Reference Fund Unit Value; and
- (b) In respect of a Fund Basket-Linked Note, the arithmetic mean of the Initial Reference Fund Unit Values of each Reference Fund Unit comprising the basket (weighted or adjusted in relation to each Reference Fund Unit as provided in the relevant Pricing Supplement);

**"Merger Event"** means, in respect of the Reference Fund Units of a Reference Fund and as determined by the Calculation Agent, the occurrence on or prior to the Final Valuation Date of any (a) reclassification or change of such Reference Fund Units that results in a transfer of or an irrevocable commitment to transfer all of such units outstanding, (b) consolidation, amalgamation or merger of the Reference Fund with or into another entity (other than consolidation, amalgamation or merger in which the Reference Fund is the continuing entity and which does not result in any such reclassification or change of all of such units outstanding) or (c) other takeover offer for such Reference Fund Units that results in a transfer of or an irrevocable commitment to transfer all such Reference Fund Units (other than such units owned or controlled by the offeror);

**"Net Asset Value"** or **"NAV"** means, in respect of each Reference Fund Unit of a Reference Fund and a Reference Fund Valuation Date, the official net asset value, expressed in the relevant currency, for such Reference Fund Valuation Date, as published in accordance with the relevant Reference Fund Prospectus and as determined by the Calculation Agent;

**"Potential Adjustment Event"** means the occurrence, as determined by the Calculation Agent, at any time on or prior to the Final Valuation Date of any of the following events in relation to a Reference Fund:

- (a) a subdivision, reclassification, reorganisation or consolidation of the Reference Fund Units in the Reference Fund (other than that constituting a Merger Event), or a free distribution or dividend of any such Reference Fund Units to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Reference Fund Units of (i) an additional amount of such Reference Fund Units, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Reference Fund Units, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction or (iv) 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;
- (c) an extraordinary dividend;
- (d) a repurchase by the Reference Fund of such Reference Fund Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Reference Fund Units initiated by an investor in such Reference Fund Units that is consistent with the Reference Fund Prospectus; or
- (e) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Fund Units.

**"Redemption Calculation Date"** means the earlier of (i) the Cut-off Date and (ii) the date on which the Hypothetical Investor actually receives all of the redemption proceeds assuming it had submitted a timely notice for redemption in respect of the Final Valuation Date, as determined by the Calculation Agent;

**"Reference Fund(s)"** means the fund(s) specified as such in the relevant Pricing Supplement;

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

**"Reference Fund Disrupted Day Related Payment Date"** means any payment date on the Notes on which the amount payable is calculated by reference to the Reference Fund Unit Value of a Reference Fund determined on the related Final Valuation Date or Cut-Off Final Valuation Date;

**"Reference Fund Disruption Event"** means, in respect of a Reference Fund, the occurrence or existence on any day of, as determined by the Calculation Agent:

- (a) a postponement of the date as of which the relevant Reference Fund is scheduled, according to the documentation governing such Reference Fund, to determine the Net Asset Value of such Reference Fund for the purposes of calculating the redemption proceeds to be paid to or number of units to be subscribed by a Hypothetical Investor assuming it had submitted a timely and valid notice for redemption or subscription; and/or
- (b) the occurrence or continuation of a postponement of the reporting by the relevant Reference Fund to its investors or, if applicable, the publishing by the relevant Reference Fund or the relevant publishing service, in each case of the Net Asset Value of the relevant Reference Fund; and/or
- (c) the occurrence or continuation of a postponement in the payment of any or all of the redemption proceeds relating to such Reference Fund Units (whether or not in accordance with the Reference Fund Prospectus);

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

**"Reference Fund Event"** means each of a Potential Adjustment Event, an Extraordinary Fund Event, an Additional Disruption Event, a Merger Event or a Technical Constraints Event.

**"Reference Fund Prospectus"** means, in respect of a Reference Fund, the most recently published offering document relating to that Reference Fund, as amended, restated or supplemented from time to time;

**"Reference Fund Service Provider"** means any person who is appointed to provide services, directly or indirectly, in respect of a Reference Fund, whether or not specified in the Reference Fund Prospectus or any other relevant fund document, including any adviser, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, sponsor or general partner;

**"Reference Fund Unit"** means, in respect of a Reference Fund, a share or a notional unit of ownership in respect of that Reference Fund in the relevant (or related) share classes, as designated by the Calculation Agent;

**"Reference Fund Unit Value"** means, as determined by the Calculation Agent, in respect of a Reference Fund and a Reference Fund Valuation Day, either:

- (a) the redemption proceeds or subscription amounts, as applicable, as determined by the Calculation Agent that would be received or paid by a Hypothetical Investor assuming that the Hypothetical Investor had provided timely notice in accordance with the Reference Fund Prospectus to the Reference Fund and any other party necessary to effect a redemption or other disposition or a subscription or other acquisition (as applicable) of some or all of an investment in the relevant Reference Fund Units for such Reference Fund Valuation Day, net of any accrued management, load, administrative and any other fees, costs or adjustments and net of any taxes which may be withheld or applied by the Reference Fund in connection with a redemption or subscription, as applicable, of such units. Any such redemption proceeds that would be paid in property other than cash shall be valued by the Calculation Agent; or
- (b) the Net Asset Value per share for the Relevant Reference Fund Unit as published in accordance with the Reference Fund Prospectus for such Reference Fund Valuation Day,

Notwithstanding the provisions of Condition 21.2, if the Reference Fund Unit Value is not available in a timely fashion on any Reference Fund Valuation Day, the Calculation Agent may, at its discretion acting in good faith, in order to calculate the relevant Reference Fund Unit Value calculate an estimated Reference Fund Unit Value in respect of such Reference Fund Valuation Day.

**"Reference Fund Valuation Day"** means, in respect of a Reference Fund, any Business Day in respect of which such Reference Fund is scheduled to publish its Net Asset Value;

**"Strike Date"** means the date specified as such in the relevant Pricing Supplement (or if such date is not a Reference Fund Valuation Day, the next following Reference Fund Valuation Day);

**"Technical Constraints Event"** means the occurrence or existence of a constraint in respect of the Issuer in performing adequately the hedging of its exposure to the Reference Fund(s) and/or relevant currency exchange rates (if applicable) due to any of the following reasons, as determined by the Calculation Agent:

- (a) any internal risk limits existing as of the Trade Date or at any time thereafter;
- (b) internal approvals, whether required as of the Trade Date or at any time thereafter;
- (c) reputational risks; or
- (d) compliance with laws in relevant jurisdictions, including local regulations, whether required as of the Trade Date or at any time thereafter; and

**"Valid Date"** means, in respect of a Reference Fund, a Reference Fund Valuation Day on which a Reference Fund Disruption does not occur and on which another Averaging Date does not or is not deemed to occur.

## **21.2 Occurrence of a Reference Fund Disruption Event**

If a Reference Fund Disruption Event occurs in relation to a Reference Fund (but no Reference Fund Event has occurred or is subsisting) on:

- (a) the Final Valuation Date, then the Calculation Agent may, acting in good faith and in a commercially reasonable manner, postpone the Final Valuation Date in relation to such relevant Reference Fund Unit until the earlier of (i) the first Reference Fund Valuation Day on which the Calculation Agent determines that any one or more Reference Fund Disruption Events are no longer continuing, or (ii) Cut-off Final Valuation Date. If a Reference Fund Disruption Event continues on such Cut-off Final Valuation Date, the Calculation Agent shall determine the Reference Fund Unit Value for such Cut-off Final Valuation Date acting in good faith and in a commercially reasonable manner;
- (b) any Averaging Date, then the Calculation Agent may, acting in good faith and in a commercially reasonable manner, if the consequence specified in the relevant Pricing Supplement in relation to Averaging Date Disruption is:
  - (i) **"Omission"**, deem such Averaging Date not to be a relevant Averaging Date for purposes of determining the Final Value of any Reference Fund Unit, **provided that**, if through the operation of this provision no Averaging Date would occur, then Condition 21.2(a) will apply for purposes of determining the relevant Reference Fund Unit Value on the final Averaging Date as if such final Averaging Date were the Final Valuation Date;
  - (ii) **"Postponement"**, determine that Condition 21.2(a) shall apply for purposes of determining the relevant Reference Fund Unit Value as if such Averaging Date were the Final Valuation Date irrespective of whether, pursuant to such determination, that deferred Averaging Date



would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes; or

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

- (A) in the case of a Fund-Linked Note which relates to a single Reference Fund, determine that the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Cut-off Final Valuation Date then the Cut-off Final Valuation Date shall be deemed to be the Averaging Date, notwithstanding the fact that a Reference Fund Disruption occurs or is continuing on such day (irrespective of whether that Cut-off Final Valuation Date is already an Averaging Date) and the Calculation Agent shall determine the Reference Fund Unit Value for that Averaging Date in accordance with Condition 21.2(a); and
- (B) in the case of a Fund Basket-Linked Note, the Averaging Date for each Reference Fund in respect of which no Reference Fund Disruption Event has occurred or is continuing shall be the day specified in the relevant Pricing Supplement as an Averaging Date and the Averaging Date for a Reference Fund affected by the occurrence of a Reference Fund Disruption Event shall be the first succeeding Valid Date in relation to such Reference Fund. If the first succeeding Valid Date in relation to such Reference Fund has not occurred as of Cut-off Final Valuation Date, then the Cut-off Final Valuation Date shall be deemed to be the Averaging Date (irrespective of whether that Cut-off Final Valuation Date is already an Averaging Date) and the Calculation Agent shall determine the relevant Reference Fund Unit Value for that Averaging Date in accordance with Condition 21.2(a).

If any Averaging Date in relation to the Final Valuation Date occurs after the Final Valuation Date as a result of the occurrence of a Reference Fund Disruption Event, then (i) the Redemption Calculation Date, Maturity Date, an Optional Redemption Date (Call Option), an Optional Redemption Date (Put Option) or other early redemption date, as the case may be, or (ii) the occurrence of an Extraordinary Fund Event, Merger Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Final Valuation Date.

If a Final Valuation Date is postponed pursuant to this Condition 21.2 (*Occurrence of a Reference Fund Disruption Event*), the Scheduled FX Fixing Date in respect of the Final Valuation Date shall, in the Calculation Agent's discretion, be postponed to the Final Valuation Date as postponed, provided that, if the postponed Scheduled FX Fixing Date would, as a result of this paragraph, occur on a day which is not a Relevant Currency Business Day, it will be postponed to the immediately following Relevant Currency Business Day, and provided further that, the Scheduled FX Fixing Date is subject to Condition 7(i) (*Price Source Disruption and FX Disruption*).

If a Final Valuation is postponed in accordance with this Condition 21.2 (*Occurrence of a Reference Fund Disruption Event*), any Reference Fund Disrupted Day Related Payment Date will also be postponed, if needed, such that the Reference Fund Disrupted Day Related Payment Date shall fall at least three (3) local banking days (or such other number of local banking days as may be specified in the Pricing Supplement) following the later of (i) the postponed Final Valuation Date or, if later, the Cut-off Final Valuation Date, as applicable and (ii) the postponed Scheduled FX Fixing Date or, if later, the FX Cut-off Date or Postponed FX Fixing Date, as applicable.

Unless Reference Fund Disruption Interest Adjustment is specified in the relevant Pricing Supplement as being applicable, no further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 21.2 (*Occurrence of a Reference Fund Disruption Event*) (so that, for the avoidance of doubt, any interest payable in respect of the Notes on a Reference Fund Disrupted Day Related Payment Date which is so postponed shall be calculated as if such

Reference Fund Disrupted Day Related Payment Date had not been postponed pursuant to this Condition 21.2).

### 21.3 Effect of Reference Fund Events

Following the occurrence of a Reference Fund Event, the Calculation Agent may, acting in good faith and in a commercially reasonable manner, either:

- (a) designate a date as an early redemption date (the "**Early Redemption Date**") and the Noteholders will receive the Early Redemption Amount on such designated Early Redemption Date (the "**Original Early Redemption Date**"), provided that if the Calculation Agent determines, in its sole discretion, that a Hypothetical Investor would experience a delay in receiving all of the relevant redemption proceeds assuming it had submitted a timely notice for the redemption of its fund holdings in respect of the Original Early Redemption Date (or any earlier date designated by the Calculation Agent), then the Early Redemption Date shall occur 10 Relevant Financial Centre Days after the earlier of (A) the date on which a Hypothetical Investor would have received all relevant redemption proceeds and (B) the Cut-Off Date; or
- (b) make any temporary or permanent adjustments to any of the following:
  - (i) any relevant Reference Fund (including a substitution of such Reference Fund);
  - (ii) any relevant Reference Fund Unit;
  - (iii) any relevant Reference Fund Unit Values; and/or
  - (iv) any other terms of the Notes as the Calculation Agent determines appropriate

and it shall determine the time as of which any such adjustments become effective;

in respect of a Merger Event, where consideration for the relevant Reference Fund Units of the relevant Reference Fund consists solely of units of a fund in which the Hypothetical Investor could invest (the "**New Units**"), references to a Reference Fund Unit of the relevant Reference Fund shall be replaced by references to the number of New Units to which a holder of a Reference Fund Unit would be entitled upon consummation of the Merger Event and the New Units and their issuer will be deemed to be the Reference Fund Units and the Reference Fund, respectively, and, if necessary, the Calculation Agent will make adjustments to the relevant Reference Fund Unit Value and/or any other terms of the Notes in such manner as it considers appropriate; or

in respect of any Reference Fund Event occurring or subsisting on the Final Valuation Date or the Final Averaging Date (as applicable), the Calculation Agent may determine the Final Redemption Amount. In doing so, it may take into account the redemption proceeds (if any) which a Hypothetical Investor would have received by not later than the Cut-off Date assuming that it had submitted a timely notice for redemption of all relevant fund holdings in respect of the Final Valuation Date.

### 21.4 Early Redemption Amount on Early Redemption by Issuer

With respect to any Early Redemption Date designated by the Issuer upon the occurrence of a Reference Fund Event, the amount payable on such Early Redemption Date (the "**Early Redemption Amount**") shall be the Fair Market Value of the Notes immediately prior to the date on which such early redemption occurs. When determining the Early Redemption Amount, the Calculation Agent may take into account the redemption proceeds (if any) which a Hypothetical Investor would have received by not later than the Cut-off Date assuming that it had submitted a timely notice for redemption of all relevant fund holdings in respect of the Original Early Redemption Date (or any earlier date designated by the Calculation Agent).

## ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES

The section headed "*Terms and Conditions of the Notes*" of this Offering Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes*" (the "**Credit Linked Conditions**") and, together with the Terms and Conditions of the Notes, the "**Base Conditions**") in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the relevant Pricing Supplement. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

Unless otherwise stated in these Credit Linked Conditions or in the relevant Pricing Supplement, in the event that any day specified in the section "*Credit Linked Redemption*" in the relevant Pricing Supplement or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

In the case of Credit-Linked Notes for which more than one Reference Entity is specified in the relevant Pricing Supplement, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly. In addition, where an event, date, determination or circumstance relates to a Reference Entity, only those Business Centre(s) specified in relation to that Reference Entity will be deemed to apply for the purposes of the definition of "Business Day" in relation thereto and otherwise all of the Business Centre(s) specified in the relevant Pricing Supplement (including those for all Reference Entities) will apply for the purposes of the definition of "Business Day".

For the avoidance of doubt no Credit-Linked Notes will be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (b) Obligations, Deliverable Obligations, Valuation Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

Any references in these Credit Linked Conditions to ISDA will include any other entity which succeeds to or is performing functions previously undertaken by ISDA in relation to Credit Derivatives Determinations Committees and references to Credit Derivatives Determinations Committees in relation to ISDA will include any successor thereto and the Calculation Agent may make such adjustments to these Credit Linked Conditions and the relevant Pricing Supplement as it determines appropriate to account for the application of these provisions.

For the avoidance of doubt, the application of any of Credit Linked Conditions 9, 10, 11, 12 or 14 below shall not preclude the application of any other such Credit Linked Condition either contemporaneously or subsequently and in the event that any such Credit Linked Conditions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such Credit Linked Conditions, the Calculation Agent may elect in its discretion which Credit Linked Condition shall apply and under which Credit Linked Condition or Credit Linked Conditions it shall exercise its discretion.

Credit-Linked Notes may take the form of Single Reference Entity Credit-Linked Notes or Basket Credit-Linked Notes (which may be Index Basket Credit-Linked Notes). The Settlement Method for Credit-Linked Notes may be Auction Settlement, Physical Settlement, Cash Settlement (for which purposes the Final Price will be fixed) or Zero Recovery and Credit Event Maturity Settlement may apply to Credit Linked Notes where the Settlement Method is Auction Settlement or Cash Settlement. The relevant Pricing Supplement shall specify (depending upon the particular Credit-Linked Notes), amongst other things:

- (a) the type of Credit-Linked Notes;

- (b) the Settlement Method and (if applicable) the Final Price and whether Credit Event Maturity Settlement applies;
- (c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur;
- (d) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (e) the Trade Date and the Scheduled Maturity Date; and
- (f) the Reference Entity Notional Amount in respect of each Reference Entity.

## 1. **Redemption of Credit-Linked Notes**

- (a) Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4, Credit Linked Condition 5 and Credit Linked Condition 6, the Issuer shall redeem each Credit-Linked Note on the Maturity Date by payment of the Final Redemption Amount. The Final Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).

In the case of Instalment Notes, subject as provided in Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, the Issuer shall redeem each Credit-Linked Note in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined herein or in accordance with the provisions of, the relevant Pricing Supplement.

Following any partial redemption of a Note, references to a nominal amount of Credit-Linked Notes (or Notes) equal to the Specified Denomination shall be deemed to be to a nominal amount which as of the Issue Date had a nominal amount equal to the Specified Denomination.

If a Credit Event Determination Date has occurred in respect of any Reference Entity, the Issuer shall redeem each Credit-Linked Note as described below.

References in these Credit Linked Conditions to a Credit-Linked Note or Note are to a nominal amount of Credit-Linked Notes equal to the Specified Denomination (subject as provided above). Any payment of a "*pro rata*" amount in respect of a Note will be determined by reference to its nominal amount relative to the then aggregate nominal amount of Notes. For the avoidance of doubt, Condition 6.1 (*Final Redemption*) will not apply.

- (b) Where the Notes are Single Reference Entity Credit-Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable.
- (c) Where the Notes are Basket Credit-Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity, then the provisions of Credit Linked Condition 6 will apply.
- (d) Where any Credit Event Redemption Amount is or would be zero then, other than for the payment of accrued interest (if any) or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit-Linked Notes.
- (e) If any purchase and cancellation of Notes occurs under Credit Linked Condition 24 or any further issue under Condition 15.1 (*Further Issues*), the Calculation Agent will make such adjustments to the relevant Pricing Supplement and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity

Notional Amounts and/or the Original Notional Amount, as applicable) to ensure the Notes continue to reflect economic intentions.

## 2. Auction Settlement

- (a) Where (i) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Reference Entity Credit-Linked Notes and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date or (ii) Credit Linked Condition 4 applies and the Issuer does not give a Notice of Physical Settlement, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with Condition 16 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit-Linked Notes, each Credit-Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of an Auction Settlement Notice or failure by the Issuer to deliver an Auction Settlement Notice shall not affect the validity of a Credit Event Determination Date.
- (b) Unless settlement has occurred in accordance with the paragraph above, if:
- (i) an Auction Cancellation Date occurs;
  - (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
  - (iii) a DC Credit Event Question Dismissal occurs;
  - (iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
  - (v) the Calculation Agent determines that it is otherwise reasonably likely that the Reference Transaction would be settled in accordance with the Fallback Settlement Method and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the "**Calculation Agent Fallback Settlement Determination Date**"),

then the Issuer shall redeem the Credit-Linked Notes in accordance with Credit Linked Condition 3 below.

*If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 2, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the nominal amount of a Credit-Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

## 3. Cash Settlement

If a Credit Event Determination Date has occurred and (i) Cash Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Reference Credit-Linked Notes or (ii) Credit Linked Condition 2(b) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with Condition 16 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit-Linked Notes, each Credit-Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of a Cash Settlement Notice or failure by the Issuer to deliver a Cash Settlement Notice shall not affect the validity of a Credit Event Determination Date.

*If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the nominal amount of a Credit-Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

#### 4. **Physical Settlement**

If a Credit Event Determination Date has occurred, then where Physical Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Reference Entity Credit-Linked Notes, the Issuer shall give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with Condition 16 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit-Linked Notes, each Credit-Linked Note being redeemed by the Issuer by the Delivery of the Deliverable Obligations comprising the Entitlement on or prior to the Credit Settlement Date, subject to and in accordance with the Conditions and these Credit Linked Conditions, unless in the determination of the Issuer in its sole and absolute discretion in its opinion (i) it would not have any Deliverable Obligations to so Deliver or (ii) all of the Deliverable Obligations would be Undeliverable Obligations, in which case the provisions of Credit Linked Condition 2 above shall apply as if Auction Settlement were thereafter specified as the applicable Settlement Method in the relevant Pricing Supplement and these Credit Linked Conditions and the relevant Pricing Supplement will be construed accordingly and the Issuer shall redeem the Credit-Linked Notes in accordance with Credit Linked Condition 2. Any delay in the delivery of a Notice of Physical Settlement or failure by the Issuer to deliver a Notice of Physical Settlement shall not affect the validity of a Credit Event Determination Date.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver and the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Credit Settlement Currency (in each case the relevant "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of such Deliverable Obligations (the "**Aggregate Outstanding Amount**"). For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with Condition 16 (*Notices*), (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in the Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment

Notice, as applicable, by notice to Noteholders in accordance with Condition 16 (*Notices*), prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the relevant PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with Condition 16 (*Notices*)) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice shall not constitute a Physical Settlement Amendment Notice.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation or Valuation Obligation, as applicable, is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

For the purposes of making a determination pursuant to the two prior paragraphs or the definition of Restructuring Maturity Limitation Date, the final maturity date shall, subject as provided in the prior paragraph, be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the relevant Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

Where Asset Package Delivery applies, the Calculation Agent may make any adjustment in relation to provisions for physical settlement and determination of the Entitlement to take account of the relevant Asset Package.

***If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 4, upon Delivery of the Deliverable Obligations and/or payment of the Partial Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of***

*the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount, as the case may be, may be less than the nominal amount of a Credit-Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

## 5. Zero Recovery

Where Zero Recovery is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Reference Entity Credit-Linked Notes and a Credit Event Determination Date occurs, the Credit-Linked Notes will be cancelled forthwith and, other than for the payment of accrued interest (if any) or any other due but unpaid amounts, the Issuer's obligations in respect of the Credit-Linked Notes will be immediately discharged and the Issuer will have no further liability in respect thereof.

The Issuer shall give notice of such cancellation (such notice a "**Cancellation Notice**") to the Noteholders in accordance with Condition 16 (*Notices*). Any delay in the delivery of a Cancellation Notice or failure by the Issuer to deliver a Cancellation Notice shall not affect the validity of a Credit Event Determination Date.

*If a Credit Event Determination Date has occurred and the Notes are cancelled forthwith in accordance with this Credit Linked Condition 5, no amounts will be payable to Noteholders in this respect and the Issuer's obligations in respect of the Notes will be discharged and the Issuer will have no further liability in respect thereof.*

## 6. Consequences of a Credit Event Determination Date for Basket Credit-Linked Notes

### (a) (1) Auction Settlement or Cash Settlement for Basket Credit-Linked Notes

If (x) Auction Settlement or Cash Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement and a Credit Event Determination Date has occurred in respect of any specified Reference Entity or (y) sub-paragraph (3) below applies and the Issuer does not give a Notice of Physical Settlement, (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) and (ii) in respect of each Basket Credit-Linked Note:

- (A) the Issuer shall pay as an Instalment Amount for the purposes of Credit Linked Condition 1(a) above an amount equal to the relevant Credit Event Amount (for which purposes, subject as provided below, the Settlement Method shall apply), if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date. For the avoidance of doubt, where Credit Event Maturity Settlement is specified to be applicable in the relevant Pricing Supplement each such Credit Event Payment Date and the related Instalment Date will fall on the Maturity Date;
- (B) the interest calculation basis described in paragraph (b) below will apply; and
- (C) other than where Credit Event Maturity Settlement is specified to be applicable in the relevant Pricing Supplement, notwithstanding anything to the contrary herein and subject to the following sentence, if on any date on or prior to the Maturity Date the Adjusted Credit Outstanding Nominal Amount is equal to zero, each Credit-Linked Note will be redeemed at the final Credit Event Amount on the final Credit Event Payment Date. If such final Credit Event Amount is zero, then the Credit-Linked Notes will be cancelled as of the final Credit Event Payment Date, with no payment being due in respect thereof and the Issuer will have no further liability in respect of the Notes.

Unless settlement has occurred in accordance with part (A) above, if the Settlement Method is Auction Settlement and:



- (i) an Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
- (iii) a DC Credit Event Question Dismissal occurs;
- (iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
- (v) a Calculation Agent Fallback Settlement Determination Date occurs,

then the Fallback Settlement Method shall apply for the purposes of the Credit Event Amount.

For the avoidance of doubt parts (A) and (B) of this provision will apply and part (C) of this provision will continue to apply in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

A Credit Event Determination Date may occur more than once except that, subject as provided in Credit Linked Condition 16 and the definition of Credit Event Determination Date in Credit Linked Condition 15, a Credit Event Notice (if applicable) may only be delivered on one occasion and a Credit Event Determination Date may occur once only, with respect to any Reference Entity (unless subsequent to the occurrence of a Credit Event Determination Date with respect to any Reference Entity, that Reference Entity becomes the Successor to one or more other Reference Entities in respect of which a Credit Event Determination Date has not occurred, in which case a Credit Event Determination Date may occur again).

(2) Zero recovery for Basket Credit-Linked Notes

If Zero Recovery is specified as the applicable Settlement Method in the relevant Pricing Supplement and a Credit Event Determination Date has occurred in respect of any specified Reference Entity (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) (ii) the Adjusted Credit Outstanding Nominal Amount will be reduced as provided therein with no amounts being payable in respect of such reduction and (iii) in respect of each Basket Credit-Linked Note:

- (A) the interest calculation basis described in paragraph (b) below will apply; and
- (B) notwithstanding anything to the contrary herein, if on any date on or prior to the Maturity Date the Adjusted Credit Outstanding Nominal Amount is equal to zero, each Credit-Linked Note will be cancelled forthwith with no payment being due in respect thereof and the Issuer will have no further liability in respect of the Notes.

For the avoidance of doubt the provisions above will apply, or continue to apply as applicable, in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

Credit Linked Condition 14 will not apply to the Credit-Linked Notes.

A Credit Event Determination Date may occur more than once except that, subject as provided in Credit Linked Condition 16 and the definition of Credit Event Determination Date in Credit Linked Condition 15, a Credit Event Notice (if applicable) may only be delivered on one occasion and a Credit Event Determination Date may occur once only, with respect to any Reference Entity (unless subsequent to the occurrence of a Credit Event Determination Date with respect to any Reference Entity, that Reference Entity becomes the Successor to one or more other Reference Entities in respect of which a Credit Event Determination Date has not occurred, in which case a Credit Event Determination Date may occur again).

(3) Physical Settlement for Basket Credit-Linked Notes

If a Credit Event Determination Date has occurred in respect of any specified Reference Entity, the Issuer shall give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with Condition 16 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem the Credit Event Portion of all but not some only of the Credit-Linked Notes and Deliver in respect of each such Credit Event Portion the Deliverable Obligations comprising the Entitlement on or prior to the Credit Settlement Date, subject to and in accordance with the Conditions and these Credit Linked Conditions, unless in the determination of the Issuer in its sole and absolute discretion in its opinion (i) it would not have any Deliverable Obligations to so Deliver or (ii) all of the Deliverable Obligations would be Undeliverable Obligations, in which case the provisions of sub-paragraph (1) of this Condition 6 above shall apply in relation to such Credit Event Portion as if Auction Settlement were thereafter specified as the applicable Settlement Method in the relevant Pricing Supplement and these Credit Linked Conditions and the relevant Pricing Supplement will be construed accordingly and the Issuer shall redeem the Credit Event Portion of all of the Credit-Linked Notes in accordance with sub-paragraph (1). Any delay in the delivery of a Notice of Physical Settlement or failure by the Issuer to deliver a Notice of Physical Settlement shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

If the Notes are subject to this Credit Linked Condition 6(a)(3), the interest calculation basis described in paragraph (b) below will apply.

Notwithstanding anything to the contrary herein and subject to the following sentence, if on any date on or prior to the Maturity Date the Adjusted Credit Outstanding Nominal Amount is equal to zero, each Credit-Linked Note will be redeemed by Delivery of the final Entitlement on the final Credit Settlement Date (and/or, as applicable, by payment of the Partial Cash Settlement Amount(s) on the Partial Cash Settlement Date(s) if the provisions of Credit Linked Condition 13 below apply). If such final Entitlement (or final Partial Cash Settlement Amount, as applicable) is zero, then each relevant Credit-Linked Note will be cancelled, with no further payment or delivery being due in respect thereof and the Issuer will have no further liability in respect thereof.

For the avoidance of doubt the provisions above will apply, or continue to apply as applicable, in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

A Credit Event Determination Date may occur more than once except that, subject as provided in Credit Linked Condition 16 and the definition of Credit Event Determination Date in Credit Linked Condition 15, a Credit Event Notice (if applicable) may only be delivered on one occasion and a Credit Event Determination Date may occur once only, with respect to any Reference Entity (unless

subsequent to the occurrence of a Credit Event Determination Date with respect to any Reference Entity, that Reference Entity becomes the Successor to one or more other Reference Entities in respect of which a Credit Event Determination Date has not occurred, in which case a Credit Event Determination Date may occur again).

Each Credit-Linked Note shall be endorsed to reflect such partial redemption. If the Calculation Agent, at any time, determines that the aggregate nominal amount of the Credit-Linked Notes is thereby reduced to zero, the Issuer's obligations in respect of such Credit-Linked Notes shall immediately be discharged and the Issuer shall have no further liability in respect thereof.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver and the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Credit Settlement Currency (in each case the relevant "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of such Deliverable Obligations (the "**Aggregate Outstanding Amount**"). For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with Condition 16 (*Notices*), (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in the Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with Condition 16 (*Notices*), prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the relevant PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with Condition 16 (*Notices*)) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice shall not constitute a Physical Settlement Amendment Notice.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation or Valuation Obligation, as applicable, is a Prior Deliverable Obligation and Asset Package Delivery applies due to a

Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

For the purposes of making a determination pursuant to the two prior paragraphs or the definition of Restructuring Maturity Limitation Date, the final maturity date shall, subject as provided in the prior paragraph, be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the relevant Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

Where Asset Package Delivery applies, the Calculation Agent may make any adjustment in relation to provisions for physical settlement and determination of the Entitlement to take account of the relevant Asset Package.

- (b) Each Note will bear interest pursuant to, and in accordance with, Condition 5.2 (*Interest on Fixed Rate Notes*) or Condition 5.3 (*Interest on Floating Rate Notes, Index-Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes, Basket Credit-Linked Notes and Preference Share Linked Notes*), as applicable, provided that (i) for the purposes of determining the interest amounts payable, the Calculation Amount shall be deemed to be each Note's *pro rata* share of the Interest Credit Outstanding Nominal Amount in respect of the relevant Interest Period and (ii) without duplication to any adjustment pursuant to the final paragraph of "Credit Event Determination Date" below, if one or more Interest Payment Dates has occurred between the Credit Event Determination Date and its determination, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any overpaid interest in respect of such Interest Payment Date(s).

(c) The "**Final Redemption Amount**" will be, unless otherwise specified in the relevant Pricing Supplement, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of the Adjusted Credit Outstanding Nominal Amount as of the Maturity Date. The Final Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards). For the avoidance of doubt, if the Adjusted Credit Outstanding Nominal Amount as of the Maturity Date is zero, then the Final Redemption Amount will be zero and no amounts will be payable in respect thereof.

(d) For the purposes of Basket Credit-Linked Notes:

"**Adjusted Credit Outstanding Nominal Amount**" means, on any date, (i) the Aggregate Principal Amount minus (ii) the aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date minus (iii) the aggregate of (x) any Shortfall Amounts for each Reference Entity in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date or (y) in the case of Zero Recovery Basket Credit-Linked Notes, the sum, for all of the Notes, of any Unwind Costs in respect of each Credit Event Determination Date that has occurred on or prior to the relevant date, **provided that** in no event shall the Adjusted Credit Outstanding Nominal Amount be less than zero;

"**Interest Credit Outstanding Nominal Amount**" means, in respect of an Interest Period, the arithmetic average of the Adjusted Credit Outstanding Nominal Amounts for each day in such Interest Period, calculated without the deduction of any Shortfall Amounts or Unwind Costs, as applicable; or if "Accrual of Interest upon Credit Event" is specified as "Applicable – Scheduled Maturity Date" in the relevant Pricing Supplement, the amount determined pursuant to Credit Linked Condition 8; and

"**Shortfall Amount**" means, for a Reference Entity in respect of which a Credit Event Determination Date has occurred:

- (x) if Auction Settlement or Cash Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, the aggregate, for all of the Notes, of (a) (i) the relevant Unwind Costs minus (ii) the Recovery Value related to the relevant Credit Event Amount or, if greater, (b) zero; or
- (y) if Physical Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, the aggregate, for all of the Notes, of (a) (i) the relevant Unwind Costs minus (ii) the market value, determined by the Calculation Agent on the Market Value Determination Date, of the Initial Deliverable Obligations related to the relevant Entitlement or, if greater, (b) zero.

*If a Credit Event Determination Date occurs the Adjusted Credit Outstanding Nominal Amount will be reduced in accordance with this Credit Linked Condition 6 proportionately to the weighting of the relevant Reference Entity in the portfolio and to reflect the relevant Shortfall Amounts or Unwind Costs, as applicable.*

*Any Credit Event Amount payable or the value of any Deliverable Obligations deliverable and/or Partial Cash Settlement Amount payable, as the case may be, on the related partial redemption of each Note may be less than the amount of such reduction and upon such payment and/or delivery, as applicable, the Issuer shall have discharged its obligations in respect of the amount of the Notes so redeemed and shall have no other liability or obligation whatsoever in respect thereof. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer. In the case of Zero Recovery Basket Credit-Linked Notes no amounts will be payable to Noteholders in respect of such redemption and reduction in the Adjusted Credit Outstanding Nominal Amount.*

*In the event that the Adjusted Credit Outstanding Nominal Amount is reduced to zero, the Issuer's obligations in respect of the Credit-Linked Notes will be discharged (after payment of any Credit Event Amount(s) or Delivery of any Deliverable Obligation(s) and/or payment of any Partial Cash Settlement Amount(s), as the case may be, in the case of Credit-Linked Notes other than Zero Recovery Basket Credit-Linked Notes) and the Issuer will have no further liability in respect of the Notes.*

## 7. Terms relating to Physical Settlement

### 7.1 Asset Transfer Notices

In relation to Credit-Linked Notes to be redeemed (whether in whole or in part) by Delivery of the Entitlement(s), in order to obtain Delivery of the Entitlement in respect of the Credit Event Portion of any Note, the relevant Noteholder must deliver to the relevant Paying Agent, with a copy to the Principal Paying Agent, the Issuer and any entity appointed by the Issuer to Deliver the Entitlement on its behalf (the "**Delivery Agent**") no later than the close of business in each place of reception on the Cut-off Date, a duly completed asset transfer notice (the "**Asset Transfer Notice**") substantially in the form set out in Annex 1 (*Form of Asset Transfer Notice*) to the Pro Forma Pricing Supplement relating to Notes and Equity-Linked Notes/Equity Basket-Linked Notes/Index-Linked Notes/Index Basket-Linked Notes/Inflation Rate-Linked Notes/Currency-Linked Notes/ETF-Linked Notes/ETF Basket-Linked Notes/ADR/GDR Linked Notes/ADR/GDR Basket-Linked Notes/Fund-Linked Notes/Fund Basket-Linked Notes/Credit-Linked Notes/Preference Share Linked Notes of the Offering Memorandum dated 14 November 2018 prepared by the Issuer in relation to the Programme for the Issuance of Notes and Certificates described therein.

For the purposes hereof, "**Cut-Off Date**" means the date specified as such in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

A form of Asset Transfer Notice may be obtained during normal business hours from the specified office of the Paying Agent.

An Asset Transfer Notice may only be delivered in writing.

If a Note is in definitive form, it must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- 1) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the Delivery of the Entitlement;
- 2) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- 3) include an undertaking to pay all Expenses;
- 4) include such details as are required for Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be Delivered and/or any other Delivery instructions and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 13, in respect of any cash amount constituting the Entitlement); and
- 5) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided therein.

### 7.2 Determination and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Paying Agent in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent, any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not

copied to the Principal Paying Agent, the Issuer and any Delivery Agent immediately after being delivered or sent as provided in sub-clause 7.1 above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the relevant Paying Agent in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

The relevant Paying Agent shall use its reasonable efforts as soon as reasonably practicable to notify the Noteholder submitting an Asset Transfer Notice, if, in consultation with the Principal Paying Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer or the Paying Agents shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Paying Agent as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In relation to each Deliverable Obligation comprising an Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation on or prior to the relevant Credit Settlement Date at the risk of the relevant Noteholder in the manner provided below and **provided that** the Asset Transfer Notice is duly delivered as provided above not later than the close of business in each place of reception on the Cut-Off Date, **provided that** if all or some of the Deliverable Obligations included in such Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations as of the Credit Settlement Date, then the provisions of Credit Linked Condition 13 below will apply.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to each relevant party prior to the close of business in each place of reception on the Cut-Off Date, then the Deliverable Obligations comprising each relevant Entitlement will be treated as Hedge Disruption Obligations and the provisions of Credit Linked Condition 13 below will apply.

The Issuer (or any Delivery Agent on its behalf) shall, at the risk of the relevant Noteholder, Deliver (or procure the Delivery) of the Entitlement in respect of the Credit Event Portion of a Note, in such commercially reasonable manner as the Calculation Agent shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the relevant Pricing Supplement. All Expenses shall be for the account of the relevant Noteholder and no Delivery of an Entitlement shall be made until all Expenses have been paid by the relevant Noteholder to the satisfaction of the Issuer.

### 7.3 General

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of the Credit Event Portion of such Notes, provided that, the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Deliverable Obligation or each of the Deliverable Obligations, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Deliverable Obligation or of each of the Deliverable Obligations, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent shall be paid to the Noteholder.

After Delivery of the Entitlement in respect of the Credit Event Portion of a Note and for the Intervening Period, none of the Issuer, the Paying Agents, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Entitlement, (ii) be under any obligation to exercise or procure

exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

#### 7.4 Rights of Noteholders and Calculations

None of the Issuer, the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Notes.

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Deliverable Obligation.

### 8. Accrual of Interest

- (a) In the case of Single Reference Entity Credit-Linked Notes, if "Accrual of Interest upon Credit Event" is specified as "Not Applicable" in the relevant Pricing Supplement, notwithstanding Condition 5.2 (*Interest on Fixed Rate Notes*) and Condition 5.3(g) (*Accrual of Interest*), as applicable, no interest shall be payable (and accordingly will be deemed not to have accrued) in respect of a Note in respect of which the relevant date for payment thereof (as may be adjusted pursuant to these Credit Linked Conditions) has not occurred on or prior to the Credit Event Determination Date or, if the Credit Event Determination Date falls prior to the first such payment date, no interest shall accrue on the Notes; or
- (b) in the case of Single Reference Entity Credit Linked Notes, if "Accrual of Interest upon Credit Event" is specified as "Applicable – Credit Event Determination Date" in the relevant Pricing Supplement, notwithstanding Condition 5.2 (*Interest on Fixed Rate Notes*) and Condition 5.3(g) (*Accrual of Interest*), as applicable, each Note shall cease to bear interest from the Credit Event Determination Date or, if earlier, the last day of the Interest Period ending on (but excluding) the Scheduled Maturity Date; or
- (c) if "Accrual of Interest upon Credit Event" is specified as "Applicable – Scheduled Maturity Date" in the relevant Pricing Supplement:
  - (i) in the case of Single Reference Entity Credit Linked Notes interest will continue to accrue and be payable following a Credit Event Determination Date in accordance with Condition 5.2 (*Interest on Fixed Rate Notes*) and Condition 5.3 (*Interest on Floating Rate Notes, Index Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes*), as applicable; or
  - (ii) in the case of Basket Credit Linked Notes, interest will continue to accrue and be payable following a Credit Event Determination Date in accordance with Credit Linked Condition 6(b) calculated on the basis of an Interest Credit Outstanding Nominal Amount equal to the Calculation Amount.

**Provided that, if:**

- (A) (1) Credit Linked Condition 9, Credit Linked Condition 10 or Credit Linked Condition 11 applies in respect of the Notes and, in the case of Credit Linked Condition 9, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 10, a Failure to Pay has not



occurred on the Grace Period Extension Date or, in the case of Credit Linked Condition 11, a Credit Event has not occurred on or prior to the DC Determination Cut-off Date, as the case may be; and/or

- (2) Credit Linked Condition 12 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or is not satisfied on or prior to the Postponed Cut-off Date,

then interest will accrue as provided in Credit Linked Condition 9, Credit Linked Condition 10, Credit Linked Condition 11 or Credit Linked Condition 12, as the case may be; and

- (B) without duplication to any adjustment pursuant to the final paragraph of "Credit Event Determination Date" below, if one or more Interest Payment Dates has occurred between the Credit Event Determination Date and its determination, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any overpaid Interest Amount(s) paid in respect of such Interest Payment Date(s).

## **9. Repudiation/Moratorium Extension**

If "Repudiation/Moratorium" is specified as a Credit Event in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 9 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 12(y) applies, the Postponed Cut-off Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium may, in the sole opinion of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 16 (*Notices*) that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes will be delayed (without prejudice to any other later Maturity Date also determined pursuant to the Notes) to the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-off Date and:

- (a) where (1) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or (2) a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date but a Credit Event Determination Date has not occurred:
  - (i) each nominal amount of Credit-Linked Notes equal to the Specified Denomination will be redeemed by the Issuer at the Final Redemption Amount on the Maturity Date; and
  - (ii) in the case of interest bearing Credit-Linked Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

#### 10. **Grace Period Extension**

If "Grace Period Extension" is specified as applicable in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 10 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then the Calculation Agent shall notify the Noteholders in accordance with Condition 16 (*Notices*) that a Potential Failure to Pay has occurred and the maturity of the Notes will be delayed (without prejudice to any other later Maturity Date also determined pursuant to the Notes) to the fifth Business Day following the Grace Period Extension Date and:

- (a) where (1) a Failure to Pay has not occurred on the Grace Period Extension Date or (2) a Failure to Pay has occurred on the Grace Period Extension Date but a Credit Event Determination Date has not occurred:
  - (i) each nominal amount of Credit Linked Notes equal to the Specified Denomination will be redeemed by the Issuer at the Final Redemption Amount on the Maturity Date; and
  - (ii) in the case of interest bearing Credit-Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit-Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

#### 11. **Credit Derivatives Determinations Committee Extension**

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and following a Credit Event Resolution Request Date the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date then the Calculation Agent shall notify Noteholders in accordance with Condition 16 (*Notices*) that (without prejudice to any other later Maturity Date also determined pursuant to the Notes) the Maturity Date or the relevant interest payment has been postponed to a date (the "**DC Determination Postponed Date**") being the day falling five Business Days after (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, as applicable, (c) fifteen (15) Business Days following the DC Credit Event Question Dismissal (the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Dismissal, as applicable, the "**DC Determination Cut-off Date**"), and:

- (a) in the case of the Maturity Date, where (1) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date or (2) a Credit Event has occurred on or prior to the DC Determination Cut-off Date but a Credit Event Determination Date has not occurred:
  - (i) each nominal amount of Credit-Linked Notes equal to the Specified Denomination will be redeemed by the Issuer at the Final Redemption Amount on the Maturity Date; and
  - (ii) in the case of interest bearing Credit-Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit-Linked Notes; or
- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then, without duplication to any interest payable pursuant to paragraph (a) above, the relevant amount of interest shall be payable on the relevant DC Determination Postponed Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, if applicable the relevant amount of interest will be adjusted accordingly and may be zero and (if any) will be payable on the relevant DC Determination Postponed Date or, in the case of any interest due at maturity, on the Maturity Date.

Any failure to provide notice of any such postponement to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

## **12. Maturity Date Extension in the case of Credit-Linked Notes**

The following provisions of this Credit Linked Condition 12 apply to Credit-Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 14, if:

- (x) on (A) the Scheduled Maturity Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the relevant Pricing Supplement, the Grace Period Extension Date, (D) the last day of the Notice Delivery Period or (E) the DC Determination Cut-off Date, as the case may be, a Credit Event Determination Date has not occurred but, in the opinion of the Calculation Agent, a Credit Event or Potential Credit Event may have occurred or may occur; or
- (y) on the Scheduled Maturity Date, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Noteholders in accordance with Condition 16 (*Notices*) that redemption of the Notes has been postponed (without prejudice to any other later Maturity Date also

determined pursuant to the Notes) to the Postponed Maturity Date and, in the case of (x) above, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period (which for these purposes shall apply in the case of (x)(A) as well as (x)(D) above) or the DC Determination Cut-off Date, as the case may be, has been postponed to the Postponed Cut-off Date and:

where:

- (a) in the case of Credit Linked Condition 12(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Cut-off Date or, in the case of Credit Linked Condition 12(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Cut-off Date:

- (i) subject as provided below, each Note will be redeemed by the Issuer at the Final Redemption Amount on the Maturity Date; and
  - (ii) in the case of interest bearing Credit-Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (b) where:

- (i) in the case of Credit Linked Condition 12(x), a Credit Event Determination Date has occurred on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit-Linked Notes; or
  - (ii) in the case of Credit Linked Condition 12(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 9 shall apply to the Credit-Linked Notes.

For the purposes hereof:

**"Postponed Cut-off Date"** means the fifteenth (15th) Business Day after the Scheduled Maturity Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be; and

**"Postponed Maturity Date"** means the fifth (5th) Business Day after the Postponed Cut-off Date.

### 13. Partial Cash Settlement

If all or a portion of the Obligations comprising an Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a **"Partial Cash Settlement Notice"**) to the Noteholders in accordance with Condition 16 (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date. Any failure to provide a Partial Cash Settlement Notice will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the relevant Pricing Supplement, for the purposes of this Credit Linked Condition 13 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 15:

**"Indicative Quotation"** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

**"Market Value"** means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the relevant Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

**"Partial Cash Settlement Amount"** is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of:

- (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be; multiplied by
- (B) (x) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition or (y) in the case of a Hedge Disruption Obligation, if a Hedging Auction has been held on or prior to the relevant Credit Settlement Date, the Hedging Auction Final Price; less if applicable
- (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement); less

- (D) Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement); and

- (ii) zero,

**provided that** where the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and (in the case of (x) above) the Calculation Agent determines that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement) and less Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement).

**"Partial Cash Settlement Date"** is deemed to be the date falling five Business Days after the calculation of the Final Price or, if the Hedging Auction Final Price applies, the relevant Credit Settlement Date.

**"Quotation"** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, each Indicative Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the relevant Undeliverable Obligation or Hedge Disruption Obligation with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the relevant Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

**"Quotation Amount"** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to at least the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency

converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**"Quotation Method"** is deemed to be Bid.

**"Valuation Date"** is the fifth Business Day following the relevant Credit Settlement Date.

**"Valuation Method"** is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

**"Valuation Obligation"** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**"Valuation Time"** is the time specified as such in the relevant Pricing Supplement, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

## **14. Settlement Suspension**

### **14.1 Suspension**

Without prejudice to Credit Linked Condition 12, if, following the determination of a Credit Event Determination Date but prior to the relevant Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a **"Suspension Period"**) until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such Suspension Period none of the Issuer, the Calculation Agent or any Noteholder are obliged to, nor are they entitled to, take any action in connection with the settlement of the Credit-Linked Notes. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 14.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to the Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

### **14.2 Interest**

In the case of interest bearing Credit-Linked Notes:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Business Day and no later than the fifth Business Day following the end of the Suspension Period, all subject to the provisions of Condition 7 (*Payments and Talons*) and Credit Linked Conditions 9, 10, 11 and 12.

## 15. Definitions applicable to Credit-Linked Notes

**"2.5-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"10-year Limitation Date"** has the meaning given to that term in the definition of "Limitation Date".

**"Accrued Interest"** means for the purpose of these Credit Linked Conditions:

- (a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the relevant Pricing Supplement, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the relevant Pricing Supplement, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine);
- (b) in respect of any Notes for which the Fallback Settlement Method applies in accordance with Credit Linked Condition 2 or Credit Linked Condition 6(a)(1), as applicable, and:
  - (i) "Include Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall include accrued but unpaid interest;
  - (ii) "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall not include accrued but unpaid interest; or
  - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Valuation Obligation whether the Outstanding Principal Balance of the relevant Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) if Credit Linked Condition 13 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

**"Adjusted Credit Outstanding Nominal Amount"** has the meaning given to that term in Credit Linked Condition 6.

**"Affiliate"** means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.



**"Aggregate Outstanding Amount"** has the meaning given to that term in Credit Linked Condition 6.

**"Annex Date"**, in respect of an Index, has the meaning given to it in the relevant Pricing Supplement.

**"Asset"** means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

**"Asset Market Value"** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

**"Asset Package"** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

**"Asset Package Credit Event"** means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the relevant Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the relevant Pricing Supplement, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

**"Asset Transfer Notice"** has the meaning given to that term in Credit Linked Condition 7.

**"Auction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Covered Transaction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price Determination Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Settlement Date"** shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Auction Settlement Notice"** has the meaning given to that term in Credit Linked Condition 2.

**"Bankruptcy"** means the Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter or before the Scheduled Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g).

**"Basket Credit-Linked Notes"** means Credit-Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities.

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the relevant Pricing Supplement.

**"Calculation Agent Fallback Settlement Determination Date"** has the meaning given to that term in Credit Linked Condition 2.

**"Cancellation Notice"** has the meaning given to that term in Credit Linked Condition 5.

"**Cash Settlement Notice**" has the meaning given to that term in Credit Linked Condition 3.

"**CDX Index**" has the meaning given to it in the relevant Pricing Supplement.

"**Conditionally Transferable Obligation**" means a Deliverable Obligation or Valuation Obligation, as applicable, that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation or Valuation Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements or, if none at the relevant time, both the relevant PSN Effective Date and the relevant Delivery Date or the date of delivery of the Valuation Obligation Notification, as applicable, **provided, however, that** a Deliverable Obligation or Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation or Valuation Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation or Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation or Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

"**Conforming Reference Obligation**" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) below of the definition of Deliverable Obligation below.

"**Credit Derivatives Auction Settlement Terms**" means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time.

"**Credit Derivatives Determinations Committees**" (and each a "**Credit Derivatives Determinations Committee**") means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

"**Credit Event**" means the occurrence of any one or more of the Credit Events specified in the relevant Pricing Supplement which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Amount**" means, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the relevant Pricing Supplement or (ii) an amount (which may be zero but may never be less than zero) calculated by the Calculation Agent in accordance with the following formula:

$$(\text{RENA} \times \text{FP}) - \text{UC} - \text{E}.$$

Where:

"**RENA**" is each Note's pro rata share of the Reference Entity Notional Amount in respect of the affected Reference Entity;

"**FP**" is the Final Price or the Auction Final Price, as applicable, in respect of the affected Reference Entity (which, in either case, may never be greater than 100 per cent.);

"**UC**" is Unwind Costs; and

"**E**" is the Expenses, if any, and if Credit Linked Condition 6(a)(1)(y) applies.

Expressed in words, this is (1) the product of each Note's *pro rata* share of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price or Auction Final Price, as applicable, in respect of the affected Reference Entity (which, in either case, may never be greater than 100 per cent.) (the "**Recovery Value**") minus (2) the Unwind Costs minus (3) if Credit Linked Condition (6)(a)(1)(y), applies, Expenses, if any. Any Credit Event Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).

"**Credit Event Backstop Date**" means:

- (a) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
  - (i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and
  - (ii) if the Notice Delivery Date occurs during the Post Dismissal Additional Period, the Credit Event Resolution Request Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Credit Event Determination Date**" means, with respect to a Credit Event with respect to which:

- (a) Auction Settlement is the applicable Settlement Method:
  - (i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

(ii) notwithstanding paragraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:

- (A) (1) the Credit Event is not an M(M)R Restructuring; and
- (2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
- (B) (1) the Credit Event is an M(M)R Restructuring; and
- (2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Exercise Cut-off Date,

**provided that** no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (I) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or (II) unless the Calculation Agent otherwise determines this is consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations, or

(b) if paragraph (a) of this definition does not apply, the Non-Standard Credit Event Determination Date,

**provided further that** other than in the case of Zero Recovery Credit-Linked Notes no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the relevant Credit Settlement Date, the Credit Event Redemption Date, the relevant Credit Event Payment Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant event.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to reflect (I) such deemed date of occurrence or (II) such deemed non-occurrence of such Credit Event Determination Date and (2) the effective date of such adjustment(s). For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any adjustment to payment amounts.

**"Credit Event Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Linked Condition 19.

**"Credit Event Payment Date"** means, subject as provided in Credit Linked Condition 14, in relation to any Credit Event Amount:

- (a) the day falling the number of Business Days specified in the relevant Pricing Supplement (or, if a number of Business Days is not so specified, five Business Days) following the calculation of the relevant Final Price or Auction Final Price, as applicable; or
- (b) in the case of Fixed Recovery Basket Credit-Linked Notes and subject to paragraph (c) below, either:
  - (x) the day falling the number of Business Days specified in the relevant Pricing Supplement (or, if a number of Business Days is not so specified, five Business Days) following:
    - (i) if a Credit Event Determination Date is determined pursuant to paragraph (a) of the definition of "Non-Standard Credit Event Determination Date" below, the third Business Day following such Credit Event Determination Date; provided that no Credit Event Resolution Request Date occurs on or before such third Business Day;
    - (ii) subject to sub-paragraph (i) above, if a DC Credit Event Question Dismissal occurs, the later of (A) the Credit Event Determination Date and (B) the date of such DC Credit Event Question Dismissal;
    - (iii) subject to paragraph (y) below, if a Credit Event Determination Date occurs and an Auction Cancellation Date occurs or one or more Parallel Auction Cancellation Dates occur, the last such Auction Cancellation Date or Parallel Auction Cancellation Date;
    - (iv) subject to sub-paragraph (i) above, if the relevant Credit Event in respect of which the Credit Event Determination Date occurred is not an M(M)R Restructuring and a No Auction Announcement Date described in paragraphs (a) or (c) of the definition thereof occurs, such No Auction Announcement Date; or
    - (v) subject to sub-paragraph (i) above, if the relevant Credit Event in respect of which the Credit Event Determination occurred is an M(M)R Restructuring and a No Auction Announcement Date described in paragraphs (a) or (c) of the definition thereof occurs, the Exercise Cut-off Date; or
  - (y) if a Credit Event Determination Date occurs and an Auction Settlement Date or a Parallel Auction Settlement Date occurs, the first such Auction Settlement Date or Parallel Auction Settlement Date to occur,

such date the **"Fixed Credit Event Payment Date"**; or

- (c) where Credit Event Maturity Settlement is specified to be applicable in the relevant Pricing Supplement, the Maturity Date.

**"Credit Event Redemption Amount"** means, unless otherwise specified in the relevant Pricing Supplement, an amount calculated by the Calculation Agent equal to:

$(RENA \times FP) - UC - E$ .

Expressed in words, this is (1) the product of each Note's *pro rata* share of the Reference Entity Notional Amount and the Final Price or Auction Final Price, as applicable (which, in either case, may never be greater than 100 per cent), minus (2) the Unwind Costs, minus (3) if Credit Linked Condition 2(a)(ii) applies, Expenses, if any.

Where:

"**RENA**" is each Note's *pro rata* share of the Reference Entity Notional Amount;

"**FP**" is the Final Price or the Auction Final Price, as applicable (which, in either case, may never be greater than 100 per cent.);

"**UC**" is Unwind Costs; and

"**E**" is the Expenses, if any and if Credit Linked Condition 2(a)(ii) applies,

**provided that**, in no event shall the Credit Event Redemption Amount be less than zero. The Credit Event Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).

"**Credit Event Portion**" means, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity, a nominal amount of Notes equal to each Note's *pro rata* share of the Reference Entity Notional Amount in respect of such Reference Entity.

"**Credit Event Redemption Date**" means, subject to Credit Linked Condition 14:

- (a) subject to paragraph (c) below, the day falling five Business Days, or such other number of Business Days specified in the relevant Pricing Supplement, after (i) the calculation of the Final Price or (ii) the Auction Settlement Date, as applicable, in each case in respect of the Reference Entity in respect of which the relevant Credit Event Determination Date has occurred; or
- (b) in the case of Fixed Recovery Single Reference Entity Credit-Linked Notes and subject to paragraph (c) below, either:
  - (x) the day falling the number of Business Days specified in the relevant Pricing Supplement (or, if a number of Business Days is not so specified, five Business Days) following:
    - (i) if a Credit Event Determination Date is determined pursuant to paragraph (a) of the definition of "Non-Standard Credit Event Determination Date" below, the third Business Day following such Credit Event Determination Date; provided that no Credit Event Resolution Request Date occurs on or before such third Business Day;
    - (ii) subject to sub-paragraph (i) above, if a DC Credit Event Question Dismissal occurs, the later of (A) the Credit Event Determination Date and (B) the date of such DC Credit Event Question Dismissal;
    - (iii) subject to paragraph (y) below, if a Credit Event Determination Date occurs and an Auction Cancellation Date occurs or one or more Parallel Auction Cancellation Dates occur, the last such Auction Cancellation Date or Parallel Auction Cancellation Date;

- (iv) subject to sub-paragraph (i) above, if the relevant Credit Event in respect of which the Credit Event Determination Date occurred is not an M(M)R Restructuring and a No Auction Announcement Date described in paragraphs (a) or (c) of the definition thereof occurs, such No Auction Announcement Date; or
- (v) subject to sub-paragraph (i) above, if the relevant Credit Event in respect of which the Credit Event Determination occurred is an M(M)R Restructuring and a No Auction Announcement Date described in paragraphs (a) or (c) of the definition thereof occurs, the Exercise Cut-off Date; or
- (y) if a Credit Event Determination Date occurs and an Auction Settlement Date or a Parallel Auction Settlement Date occurs, the first such Auction Settlement Date or Parallel Auction Settlement Date to occur; or
- (c) where Credit Event Maturity Settlement is specified to be applicable in the relevant Pricing Supplement, if later than the date otherwise determined pursuant to paragraph (a) or paragraph (b) above (as applicable), the Scheduled Maturity Date.

**"Credit Event Resolution Request Date"** means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**"Credit Settlement Currency"** means the currency specified as such in the relevant Pricing Supplement, or if no currency is specified in the relevant Pricing Supplement, the Settlement Currency of the Credit-Linked Notes.

**"Credit Settlement Date"** means the last day of the longest Physical Settlement Period following the relevant PSN Cut-off Date (the **"Scheduled Credit Settlement Date"**) **provided that** if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the second Business Day following the date on which no Hedge Disruption Event subsists or such earlier date (if any) on which the Calculation Agent determines that in its opinion such Hedge Disruption Event is unlikely to cease.

**"Currency Amount"** means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Credit Settlement Currency, an amount converted to the Credit Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Credit Settlement Currency (or, if applicable, back into the Credit Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant Credit Linked Notes into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, the rate of conversion between the Credit Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.



**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee or, if no such successor rate source is approved by the relevant Credit Derivatives Determinations Committee where relevant, any successor rate source selected by the Calculation Agent.

**"Cut-off Date"** has the meaning given to that term in Credit Linked Condition 7.

**"DC Announcement Coverage Cut-off Date"** means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

**"DC Credit Event Meeting Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

**"DC Credit Event Question"** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

**"DC Credit Event Question Dismissal"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

**"DC Determination Cut-off Date"** has the meaning given to that term in Credit Linked Condition 11.

**"DC Determination Postponed Date"** has the meaning given to that term in Credit Linked Condition 11.

**"DC No Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

**"DC Party"** has the meaning given to that term in the DC Rules.

**"DC Resolution"** has the meaning given to that term in the DC Rules.

**"DC Rules"** means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www2.isda.org](http://www2.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**"DC Secretary"** has the meaning given to that term in the DC Rules.

**"Default Requirement"** means the amount specified as such in the relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**"Deliver"** means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) **provided that** (i) if all or a portion of the Entitlement consists of Direct Loan Participations, **"Deliver"** means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, **"Deliver"** means to Deliver both the Underlying Obligation and the Guarantee, **provided further that** if the Guarantee has a Fixed Cap, **"Deliver"** means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. **"Delivery"** and **"Delivered"** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) the preceding paragraph above shall be deemed to apply to each Asset in the Asset Package **provided that** if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable, of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly.

**"Deliverable Obligation"** means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(i) Method for Determining Deliverable Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation;
- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond; and
- (e) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) received by the Issuer and/or any of its Affiliates in relation to the settlement of any credit derivative Hedging Arrangements in connection with the relevant Credit Event,

in each case, (i) other than in the case of paragraph (e) above, unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

- (i) *Method for Determining Deliverable Obligations.* For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the relevant PSN Effective Date and the relevant Delivery Date (unless otherwise specified). The following terms shall have the following meanings:

(A) "**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

(B) "**Deliverable Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

1) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;

2) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

3) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

4) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:

- I. contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the Securities Act of 1933 (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
  - II. restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - III. restrictions in respect of blocked periods on or around payment dates or voting periods;
- 5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);
- 6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- 7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) *Interpretation of Provisions*

- (A) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.
- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the relevant Pricing Supplement, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- 1) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
  - 2) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
  - 3) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and
  - 4) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (E) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (F) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (G) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in the paragraphs commencing "If "Mod R" ..." and "If "Mod Mod R" ..." in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable, to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (H) If "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Delivery Agent"** has the meaning give to that term in Credit Linked Condition 7.

**"Delivery Date"** means, with respect to a Deliverable Obligation or an Asset Package, the date such Deliverable Obligation is Delivered (or deemed to be Delivered pursuant to the definition of **"Deliver"** above).

**"Domestic Currency"** means the currency specified as such in the relevant Pricing Supplement and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

**"Domestic Law"** means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than fifty per cent. owned, directly or indirectly, by the Reference Entity. As used herein, **"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the relevant Delivery Date, the Delivery Date), or (B) the relevant Valuation Date, as applicable.

**"Effective Date"** means, in respect of an Index:

- (a) in the case of an iTraxx Index, the Roll Date in respect of such Index as set out and defined in the relevant Index Annex; or
- (b) in the case of a CDX Index, the Effective Date in respect of such Index as set out and defined in the relevant Index Annex.

**"Eligible Information"** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Eligible Transferee"** means:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c) below); and

(iv) registered or licensed broker or dealer (other than a natural person or proprietorship),  
provided, however, in each case that such entity has total assets of at least US\$500 million;

(b) an Affiliate of an entity specified in sub-paragraph (a);

(c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:

(i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least US\$100 million or (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least US\$100 million; or

(ii) that has total assets of at least US\$500 million; or

(iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(i) or (d); or

(d) any Sovereign; or

(e) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to US\$ include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

**"Entitlement"** means, following the occurrence of a Credit Event Determination Date in respect of a Reference Entity and in respect of the related Credit Event Portion of a Note, Deliverable Obligations, as selected by the Calculation Agent, with:

(a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or

(b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the relevant Credit Event Portion (the **"Initial Deliverable Obligations"**); less

(i) Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date (the **"Market Value Determination Date"**) equal to Unwind Costs; and

(ii) to the extent that the Issuer in its sole and absolute discretion determines that it is not satisfied that any Expenses have been or will be paid in full by the relevant Noteholder on or prior to the relevant Credit Settlement Date, an amount of Deliverable Obligations with a market value determined by the Calculation Agent at the time of calculation of the Entitlement in aggregate at least equal to such Expenses.

**"Excluded Deliverable Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Excluded Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**"Excluded Valuation Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Exercise Cut-off Date"** means either:

- (a) with respect to an M(M)R Restructuring and any Note (x) to which paragraph (a) of the definition of Credit Event Determination Date above applies or (y) to which Credit Linked Condition 2(a)(ii) or Credit Linked Condition 6(a)(1)(y) applies:
  - (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, unless paragraph (a)(y) above applies, the relevant Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.



**"Expenses"** means all costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery or attempted Delivery of the Entitlement in respect of a Note and any related receipt of or attempt to receive the Deliverable Obligations that comprise or would or may comprise the Entitlement, as applicable, by the Issuer and/or its Affiliates, as applicable, under any Hedging Arrangements.

**"Extension Date"** means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the relevant Pricing Supplement, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Maturity Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the relevant Pricing Supplement, as applicable.

**"Failure to Pay"** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure **provided that**, if an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**"Fallback Settlement Method"** means Cash Settlement. For the avoidance of doubt, the Fallback Settlement only applies in respect of Credit-Linked Notes for which the Settlement Method is Auction Settlement.

**"Final List"** has the meaning given in the DC Rules.

**"Final Price"** means:

- (a)
  - (i) if there is more than one Valuation Obligation, the weighted average of the prices of each such Valuation Obligation, each expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable; or
  - (ii) otherwise, the price of the relevant Valuation Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable,

in either case determined in accordance with the Valuation Method specified in the relevant Pricing Supplement or, where applicable, Credit Linked Condition 13; or

- (b) in the case of Fixed Recovery Basket Credit-Linked Notes and Fixed Recovery Single Reference Entity Credit-Linked Notes, the percentage specified as such in the relevant Pricing Supplement (and, for the avoidance of doubt, no Valuation Date will arise in respect of such Credit-Linked Notes).

Notwithstanding the foregoing in paragraph (a) above and anything to the contrary herein (including, without limitation, that the Settlement Method is not Physical Settlement), if Asset Package Delivery is applicable and a Prior Deliverable Obligation or a Package Observable Bond is specified in the Valuation Obligation

Notification, (i) the related Asset Package may be treated as the Valuation Obligation in lieu of such Prior Deliverable Obligation or Package Observable Bond, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) if such Asset Package is zero, its price shall be deemed to be zero per cent. on the relevant Valuation Date and (iii) if the Calculation Agent determines that a price cannot reasonably be determined in accordance with the Valuation Method, then the price of the Asset Package will be calculated by the Calculation Agent as equal to the fair market value of the Asset Package, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable.

The Calculation Agent shall make available for inspection by Noteholders on request (i) each Quotation for a Valuation Date that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**"First Interest Payment Date"** means the date specified in the relevant Pricing Supplement.

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, **provided that** a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**"Fixed Recovery Basket Credit-Linked Notes"** means Basket Credit-Linked Notes indicated as such in the relevant Pricing Supplement.

**"Fixed Recovery Single Reference Entity Credit-Linked Notes"** means Single Reference Entity Credit-Linked Notes indicated as such in the relevant Pricing Supplement.

**"Full Quotation"** means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Deliverable Obligation or Valuation Obligation, as applicable, that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation or Valuation Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the relevant PSN Effective Date and the relevant Delivery Date or the date of delivery of the Valuation Obligation Notification, as applicable. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or Valuation Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

**"Further Subordinated Obligation"** means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**"Governmental Authority"** means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;

(c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or

(d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

**"Governmental Intervention"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

(a) any event which would affect creditors' rights so as to cause:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or

(iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;

(b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

(c) a mandatory cancellation, conversion or exchange; or

(d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c).

For purposes of this definition of Governmental Intervention, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

**"Grace Period"** means:

(a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;

(b) if "Grace Period Extension" is specified as applying in the relevant Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the relevant Pricing Supplement or, if no period is specified in the relevant Pricing Supplement, thirty (30) calendar days; and

(c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is

specified as applying in the relevant Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Date"** means, if:

- (a) "Grace Period Extension" is specified as applying in the relevant Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in the relevant Pricing Supplement, Grace Period Extension shall not apply.

**"Guarantee"** means a Relevant Guarantee or a guarantee which is the Reference Obligation.

**"Hedging Arrangements"** means any Representative Auction-Settled Transaction (the **"Hedging Representative Auction-Settled Transaction"**) that is to be entered into by the Issuer and/or any of its Affiliates or agents pursuant to the Transaction Auction Settlement Terms (if any) relating to any relevant Credit Event (the **"Hedging Transaction Auction Settlement Terms"**) in order that the Issuer may satisfy any of its physical settlement obligations under the Credit-Linked Notes, and (without duplication) any underlying or related transaction(s), swap(s), asset(s), financing or other arrangement(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk or funding of the Issuer issuing and performing its obligations with respect to the Credit-Linked Notes.

**"Hedging Auction"** means the **"Auction"** as such term shall be defined in the relevant Hedging Transaction Auction Settlement Terms.

**"Hedging Auction Final Price"** shall have the meaning as shall be set forth in the relevant Hedging Transaction Auction Settlement Terms.

**"Hedge Disruption Event"** means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of the Hedging Arrangements (if any).

**"Hedge Disruption Obligation"** means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

**"Index"** has the meaning given to it in the relevant Pricing Supplement.

**"Index Annex"** means, in respect of an Index:

- (a) in the case of an iTraxx Index, the list for the relevant Index with the relevant Annex Date, as published by the relevant Index Publisher (which can be accessed at <https://ihsmarkit.com/products/indices.html> or any successor website thereto) and subject as provided in Credit Linked Condition 22; or

- (b) in the case of a CDX Index, the list for the relevant Index with the relevant Annex Date, as published by the relevant Index Publisher (which can be accessed at <https://ihsmarkit.com/products/indices.html> or any successor website thereto).

**"Index Basket Credit-Linked Notes"** means Basket Credit-Linked Notes indicated as such in the relevant Pricing Supplement, which relate to one or more Indices.

**"Index Publisher"** means, in respect of an Index, Markit Group Limited, or any replacement therefor appointed by the relevant Index Sponsor for purposes of officially publishing the relevant Index.

**"Index Sponsor"** means, in respect of an Index:

- (a) in the case of an iTraxx Index, Markit Indices Limited, or any successor thereto; or
- (b) in the case of a CDX Index, Markit North America, Inc. or any successor sponsor of such Index.

**"Index Weighting"**, in respect of an Index, has the meaning given to it in the relevant Pricing Supplement.

**"Interest Credit Outstanding Nominal Amount"** has the meaning given to that term in Credit Linked Condition 6.

**"Intervening Period"** means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Entitlement.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"iTraxx Index"** has the meaning given to it in the relevant Pricing Supplement.

**"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee or, if none, as determined by the Calculation Agent by reference to such source(s) as it determines appropriate.

**"Latest Maturity Restructured Bond or Loan"** has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

**"Limitation Date"** means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years, 7.5 years, 10 years (the **"10-year Limitation Date"**), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the relevant Pricing Supplement.

**"Market Value"** means, with respect to the Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Minimum Quotation Amount"** means the amount specified as such in the relevant Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation or Valuation Obligation, as applicable, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Movement Option"** means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer in its sole and absolute discretion to apply to the Credit-Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with Condition 16 (*Notices*). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

**"Movement Option Cut-off Date"** means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, **"London Business Day"** means a day on which banks and foreign exchange markets are generally open to settle payments in London.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
  - (i) no Parallel Auction will be held; or
  - (ii) one or more Parallel Auctions will be held.

**"Non-Conforming Reference Obligation"** means a Reference Obligation which is not a Conforming Reference Obligation.

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**"Non-Financial Instrument"** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**"Non-Standard Credit Event Determination Date"** means with respect to a Credit Event:

- (a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) (1) "Auction Settlement" is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and

- (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
  - (B)
    - (1) the relevant Credit Event is an M(M)R Restructuring; and
    - (2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Non-Standard Exercise Cut-off Date, or
- (ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the fifth Business Day following the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (A)
    - (1) "Auction Settlement" is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or
  - (B) the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements (if any at the relevant time),

**provided that** no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (I) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or (II) unless the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations.

**"Non-Standard Exercise Cut-off Date"** means, with respect to a Credit Event to which paragraph (a) of the definition of Credit Event Determination Date does not apply:

- (a) if such Credit Event is not an M(M)R Restructuring, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
  - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or



- (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

**"Non-Standard Reference Obligation"** means, in respect of the Reference Entity, the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

**"Non-Transferable Instrument"** means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

**"Notice Delivery Date"** means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the relevant Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the fifth Business Day following the date that is fourteen (14) calendar days after the Extension Date.

**"Notice of Physical Settlement"** has the meaning given to that term in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable.

**"Notice of Publicly Available Information"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If "Notice of Publicly Available Information" is specified as applicable in the relevant Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 19.

**"Notice to Exercise Movement Option"** means, with respect to Notes for which (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Number of Valuation Business Days"** means:

- (a) if Fixed Valuation Date is specified as applicable in the relevant Pricing Supplement, the number of Business Days specified therein (or, if the number of Business Days is not specified, five Business Days); or
- (b) otherwise, the number of Business Days selected by the Issuer.

**"Obligation"** means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below); and
- (b) the Reference Obligation,

in each case unless it is an Excluded Obligation.

**"Method for Determining Obligations"**. For the purposes of paragraph (a) of this definition of **"Obligation"**, the term "Obligation" may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the relevant Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the relevant Pricing Supplement, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the relevant Pricing Supplement, where:
  - (a) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (b) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (c) **"Reference Obligation Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only;
  - (d) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (e) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (f) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.
- (ii) **"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the relevant Pricing Supplement, where:
  - (a) **"Not Subordinated"** means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
  - (b) **"Subordination"** means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference

Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date;

- (c) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the relevant Pricing Supplement as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;
- (d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the relevant Pricing Supplement (or, if Specified Currency is specified in the relevant Pricing Supplement and no currency is so specified, any Standard Specified Currency) **provided that** if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (e) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";
- (f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency **provided that** a Standard Specified Currency shall not constitute the Domestic Currency;
- (g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, **provided that** the laws of England and the laws of the State of New York shall not constitute a Domestic Law;
- (h) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (i) "**Not Domestic Issuance**" means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however

described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which the Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Original Non-Standard Reference Obligation"** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the relevant Pricing Supplement (if any is so specified) **provided that** if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless the relevant Notes are Reference Obligation Only Notes.

**"Original Notional Amount"** has the meaning given to it in the relevant Pricing Supplement, subject to adjustment as provided in these Credit Linked Conditions.

**"Outstanding Amount"** (a) in the case of a Deliverable Obligation, has the meaning given to that term in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable, or (b) in the case of a Valuation Obligation, means the Quotation Amount specified in the relevant Valuation Obligation Notification.

**"Outstanding Principal Balance"** means the outstanding principal balance of an obligation which will be calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the **"Non Contingent Amount"**); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the relevant Delivery Date, the Delivery Date), or (B) the relevant Valuation Date; and

- (ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

**"Package Observable Bond"** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of Deliverable Obligation (above) or, as applicable, Valuation Obligation (below), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**"Parallel Auction"** means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction **provided that** if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select the applicable Credit Derivatives Auction Settlement Terms.

**"Parallel Notice of Physical Settlement Date"** means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Payment Requirement"** means the amount specified as such in the relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Permitted Contingency"** means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) if "Subordinated European Insurance Terms" are specified as applicable in the relevant Pricing Supplement, any Solvency Capital Provisions; or

- (v) if "Financial Reference Entity Terms" are specified as applicable in the relevant Pricing Supplement, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**"Permitted Transfer"** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

**"Physical Settlement Amendment Notice"** has the meaning given to that term in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable.

**"Physical Settlement Period"** means, subject to Credit Linked Condition 14, the number of Business Days specified as such in the relevant Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with the current market practice of such Deliverable Obligation, as determined by the Calculation Agent **provided that** if the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable, that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is five Business Days following the fourteenth calendar day thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

**"Postponed Cut-off Date"** has the meaning given to that term in Credit Linked Condition 12.

**"Postponed Maturity Date"** has the meaning given to that term in Credit Linked Condition 12.

**"Potential Credit Event"** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

**"Potential Failure to Pay"** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Prior Deliverable Obligation"** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the

Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation above or, as applicable, Valuation Obligation below, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or

- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**"Private-side Loan"** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Prohibited Action"** means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**"PSN Cut-off Date"** means, following the occurrence of a Credit Event Determination Date in respect of a Reference Entity and subject, where applicable, to Credit Linked Condition 14, the later of:

- (a) the later of:
  - (i) the thirtieth calendar day after the Credit Event Determination Date; and
  - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date),

**provided that** in the case of paragraph (ii) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (i) above; and

- (b) the fifth Business Day after the date on which the "Notice of Physical Settlement" is required to be delivered under the relevant Hedging Representative Auction-Settled Transaction (if any).

**"PSN Effective Date"** means the date on which an effective Notice of Physical Settlement or Physical Settlement Amendment Notice, as the case may be, is delivered by the Issuer in accordance with Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable.

**"Public Source"** means each source of Publicly Available Information specified as such in the relevant Pricing Supplement (or if no such source is specified in the relevant Pricing Supplement, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:

- (a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);

- (b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

**provided that** where any information of the type described in paragraphs (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in paragraphs (b) or (c) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Without limitation, Publicly Available Information need not state:

- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
- (ii) that the relevant occurrence:
  - (A) has met the Payment Requirement or Default Requirement;
  - (B) is the result of exceeding any applicable Grace Period; or
  - (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (a) and (b) of the definition of Repudiation/Moratorium below.

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

**"Qualifying Guarantee"** means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or



(b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:

(i) by payment;

(ii) by way of Permitted Transfer;

(iii) by operation of law;

(iv) due to the existence of a Fixed Cap; or

(v) due to:

(A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement; or

(B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- I. the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- II. if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the relevant Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quantum of the Claim"** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, **provided that** the Quantum of the Claim cannot exceed the Non-Contingent Amount.

**"Quotation"** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day

(and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Quotation Amount"** means:

- (a) the amount specified as such in the relevant Pricing Supplement (which may be specified by reference to an amount in a currency or by reference to a Representative Amount); or
- (b) if no amount is specified in the relevant Pricing Supplement, as specified in the Valuation Obligation Notification,

or, in each case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained.

**"Quotation Dealer"** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the relevant Pricing Supplement. If no Quotation Dealers are specified in the relevant Pricing Supplement, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**"Quotation Method"** means the applicable Quotation Method specified in the relevant Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the relevant Pricing Supplement, Bid shall apply.

**"Reference Entity"** means:

- (a) the entity specified as such in the relevant Pricing Supplement. Any Successor to the Reference Entity either (i) identified pursuant to the definition of "Successor" on or following the Trade Date or (ii) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series; or
- (b) in the case of Index Basket Credit-Linked Notes:
  - (i) each relevant Reference Entity contained in any iTraxx Index and listed in the relevant Index Annex, and any Successor to any such Reference Entity either (i) in respect of which ISDA

publicly announces on or following the earlier of the relevant Effective Date and the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Successor Resolution Request Date, a Successor in accordance with the DC Rules or (ii) in the event that ISDA does not make such an announcement, identified by the relevant Index Sponsor on or following the earlier of the relevant Effective Date and the Trade Date; and

- (ii) subject to Credit Linked Condition 23 below, the applicable Reference Entities contained in any CDX Index and listed in the relevant Index Annex, and any Successor to any such Reference Entity either (i) identified by the Calculation Agent on or following the Trade Date pursuant to these Credit Linked Conditions or (ii) unless already reflected in the relevant Index Annex, identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the relevant Effective Date of the relevant Index, as set forth in the relevant Index Annex.

**"Reference Entity Notional Amount"**, in respect of a Reference Entity, means:

- (a) the amount specified as such in the relevant Pricing Supplement (or, if no such amount is so specified, the Aggregate Principal Amount of the Notes as of the Issue Date divided by the number of Reference Entities as of the Issue Date); or
- (b) in the case of Index Basket Credit-Linked Notes, an amount equal to (i) the Index Weighting in respect of the relevant Index multiplied by (ii) the Reference Entity Weighting multiplied by (iii) the Original Notional Amount,

in each case subject to adjustment as provided in "Successor" and pursuant to Credit Linked Condition 16 and as otherwise provided in these Credit Linked Conditions.

**"Reference Entity Weighting"** means the percentage set out opposite the relevant Reference Entity in the Index Annex in respect of the relevant Index.

**"Reference Obligation"** means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the relevant Pricing Supplement (or no election is specified in the relevant Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the relevant Pricing Supplement, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, **provided that** the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic or Valuation Obligation Characteristic, as applicable) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

Without prejudice to the previous paragraphs:

- (i) for a Reference Entity contained in a CDX Index, the Reference Obligation(s) will be the Reference Obligation(s) (if any) specified in the relevant Index and set out opposite the Reference Entity in the relevant Index Annex, subject to Credit Linked Condition 23 below and the Substitute Reference Obligation provisions herein; and
- (ii) for a Reference Entity contained in an iTraxx Index, the Reference Obligation will be the Reference Obligation (if any) set out opposite the relevant Reference Entity in the relevant Index Annex, subject to the definition of Substitute Reference Obligation below and the following paragraph:

If there is no Standard Reference Obligation and the relevant Index Sponsor publishes a replacement Reference Obligation for a Reference Entity, the Calculation Agent will select such Reference Obligation as the Reference Obligation hereunder for such Reference Entity rather than applying the provisions of the definition of Substitute Reference Obligation below.

**"Reference Obligation Only Notes"** means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category, the Deliverable Obligation Category and (as applicable) Valuation Obligation Category in the relevant Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement.

**"Reference Transaction"** means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms, the Reference Obligation, the Reference Entity and (as applicable) the provisions for determining the Valuation Obligation(s) are (i) the same as in respect of the Credit-Linked Notes (if Deliverable Obligation Terms, Reference Obligation and Valuation Obligation terms are specified in the relevant Pricing Supplement) or (ii) if and to the extent Deliverable Obligation Terms and/or a Reference Obligation and/or (as applicable) the Valuation Obligation terms are not specified, the Deliverable Obligation Terms, Reference Obligation and provisions for determining Valuation Obligation(s) determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;
- (b) with a scheduled termination date matching the Scheduled Maturity Date of the Credit Linked Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements (if any at the relevant time) and/or any credit derivative elections made in relation to the Credit Linked Notes (if applicable disregarding that the Settlement Method is Cash Settlement, Zero Recovery or Physical Settlement, in each case for the purposes of the Transaction Auction Settlement Terms and Parallel Auction Settlement Terms).

**"Relevant City Business Day"** has the meaning given in the DC Rules.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the relevant Pricing Supplement, a Qualifying Guarantee.

**"Relevant Holder"** means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice or Valuation Obligation Notification, as applicable.

**"Relevant Obligations"** means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), **provided that:**

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", **provided that** if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

**"Replaced Deliverable Obligation Outstanding Amount"** has the meaning given to that term in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable.

**"Replacement Deliverable Obligation"** has the meaning given to that term in Credit Linked Condition 4 or Credit Linked Condition 6(a)(3), as applicable.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

**"Representative Auction-Settled Transaction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Repudiation/Moratorium"** means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
  - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of

such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"** will be satisfied:

- (a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date; or
- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the relevant Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 12(y) applies, the Postponed Cut-off Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date.

**"Repudiation/Moratorium Extension Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning set out in the DC Rules, and **"Resolved"** and **"Resolves"** shall be construed accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**"Restructuring"** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Credit-Linked Notes and the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, **provided that** in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 17, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Deliverable Obligation or Valuation Obligation, as applicable, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

**"Scheduled Maturity Date"** has the meaning given to it in the relevant Pricing Supplement.

**"Seniority Level"** means, with respect to an obligation of the Reference Entity:

- (a) "Senior Level" or "Subordinated Level" as specified in the relevant Pricing Supplement, or
- (b) if no such seniority level is specified in the relevant Pricing Supplement, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which "Senior Level".

**"Senior Obligation"** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

**"Settlement Method"** means, subject as provided herein, if (a) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, Auction Settlement; (b) Physical Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, Physical Settlement; (c) Zero Recovery is specified as the applicable Settlement Method in the relevant Pricing Supplement, Zero Recovery or (d) Cash Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, Cash Settlement.

**"Settlement Notice"** has the meaning given to that term in Credit Linked Condition 6.

**"Shortfall Amount"** has the meaning given to that term in Credit Linked Condition 6.

**"Single Reference Entity Credit-Linked Notes"** means Credit-Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

**"Solvency Capital Provisions"** means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.



**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Deliverable Obligation above immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Valuation Obligation below immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Sovereign Succession Event"** means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or, other similar event.

**"Specified Number"** means the number of Public Source(s) specified in the relevant Pricing Supplement, or if no such number is specified in the relevant Pricing Supplement, two.

**"SRO List"** means the list of Standard Reference Obligations as published by ISDA on its website at [www2.isda.org](http://www2.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

**"Standard Reference Obligation"** means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

**"Standard Specified Currency"** means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

**"Steps Plan"** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

**"Subordinated Obligation"** means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.

**"Substitute Reference Obligation"** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic

and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation.

(c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:

- (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
- (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
- (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
  - I. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
  - II. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;
- (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
  - I. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
  - II. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
  - III. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
  - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or
- (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
  - I. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

- II. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
  - III. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
  - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Noteholders in accordance with Condition 16 (*Notices*) of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation. For the avoidance of doubt any failure to provide such a notice to the Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.
- (f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit-Linked Notes that are Reference Obligation Only Notes.

**"Substitution Date"** means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

**"Substitution Event"** means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole; or
- (b) **provided that** the Credit-Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:
  - (i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
  - (ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i) above has occurred on or prior to the

Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

**"Substitution Event Date"** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**"Succession Date"** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; **provided that** if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (a) of the definition of Successor below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**"Successor"** means:

(a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:

- (i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
- (ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
- (iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
- (iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
- (v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a

Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below); and

(vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor; and

(b) an entity may only be a Successor if:

- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
- (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
- (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above, **provided that** the Calculation Agent will not make any such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Base Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if any such Transaction Type and adjustment reflects any adjustment to any credit derivative transaction(s) related to or underlying the Credit Linked Notes incorporating the provisions of the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**"). Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 16 (*Notices*) stating the new Transaction Type and the adjustment to the Base Conditions and/or the relevant Pricing Supplement (if any). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Principal Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Base Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the Reference Entity Notional Amount and (if

applicable) the Transaction Type) to reflect that the Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Base Conditions and/or the relevant Pricing Supplement in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 16 (*Notices*) stating the adjustment to the Base Conditions and/or the relevant Pricing Supplement and giving brief details of the relevant Successor event. For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

Notwithstanding the provisions above and paragraphs (a)(ii) and (b) of the definition of Reference Entity, where a Reference Entity is determined as a Successor to another Reference Entity pursuant to the above provisions, then it will be deemed to be a Reference Entity only once hereunder, and from and including the date of such determination the Reference Entity Notional Amount with respect to such Reference Entity will be the sum of the Reference Entity Notional Amounts that would otherwise be applicable to it.

"**Successor Backstop Date**" means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Successor Notice**" means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined.

A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of Successor above.

**"Successor Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement.

**"Trading Terms Matrix"** means the terms for the relevant Index, as published by the relevant Index Publisher (which can be accessed at <https://ihsmarkit.com/products/indices.html> or any successor website thereto). In the event of any inconsistency between the Trading Terms Matrix and these Credit Linked Conditions, the Trading Terms Matrix will govern.

**"Transaction Auction Settlement Terms"** means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, *inter alia*, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Credit Linked Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Credit Linked Notes.

**"Transaction Type"** is:

- (a) as specified in the relevant Pricing Supplement, subject to adjustment as provided in "Successor";
- (b) for a Reference Entity contained in an iTraxx Index, as set out opposite the relevant Reference Entity in the relevant Index Annex, subject to adjustment as provided in "Successor" as applicable; or
- (c) for a Reference Entity contained in a CDX Index:
  - (i) Standard North American Corporate;
  - (ii) where such Index is a "Markit CDX.LatAm Corp", as specified in the Trading Terms Matrix for the Reference Entity, subject to adjustment as provided in "Successor" as applicable; or
  - (iii) where such Index is a "Markit CDX.EM", if the "Region" set out opposite the relevant Reference Entity in the relevant Index Annex is:
    - (x) Asia, Standard Asia Sovereign;
    - (y) EEMEA, Standard Emerging European & Middle Eastern Sovereign; or
    - (z) Latin America, Standard Latin America Sovereign,

subject to adjustment as provided in "Successor" as applicable.

**"Undeliverable Obligation"** means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans or non-delivery of an Asset Transfer Notice or any relevant information by a holder) it is impossible or illegal or impractical to Deliver on the Credit Settlement Date.

**"Underlying Obligation"** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**"Underlying Obligor"** means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**"Unwind Costs"** means:

- (a) the amount specified in the relevant Pricing Supplement;
- (b) if "Standard Unwind Costs" are specified in the relevant Pricing Supplement, an amount determined by the Calculation Agent equal to the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption or credit settlement of the Credit-Linked Notes and the related termination, liquidation, transfer, settlement or re-establishment (whether in whole or in part) of any Hedging Arrangements, such amount to be apportioned *pro rata* amongst each nominal amount of Notes equal to the Specified Denomination; or
- (c) if "Zero Unwind Costs" are specified in the relevant Pricing Supplement, zero.

**"Valuation Date"** means if "Single Valuation Date" is specified in the relevant Pricing Supplement and subject to Credit Linked Condition 14, the date that is the Number of Valuation Business Days following the Credit Event Determination Date or, if any and as applicable, the Calculation Agent Fallback Settlement Determination Date, the Auction Cancellation Date or the relevant No Auction Announcement Date and if "Multiple Valuation Dates" is specified in the relevant Pricing Supplement, each of the following dates:

- (a) subject to Credit Linked Condition 14, the date that is the Number of Valuation Business Days following the Credit Event Determination Date or, if any and as applicable, the Calculation Agent Fallback Settlement Determination Date, the Auction Cancellation Date or the relevant No Auction Announcement Date; and
- (b) each successive date that is the Number of Valuation Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When **"Multiple Valuation Dates"** is specified in the relevant Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the relevant Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the relevant Pricing Supplement, Single Valuation Date shall apply.

**"Valuation Method"**:

- (a) The following Valuation Methods may be specified in the relevant Pricing Supplement with only one Valuation Date:



- (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.
- (b) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Highest.
- (c) The following Valuation Methods may be specified in the relevant Pricing Supplement with more than one Valuation Date:
- (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- (d) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the relevant Pricing Supplement may specify an alternative Valuation Method which shall be applicable in respect of the relevant Credit-Linked Notes.

"**Valuation Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Valuation Obligation; and
- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond,

in each case, as selected by the Issuer in its sole and absolute discretion and notified to the Calculation Agent (a "**Valuation Obligation Notification**") on or prior to the Valuation Date and (i) unless it is an Excluded Valuation Obligation and (ii) **provided that** the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

- (i) *Method for Determining Valuation Obligations.* For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of the Reference Entity described by the Valuation Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Issuer determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification. The following terms shall have the following meanings:

(A) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" above, except that, for the purpose of determining Valuation Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligation Only).

(B) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" above), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

1) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;

2) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

3) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

4) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:

- I. contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the Securities Act (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);

- II. restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - III. restrictions in respect of blocked periods on or around payment dates or voting periods;
- 5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);
- 6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- 7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

*(ii) Interpretation of Provisions*

- (A) If (i) any of the Valuation Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans; or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans.
- (B) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Valuation Obligation Characteristics in the relevant Pricing Supplement, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics.
- (C) If a Valuation Obligation is a Relevant Guarantee, the following will apply:
- 1) for purposes of the application of the Valuation Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
  - 2) for purposes of the application of the Valuation Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";

- 3)for purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and
- 4)for purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (D) For purposes of the application of the Valuation Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Valuation Obligation in effect at the time of making such determination and, in the case of a Valuation Obligation that is due and payable, the remaining maturity shall be zero.
- (E) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy a particular Valuation Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Valuation Obligation Characteristic.
- (F) For purposes of determining the applicability of Valuation Obligation Characteristics and the requirements specified in the paragraphs commencing "If "Mod R"..." and "If "Mod Mod R"..." below to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (G) If "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Valuation Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Valuation Obligation Characteristic.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be specified in a Valuation Obligation Notification only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be specified in a Valuation Obligation Notification only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such

Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

For the purposes of making a determination pursuant to the two prior paragraphs or the definition of Restructuring Maturity Limitation Date, the final maturity date shall, subject as provided in the prior paragraph, be determined on the basis of the terms of the Valuation Obligation in effect at the time of making such determination and, in the case of a Valuation Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the relevant Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

The Valuation Obligation Notification shall describe the selected Valuation Obligation(s) in reasonable detail and shall specify the relevant title(s) or designation(s), maturity date(s) and coupon rate(s) and, unless the Quotation Amount is specified in the relevant Pricing Supplement, the applicable Quotation Amount in respect of each such Valuation Obligation (**Provided That** the aggregate of the Quotation Amounts in respect of the Valuation Obligations shall not exceed the relevant Reference Entity Notional Amount). The Issuer may at any time after delivering a Valuation Obligation Notification but prior to the Valuation Time on the Valuation Date deliver a further Valuation Obligation Notification which shall replace all prior Valuation Obligation Notifications in relation to any additional or replacement Valuation Obligation(s) specified therein.

For the avoidance of doubt the Issuer shall be entitled to select any Valuation Obligations for the purposes of calculating the Final Price irrespective of their market value and, **provided that** (in the case of a Valuation Obligation selected pursuant to sub-paragraph (a) above) the selected obligation satisfies the applicable Valuation Obligation Category and Valuation Obligation Characteristics on the relevant date, such obligation(s) may constitute the Valuation Obligation(s) for the purposes hereof notwithstanding that this is not the case subsequent to such date.

**"Valuation Time"** means the time specified as such in the relevant Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the Valuation Obligation.

**"Weighted Average Quotation"** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

**"Zero Recovery Basket Credit-Linked Notes"** means Basket Credit-Linked Notes for which the Settlement Method is Zero Recovery.

**"Zero Recovery Credit-Linked Notes"** means Zero Recovery Basket Credit-Linked Notes and Zero Recovery Single Reference Entity Credit-Linked Notes.

**"Zero Recovery Single Reference Entity Credit-Linked Notes"** means Single Reference Entity Credit-Linked Notes for which the Settlement Method is Zero Recovery.

## 16. Credit Event Notice after Restructuring Credit Event

Notwithstanding anything to the contrary in these Credit Linked Conditions, upon the occurrence of an M(M)R Restructuring:

- (a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than such Reference Entity Notional Amount immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit-Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (A) the nominal amount of each Credit-Linked Note not so redeemed in part shall remain outstanding, the Reference Entity Notional Amount shall be reduced by the Partial Redemption Amount and interest shall accrue in respect of each Credit-Linked Note as provided in Condition 5.2 (*Interest on Fixed Rate Notes*) or Condition 5.3 (*Interest on Floating Rate Notes, Index-Linked Notes, Index Basket-Linked Notes, Inflation Rate-Linked Notes, Currency-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes, ETF Basket-Linked Notes, Fund-Linked Notes, Fund Basket-Linked Notes, Credit-Linked Notes and Preference Share Linked Notes*), and Credit Linked Condition 6(b), as applicable, (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such Credit-Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to the Base Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 16 and (y) the effective date of such adjustment(s).
- (c) If the provisions of this Credit Linked Condition 16 apply in respect of the Credit-Linked Notes, on redemption of part of each such Credit-Linked Note the relevant Credit-Linked Note shall be endorsed to reflect such part redemption.

## 17. Provisions relating to Multiple Holder Obligation

Unless this Credit Linked Condition 17 is specified as not applicable in the relevant Pricing Supplement, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirement in paragraph (ii).

## 18. Calculation Agent, Calculation Agent Notices and Timings

- (a) Whenever any state of affairs, circumstance, event or other matter falls to be determined, considered or otherwise decided upon, or any discretion is required to be exercised, by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon, or that discretion shall be exercised, (i) where by the Calculation Agent, acting in good faith and in a commercially reasonable manner or (ii) where by such other person, acting in its sole and absolute discretion and in each case shall in the absence of manifest error be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion. Neither the Calculation Agent nor the Issuer shall be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with the Calculation Agent's appointment or the exercise of its functions (including, without limitation, any such delay, deferral or forbearance), except in the case of the Calculation Agent such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.
- (b) Any notice to be delivered by the Calculation Agent to the Issuer pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (c) Any notice to be delivered by the Issuer to the Calculation Agent pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (d) For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.
- (e) In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

**19. Amendment of Credit Linked Conditions**

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions (i) to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by Credit Derivatives Determinations Committees, including without limitation, in relation to settlement, credit events and successors and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect or account for a Hedge Disruption Event. Any amendment made in accordance with this Credit Linked Condition 19 shall be notified to the Noteholders in accordance with Condition 16 (*Notices*). Any failure to provide notice of any such amendment to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

**20. Early redemption of Reference Obligation Only Notes following a Substitution Event**

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of Substitution Event above occurs with respect to the Reference Obligation, then:

- (a) interest (if any) shall cease to accrue on the Credit-Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit-Linked Notes; and
- (b) each Credit-Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Early Termination Amount specified in, or determined in the manner specified in, the relevant Pricing Supplement on the Maturity Date, which for the purposes of this Credit Linked Condition 20 shall be the day falling five Business Days following the relevant Substitution Event Date.

**21. DC Resolution Adjustment Events**

If following the publication of a DC Resolution (the "**Prior DC Resolution**"), a further DC Resolution (the relevant "**Further DC Resolution**") is published the effect of which would be to reverse all or part of the Prior DC Resolution or if any DC Resolution would reverse any determination made by the Calculation Agent and/or the occurrence of a Credit Event Determination Date, notwithstanding any other provisions of these Credit Linked Conditions the Calculation Agent may make any adjustment(s) that the Calculation Agent determines is necessary or desirable to the Conditions or these Credit Linked Conditions to reflect the publication of such Further DC Resolution or DC Resolution, including, without limitation, as a result of the impact or effect of such Further DC Resolution or DC Resolution on the Hedging Arrangements (if any at the relevant time).

**22. Amendments to an Index Annex for an iTraxx Index**

The relevant Index Annex in respect of an iTraxx Index will be deemed amended from time to time to reflect any modifications resulting from the application of the definitions of Reference Entity, Reference Obligation, Standard Reference Obligation and/or Substitute Reference Obligation above.

**23. Inconsistency between Index Annex and a CDX Index**

In the event of any inconsistency between the relevant Index Annex in respect of a CDX Index and the corresponding Index published by the relevant Index Sponsor, the relevant Index Annex shall govern.



## **24. Purchases**

Condition 6 (*Redemption, purchase and options*) shall be amended by including the following as sub-clause 6.11 (*Purchases*) therein:

Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise, and such Notes may be held, reissued, resold or, provided such Notes are held by the Issuer, at the option of the Issuer deissued or cancelled.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the terms and conditions that, as supplemented in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Certificates. All capitalised terms that are not defined in these Terms and Conditions shall have the meanings given to them in the relevant Pricing Supplement. References below to "Conditions" are, unless the context requires otherwise, to the numbered paragraphs below. References in the Terms and Conditions to "Certificates" are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme.*

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

The Certificates shall be issued in accordance with an agency agreement (the "**Agency Agreement**") to be entered into between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent and HSBC Bank plc as calculation agent and the other agents named therein. The fiscal agent, the paying agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". In addition, the Principal Paying Agent may (with the prior written consent of the Issuer) delegate certain of its functions and duties in relation to the Physical Delivery Certificates (as defined below) to a settlement agent (the "**Settlement Agent**").

### 1. Definitions

The capitalised terms used in the Terms and Conditions of the Certificates have the following meanings:

"**Acquisition Price**" means the price at which the Certificateholder purchases the Certificate during the secondary market period.

"**Administrator/Benchmark Event**" means, in respect of any Series of Certificates and a Relevant Benchmark, that one of the following events has occurred or will occur, as determined by the Issuer, in respect of such Relevant Benchmark:

- (a) a "**Non-Approval Event**", being any of the following:
  - (i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not obtained;
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register; or
  - (iii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark does not fulfil any other legal or regulatory requirement applicable to the Issuer or the Relevant Benchmark,

in each case, as required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Certificates. For the avoidance

of doubt, a Non-Approval Event shall not occur if the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Relevant Benchmark is permitted in respect of the Certificates under the applicable law or regulation during the period of such suspension;

- (b) a "**Rejection Event**", being the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark under any applicable law or regulation for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Certificates; or
- (c) a "**Suspension/Withdrawal Event**", being:
  - (i) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark which is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Certificates; or
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for the Issuer, the Calculation Agent or any other entity to perform its or their respective obligations in respect of the Certificates.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Relevant Benchmark is permitted in respect of the Certificates under the applicable law or regulation during the period of such suspension or withdrawal.

"**ADR/GDR Basket**" means a basket of ADR/GDR issued by more than one Depositary, as indicated in the Pricing Supplement of the Certificates.

The value of the ADR/GDR Basket shall be determined by the Calculation Agent using the formula indicated in the Pricing Supplement of the Certificates.

"**ADR/GDR Basket Linked Certificate**" means a Certificate linked to a Basket of American Depositary Receipts/Global Depositary Receipts.

"**ADR/GDR Linked Certificate**" means a Certificate linked to an American Depositary Receipt/Global Depositary Receipt.

"**Affected Relevant Benchmark**" means, in relation to any Series of Certificates, the Relevant Benchmark affected by a Benchmark Trigger Event.

"**Alternative Pre-nominated Index**" means, in respect of a Relevant Benchmark, the first of the indices, benchmarks or other price sources specified in the relevant Pricing Supplement as an "Alternative Pre-nominated Index" and which is not subject to a Benchmark Trigger Event.

"**American Depositary Receipt(s)**" or "**ADR(s)**" refers to a security issued by the relevant Depositary and representing an Equity.

**"Benchmark Trigger Event"** means:

- (a) in respect of a Series of Certificates that references a Relevant Benchmark that is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate, an Index Cessation Event or an Administrator/Benchmark Event; and
- (b) in respect of any other Series of Certificates, an Administrator/Benchmark Event.

**"Benchmark Trigger Event Determination Date"** means, in relation to any Series of Certificates and a Relevant Benchmark, the date on which the Issuer determines that a Benchmark Trigger Event has occurred.

**"Currency-Linked Certificates"** means a Certificate linked to a Currency.

**"Equity Basket"** means a basket of Shares issued by more than one Company as indicated in the Pricing Supplement of the Certificates. The value of the Equity Basket shall be determined by the Calculation Agent using the formula indicated in the Pricing Supplement of the Certificates.

**"Equity Basket Linked Certificate"** means a Certificate linked to a Basket of Equities.

**"Equity Linked Certificate"** means a Certificate linked to an Equity.

**"ETF Basket Linked Certificate"** means a Certificate linked to a Basket of Exchange Traded Funds.

**"ETF Linked Certificate"** means a Certificate linked to a Unit of an Exchange Traded Fund.

**"Global Depositary Receipt"** or **"GDR"** refers to a security issued by the relevant Depositary and representing an Equity.

**"Index Basket"** means a basket containing several indices as indicated in the Pricing Supplement of the Certificates. The value of the Index Basket shall be determined by the Calculation Agent using the formula indicated in the Pricing Supplement of the Certificates.

**"Index Basket Linked Certificate"** means a Certificate linked to a Basket of Indices.

**"Index Linked Certificate"** means a Certificate linked to an Index.

**"Inflation Rate-Linked Certificates"** means a Certificate in relation to which the cash settlement amount or any other amount payable thereon is determined by reference to an inflation rate, inflation rates or other inflation rate-dependent variables (as indicated in the relevant Pricing Supplement).

**"Issue Price"** means the price at which each Certificate is issued. The method of determining this price is described in Condition 2.2. The Issue Price shall be stipulated in the Pricing Supplement of the Certificates.

**Relevant Benchmark** means, in relation to any Series of Certificate:

- (a) each Reference Rate, Floating Rate Option or other interest rate, yield, cost of fund or similar rate specified in the relevant Pricing Supplement as being applicable to such Certificate (or, if applicable, the index, benchmark or other price source that is referred to in such Reference Rate or Floating Rate Option);
- (b) each Relevant Rate specified in the relevant Pricing Supplement as being applicable to such Certificate (or, if applicable, the index, benchmark or other price source that is referred to in such Relevant Rate);

- (c) each Index specified in the relevant Pricing Supplement as being applicable to such Certificate (or, if applicable, the index, benchmark or other price source that is referred to in such Index); or
- (d) any other index, benchmark or price source specified in the relevant Pricing Supplement as being applicable to such Certificate. To the extent that any index, benchmark or price source constitutes an Alternative Pre-nominated Index or Replacement Index used pursuant to Condition 15 (*Consequences of a Benchmark Trigger Event*), such index, benchmark or price source, as applicable, shall be a "Relevant Benchmark" from the day on which it is first used;

**"Relevant Benchmark Determination Date"** means, in relation to any Series of Certificates and a Relevant Benchmark, a date on which such Relevant Benchmark falls to be determined in accordance with the Conditions;

**"Relevant Benchmark Related Payment Date"** means, in relation to any Series of Certificates, a Relevant Benchmark and a Relevant Benchmark Determination Date, any payment date under the Certificates for which the amount payable is calculated by reference to the Relevant Benchmark as determined on such Relevant Benchmark Determination Date;

**"Relevant Reference Asset Fallback Provisions"** means:

- (a) in relation to a Series of Index-Linked Certificates where the Affected Relevant Benchmark is an Index, Condition 17.7(c) (*Index Cancellation*), as if the relevant Benchmark Trigger Event were an Index Cancellation;
- (b) in relation to any Series of Certificates where the Affected Relevant Benchmark is a Relevant Rate, Condition 8.6(b) (*Price Source Disruption and FX Disruption*), as if the relevant Benchmark Trigger Event were a Price Source Disruption;

**"Replacement Index"** has the meaning given to it in Condition 15(b)(ii)(A) (*Consequences of a Benchmark Trigger Event*);

**"TARGET"** means the TARGET 2 payment system, i.e. the Trans-European Automated Real-time Gross settlement Express Transfer system, or any other system that may replace it.

## 2. Type, form, title and transfer

### 2.1 Form

The Certificates are issued in dematerialised form.

Title shall be evidenced in accordance with Articles L.211-3 *et seq.* of the French Monetary and Financial Code by book entries (*inscriptions en compte*). A physical document of title (including representative certificates pursuant to Article R.211-7 of the French Monetary and Financial Code) shall not be issued in respect of the Certificates.

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

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

The Certificates may be "**Fixed Rate Certificates**", "**Floating Rate Certificates**", "**Index or Index Basket Linked Certificates**" (including "**Index or Index Basket Linked Coupon Certificates**" in respect of which amounts of interest shall be calculated by reference to an index or index basket and/or formula, and "**Index or Index Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to an index, a basket of indices and/or formula), Inflation Rate-Linked Certificates (including both "**Inflation Rate-Linked Coupon Certificates**", in respect of which amounts of interest shall be calculated by reference to an inflation rate, and "**Inflation Rate-Linked Redemption Certificates**", in respect of which the principal to be redeemed shall be calculated by reference to an inflation rate), Currency-Linked Certificates (including "**Currency-Linked Coupon Certificates**" in respect of which amounts of interest shall be calculated by reference to a currency, and "**Currency-Linked Redemption Certificates**", in respect of which the principal to be redeemed shall be calculated by reference to a currency), **Equity or Equity Basket Linked Certificates** (including "**Equity or Equity Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an Equity or the value of a Basket of Equities and/or a formula) and "**Equity or Equity Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an Equity or the value of a Basket of Equities and/or a formula); **ADR/GDR or ADR/GDR Basket Linked Certificates** (including "**ADR/GDR or ADR/GDR Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an ADR/GDR or the value of an ADR/GDR Basket and/or a formula) and "**ADR/GDR or ADR/GDR Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an ADR/GDR or the value of an ADR/GDR Basket and/or a formula); **ETF or ETF Basket Linked Certificates** (including "**ETF or ETF Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an ETF unit or the value of an ETF Basket and/or a formula) and "**ETF or ETF Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an ETF unit or the value of an ETF Basket and/or a formula); "**Dual Currency Certificates**"; "**Partly Paid Certificates**" or a combination of any of the foregoing as specified in the relevant Pricing Supplement.

## 2.2 Issue Price and number of Certificates

The number and Issue Price of the Certificates shall be as indicated in the relevant Pricing Supplement.

The Certificates can be traded on a unitary basis.

## 2.3 Title

- (a) Title to Certificates in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Certificates may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Certificates in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Certificates may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (b) Except as ordered by a court of competent jurisdiction or as required by the prevailing legislation, the holder of any Certificate shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, any right over it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Terms and Conditions:

**"Certificateholder"** means any person whose account with the Authorised Financial Intermediary holds a given number of Certificates.

The Issuer and Fiscal Agent shall treat any such person as the true owner to all intents and purposes of the Certificates, notwithstanding any notice to the contrary, and the terms "Certificateholder(s)", "holder(s) of Certificates", "bearer", "holder" and any similar terms shall be construed as materialising such person's ownership of the Certificates.

**"outstanding"** means, in relation to Certificates of any Series, all the Certificates issued other than (a) those that have been redeemed in accordance with these Terms and Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued at the redemption date, and any interest payable after such date) have been duly paid as provided in Condition 8, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided for in the Terms and Conditions.

### 3. Status

The Certificates and, where applicable, any related Receipts and Coupons are direct, unconditional, senior preferred and unsecured obligations of the Issuer and rank and will rank at all times:

- (i) *pari passu* without any preference among themselves and with other Senior Preferred Obligations of the Issuer;
- (ii) senior to Senior Non-Preferred Obligations of the Issuer and any obligations ranking junior to Senior Non-Preferred Obligations; and
- (iii) *junior* to all present and future claims benefiting from statutory preferences.

Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable ou liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer, the rights of Certificateholders to payment under the Senior Preferred Obligations rank:

A. junior to present and future claims benefiting from other preferred exceptions; and

B. senior to Senior Non Preferred Obligations.

In these Conditions, the following defined terms shall have the meanings set out below:

**Senior Non-Preferred Obligations** means any obligations or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article L.613-30-3–I-4° of the French *Code monétaire et financier*.

**Senior Preferred Obligations** means any obligations (including the Certificates) or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article L.613-30-3–I-3° of the French *Code monétaire et financier*. For the avoidance of doubt, all unsubordinated debt securities issued by the Issuer prior to 11 December 2016 constitute Senior Preferred Obligations.

### 4. Settlement

The Certificates shall be redeemed at the Settlement Date, except in the cases of early redemption provided for in Conditions 7 and 17 as set forth in the Pricing Supplement for the Certificates.

## **5. Settlement Procedure**

### **5.1 Confirmation by the Issuer**

The Issuer shall confirm to the Fiscal Agent and (i) in the case of Certificates held through Euroclear France, to the Authorised Financial Intermediaries and (ii) in the case of Certificates held through Euroclear or Clearstream, to Euroclear or Clearstream as appropriate on the next Business Day after the Valuation Date the Settlement Amount to be paid.

### **5.2 Settlement**

The Issuer shall pay or arrange payment of the Settlement Amount with effect from the Settlement Date for each Certificate:

- (a) in the case of Certificates registered on the Settlement Date in the accounts of Euroclear or Clearstream, as the case may be, by crediting the Certificateholder's account; and
- (b) in the case of Certificates registered on the Settlement Date in the accounts of Euroclear France, by crediting the relevant Authorised Financial Intermediary's account.

Payment shall be made subject to application of all tax laws and regulations.

The Issuer shall accept no liability for error or non-payment by a third party.

## **6. Interest and other calculations**

### **6.1 Definitions**

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

**"Business Day"** means:

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

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

**"Coupon Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the day falling two (2) TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is the euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is sterling or (iii) the day



falling two (2) Business Days prior to the first day of such Interest Accrual Period in the city specified in the relevant Pricing Supplement for the Specified Currency if the Specified Currency is neither sterling nor the euro.

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

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

in each case, where **"Determination Period"** means the period from and including a Coupon Determination Date in any year to but excluding the next Coupon Determination Date and **"Coupon Determination Date"** means the date specified as such in the relevant Pricing Supplement or, if none is so specified, the Coupon Payment Date;
- (c) if **"Actual/Actual - FBF"** is specified in the relevant Pricing Supplement, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one (1) year, the basis is calculated as follows:
  - (i) the number of complete years is counted back from the last day of the Calculation Period,
  - (ii) this number is increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition;
- (d) if **"Actual/365 (Fixed)"** is specified in the relevant Pricing Supplement, the actual number of days elapsed in the Calculation Period divided by 365;
- (e) if **"Actual/360"** is specified in the relevant Pricing Supplement, the actual number of days elapsed in the Calculation Period divided by 360;

- (f) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Pricing Supplement, the number of days elapsed in the Calculation Period divided by 360 (i.e. the number of days shall be calculated on the basis of a year of 360 days with twelve (12) months of thirty (30) days each (unless (a) the last day of the Calculation Period is the 31st day of a month and the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a month of thirty (30) days, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month of thirty (30) days));
- (g) if "**30/360 - FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Pricing Supplement, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for the 30E/360-FBF basis, subject to the following exception:

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

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

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

then:

$$\frac{1}{360} \times [(y_2 - y_1) \times 360 + (m_2 - m_1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(y_2 - y_1) \times 360 + (m_2 - m_1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)];$$

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

Day Count Fraction =

$$\frac{1}{360} \times [360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1);$$

where:

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

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

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

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

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

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

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

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

where:

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

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

the fraction is:

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

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

Day Count Fraction:

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

where:

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

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

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

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

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

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

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

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

**"FBF Definitions"** means the definitions set out in the June 2013 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules (*Additifs Techniques*) as published by the French Banking Federation (*Fédération Bancaire Française*) (together the **"FBF Master Agreement"**), unless specified otherwise in the relevant Pricing Supplement.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense and in its discretion.

**"Index Cessation Event"** means, in respect of a Relevant Benchmark which is a Reference Rate or a Floating Rate Option, or any other interest rate, yield, cost of funds or similar rate, the occurrence or existence, as determined by the Issuer, of one or more of the following events:

- (a) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, receivership, administration or winding-up of the administrator of the Relevant Benchmark, or the institution of proceedings relating to or analogous to any of the foregoing (as determined by the Issuer) in relation to the administrator, provided that, at that time, there is no successor administrator that will continue to provide the Relevant Benchmark;
- (b) the administrator of the Relevant Benchmark announcing that it has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide the Relevant Benchmark;
- (c) the administrator of the Relevant Benchmark announcing that the Relevant Benchmark has been or will be permanently or indefinitely discontinued; or
- (d) the supervisor of the administrator of the Relevant Benchmark or the administrator of the Relevant Benchmark announcing that the Relevant Benchmark may no longer be used.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Interest Payment Date"** means the date(s) specified in the relevant Pricing Supplement.

**"Interest Accrual Period Date"** means each Interest Payment Date unless specified otherwise in the relevant Pricing Supplement.

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. as may be supplemented or amended as at the Issue Date.

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

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

**"Rate of Interest"** means the interest rate payable in respect of the Certificates and that is either specified or calculated in accordance with the provisions of the relevant Pricing Supplement.

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

**"Reference Rate"** means the reference rate specified as such in the relevant Pricing Supplement.

**"Relevant Date"** means, in respect of any Certificate, Receipt or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or if payment thereof is unjustifiably delayed) the date on which payment in full of the amount outstanding is made.

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

**"Relevant Nominating Body"** means, in respect of a Relevant Benchmark:

- (a) the central bank for the currency in which the Relevant Benchmark is denominated or any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark; or
- (b) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (i) the central bank for the currency in which the Relevant Benchmark is denominated, (ii) any central bank or other supervisor which is responsible for supervising either the Relevant Benchmark or the administrator of the Relevant Benchmark, (iii) a group of those central banks or other supervisors or (iv) the Financial Stability Board or any part thereof.

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

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

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

**"Specified Currency"** means the currency specified in the relevant Pricing Supplement or, if none is specified, the currency in which the Certificates are denominated.

**"Specified Duration"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the Interest Accrual Period, ignoring any adjustment pursuant to Condition 6.3(b).

## **6.2 Interest on Fixed Rate Certificates**

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

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

Interest shall cease to accrue on each Certificate on the due date for redemption unless redemption on such due date is improperly withheld or refused, in which case interest shall continue to accrue (both before and after any judgment) at the Rate of Interest in the manner provided in Condition 6 to the Relevant Date.

## **6.3 Interest on Floating Rate Certificates, Index Linked Certificates, Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates, ADR/GDR Basket-Linked Certificates, ETF Linked Certificates and ETF Basket-Linked Certificates**

### **(a) Interest Payment Dates**

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

### **(b) Business Day Convention**

If any date referred to in these Terms and Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the

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

(c) **Rate of Interest for Floating Rate Certificates**

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

(i) **FBF Determination for Floating Rate Certificates**

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

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

provided, however, that:

- (a) unless Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement:
  - (1) if the application of the above provisions does not result in the determination of an FBF Rate for any Interest Period and if the Issuer (in consultation with the Calculation Agent) has not determined that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Certificates, then the Calculation Agent shall determine the FBF Rate for such Interest Period having regard to such facts and circumstances as it considers relevant; and
  - (2) if in relation to any Interest Period the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Certificates, the provisions of Condition 15 (*Consequences of a Benchmark Trigger Event*) shall apply and the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the FBF Definitions) for purposes of determining the FBF Rate for such Interest Period

notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the FBF Definitions; and

- (b) if Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and the application of the above provisions does not result in the determination of an FBF Rate for any Interest Period, then the provisions of Condition 6.3(d) (*Alternative Reference Rates*) shall apply as if Screen Rate Determination had been specified in the relevant Pricing Supplement in place of FBF Determination for such Interest Period, and all future Interest Periods, and as if:
  - (1) the Reference Rate were the Floating Rate Option for the Designated Maturity (each as specified in the relevant Pricing Supplement);
  - (2) the Relevant Screen Page were the screen page or other price source specified in the FBF Definitions for such Floating Rate Option;
  - (3) the Relevant Time and the Interest Determination Date were, respectively, the time and date as of and on which the FBF Definitions specify that such Floating Rate Option is, in respect of a Reset Date, to be determined by reference to such screen page or other price source; and
  - (4) the Relevant Financial Centre is such city or place as the Calculation Agent determines should be the Relevant Financial Centre to reflect current market practice for such Floating Rate Option.

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

(ii) ISDA Determination for Floating Rate Certificates

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

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

provided, however, that:

- (a) unless Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement:



- (1) if the application of the above provisions does not result in the determination of an ISDA Rate for any Interest Period and if the Issuer (in consultation with the Calculation Agent) has not determined that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Certificates, then the Calculation Agent shall determine the ISDA Rate for such Interest Period having regard to such facts and circumstances as it considers relevant; and
  - (2) if in relation to any Interest Period the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to the Certificates, the provisions of Condition 15 (*Consequences of a Benchmark Trigger Event*) shall apply and the Calculation Agent shall not be required to obtain quotations from Reference Banks (as defined in the ISDA Definitions) for purposes of determining the ISDA Rate for such Interest Period notwithstanding that it might otherwise be required to do so as a fallback procedure for the relevant Floating Rate Option pursuant to the ISDA Definitions; and
- (b) if Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and the application of the above provisions does not result in the determination of an ISDA Rate for any Interest Period, then the provisions of Condition 6.3(d) (*Alternative Reference Rates*) shall apply as if Screen Rate Determination had been specified in the relevant Pricing Supplement in place of ISDA Determination for such Interest Period, and all future Interest Periods, and as if:
- (1) the Reference Rate were the Floating Rate Option for the Designated Maturity (each as specified in the relevant Pricing Supplement);
  - (2) the Relevant Screen Page were the screen page or other price source specified in the ISDA Definitions for such Floating Rate Option;
  - (3) the Relevant Time and the Interest Determination Date were, respectively, the time and date as of and on which the ISDA Definitions specify that such Floating Rate Option is, in respect of a Reset Date, to be determined by reference to such screen page or other price source; and
  - (4) the Relevant Financial Centre is such city or place as the Calculation Agent determines should be the Relevant Financial Centre to reflect current market practice for such Floating Rate Option.

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

(iii) Screen Rate Determination for Floating Rate Certificates

Where Screen Rate Determination is specified in the relevant Pricing Supplement as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Coupon Determination Date in respect of such Interest Accrual Period in accordance with the following, subject always to the provisions of Condition 6.3(d) (*Alternative Reference Rates*) or Condition 15 (*Consequences of a Benchmark Trigger Event*) (as applicable):

- (A) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be:
- (a) the Reference Rate (where such Reference Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or
  - (b) the arithmetic mean of the Reference Rates of the institutions whose Reference Rates appear on that Screen Page,
- in each case as appearing on such Screen Page at the Relevant Time on the Coupon Determination Date, as specified in the relevant Pricing Supplement, plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(A) applies and no Reference Rate appears on the Screen Page at the Relevant Time on the Coupon Determination Date or if sub-paragraph (i)(B) applies and fewer than two Reference Rates appear on the Screen Page at the Relevant Time on the Coupon Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Coupon Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any); and
- (C) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Relevant Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is the euro, in the euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date and equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are quoting such rates to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; it being understood that, if fewer than two such banks are quoting such rates to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Coupon Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum Interest Rate or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

**(d) Alternative Reference Rates**

If Alternative Reference Rates is specified as applicable in the relevant Pricing Supplement and notwithstanding the provisions of Condition 6.3(c)(iii) (*Screen Rate Determination*), if the Issuer (in consultation with the Calculation Agent) determines that the Reference Rate specified in the relevant Pricing Supplement has ceased to be published on the Relevant Screen Page as a result of such Reference Rate ceasing to be calculated or administered, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine an alternative rate (the "**Alternative Reference Rate**") and an alternative screen page or source (the "**Alternative Relevant Screen Page**") no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**") for

the purposes of determining the Rate of Interest applicable to the Certificates for all future Interest Periods (subject to the subsequent operation of this Condition 5(d));

- (ii) the Alternative Reference Rate shall be such rate as the Independent Adviser determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Reference Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date, then the Issuer (in consultation with the Calculation Agent and acting in good faith and a commercially reasonable manner) shall determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Reference Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Reference Rate; provided, however, that if this Condition 6.3(d)(iii) applies and the Issuer is unable to determine an Alternative Reference Rate and Alternative Relevant Screen Page on or prior to the Interest Determination Date relating to the next Interest Period, the Rate of Interest applicable to such Interest Period shall be equal to the sum of the Margin and the rate last determined in relation to the Certificates in respect of a preceding Interest Period;
- (iv) if an Alternative Reference Rate and Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Alternative Reference Rate and Alternative Relevant Screen Page shall be the Reference Rate and the Relevant Screen Page in relation to the Certificates for all future Interest Periods (subject to the subsequent operation of this Condition 6.3(d));
- (v) if the Independent Adviser or, in accordance with Condition 6.3(d)(iii) above, the Issuer determines an Alternative Reference Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Calculation Agent, specify changes to the Relevant Time, Relevant Financial Centre, Reference Banks, Day Count Fraction, Business Day Convention, Business Days and/or Interest Determination Date applicable to the Certificates, and the method for determining the Rate of Interest in relation to the Certificates if the Alternative Reference Rate is not available, or fewer than the required number of rates appear, on the Alternative Relevant Screen Page at any time, in order to follow market practice in relation to the Alternative Reference Rate, and shall also specify any other changes (including to the Margin) which the Issuer, following consultation with the Independent Adviser (where appointed), determines in good faith are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of the Alternative Reference Rate, which changes shall apply to the Certificates for all future Interest Periods (subject to the subsequent operation of this Condition 6.3(d)) and the Issuer shall effect such amendments to the Conditions and such consequential amendments to the Agency Agreement as the Issuer may deem appropriate in order to give effect to this Condition 6.3(d). No consent of the Holders of the Certificates of the relevant Series or of the Holders of the Coupons appertaining thereto shall be required in connection with effecting the Alternative Reference Rate, Alternative Relevant Screen Page or such other changes, including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required); and
- (vi) the Issuer shall promptly following the determination of any Alternative Reference Rate and Alternative Relevant Screen Page give notice thereof and of any changes pursuant to Condition 6.3(d)(v) to the Principal Paying Agent, the Calculation Agent and the Certificateholders (in accordance with Condition 14 (*Notices*)).

(e) **Rate of Interest on Index Linked Certificates, Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates, ADR/GDR Basket-Linked Certificates, ETF Linked Certificates and ETF Basket-Linked Certificates**

The Rate of Interest of Index Linked Certificates, Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates, ADR/GDR Basket-Linked Certificates, ETF Linked Certificates and ETF Basket-Linked Certificates may bear interest at a rate indexed to an Index, an Index Basket, an Inflation Rate, a Currency, an Equity, an Equity Basket, an ADR/GDR, an ADR/GDR Basket, an ETF Unit or an ETF Basket, payable for the Certificates and which is either specified in the relevant Pricing Supplement or calculated in the manner set forth in the Pricing Supplement.

The coupon (the "**Coupon**") means, when this option is provided for in the Pricing Supplement of the Certificates, an amount of remuneration that may be paid to the Certificateholder in the conditions specified in the Pricing Supplement of the Certificates.

(f) **Dual Currency Certificates**

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

(g) **Accrual of Interest**

Interest shall cease to accrue on each Certificate on the due date for redemption unless redemption on such due date is improperly withheld or refused, in which case interest shall continue to accrue (both before and after any judgment) at the Rate of Interest in the manner provided in Condition 6 to the Relevant Date.

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

- (i) If any Margin is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 6.3 by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to the provisions of the next paragraph.
- (ii) If any Minimum or Maximum Rates of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, each such Rate of Interest, Instalment Amount or Redemption Amount may not exceed such maximum or be below such minimum, as the case may be.
- (iii) For the purposes of any calculation required pursuant to these Terms and Conditions (unless specified otherwise), (w) if FBF Determination is specified in the relevant Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) in all other cases, the percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), except in the case of the yen, which shall be rounded down to the nearest yen. For the purposes of this Condition, "unit" means the lowest amount of such currency that is legal tender in the country of such currency.

**(i) Calculations**

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

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

As soon as practicable on the date on which the Calculation Agent could be required to calculate any rate or amount, obtain any quotation, determine any amount or make calculations, it shall determine such rate and calculate the Coupon Amounts in respect of each Specified Denomination of the Certificates for the relevant Interest Accrual Period. It shall also calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain the corresponding quotation or make such determination or calculation, as may be necessary. It shall then cause the Rate of Interest and the Coupon Amounts for each Interest Period and the relevant Interest Payment Date and, if required, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Certificateholders and any other Calculation Agent appointed in connection with the Certificates to make further calculations upon receipt of such information. If the Certificates are listed on a stock exchange, market or quotation system and the rules applicable to that stock exchange, market or quotation system so require, it shall also communicate such information to said stock exchange, market or quotation system as soon as possible after its determination and no later than (i) the commencement of the relevant Interest Period, if such information is determined prior to such time, in the case of notification to such stock exchange, market or quotation system of a Rate of Interest and Coupon Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Condition 6.3(b), the Coupon Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of each rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) or, as the case may be, by the Independent Adviser, shall (in the absence of manifest error) be final and binding upon all parties.

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

The Issuer shall ensure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Certificates are outstanding (as defined above). If any Reference Bank (acting through its designated office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where several Calculation Agents are appointed in respect of the Certificates, any references in these Terms and Conditions to the Calculation Agent shall be construed as referring to each Calculation Agent performing its respective duties under these Terms and Conditions. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent is unable to establish the Rate of Interest for any Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, the money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its

duties without a successor having been appointed as aforesaid. So long as the Certificates are admitted to trading on a stock exchange, market or quotation system and the applicable rules of, or applicable to, that stock exchange, market or quotation system so require, notice of any change of Calculation Agent shall be given in accordance with Condition 14.

#### **6.4 Zero Coupon Certificates**

Where a Certificate, the Interest Basis of which is specified to be Zero Coupon, is redeemable prior to its Maturity Date pursuant to the exercise of an Issuer's Option or, if so specified in the relevant Pricing Supplement, pursuant to Condition 7.5 or otherwise and is not redeemed when due, the amount due and payable prior to the Maturity Date shall, unless provided otherwise in the relevant Pricing Supplement, be the Early Redemption Amount. As from the Maturity Date, the interest rate for any overdue principal of such a Certificate shall be a rate per annum (expressed as a percentage) equal to the Rate of Yield (as described in Condition 7.5(a)).

#### **6.5 Partly Paid Certificates**

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

### **7. Redemption, repurchase and options**

#### **7.1 Final redemption**

Unless previously redeemed, purchased and cancelled as provided for below, each Certificate shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless provided otherwise, is its nominal amount) or, in the case of a Certificate falling within the scope of Condition 7.2 below, its final Instalment Amount. Notwithstanding the above, in the case of Physical Delivery Certificates where the applicable Pricing Supplement specify that such Certificates shall be redeemed by payment and/or delivery of a Physical Delivery Amount, then each Certificate shall be finally redeemed by the payment and the delivery of the Physical Delivery Amount specified in, or determined in accordance with Condition 8 and/or as specified in the applicable Pricing Supplement.

#### **7.2 Redemption by Instalments**

Unless previously redeemed, purchased or cancelled as provided in this Condition 7 or the relevant Instalment Date (i.e. one of the dates so specified in the relevant Pricing Supplement) is extended pursuant to the Certificateholder's option in accordance with Condition 7.4, each Certificate whose terms and conditions provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Certificate shall be reduced by the relevant Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Certificates, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on the due date for such payment, in which case such amount shall remain outstanding until the Reference Date for the Instalment Amount.

#### **7.3 Redemption at the Option of the Issuer and Partial Redemption**

If a Call Option is specified in the relevant Pricing Supplement, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 14 to the Certificateholder (or such other notice period as may be specified in the relevant Pricing Supplement), redeem all or, as appropriate, some, of the Certificates on any Call Option Date (as specified in the relevant Pricing

Supplement). Any such redemption of Certificates shall be at their Optional Redemption Amount (as specified in the relevant Pricing Supplement) plus interest, if any, accrued to the date fixed for redemption (except in case of Zero Coupon Certificates which shall be at their Amortised Nominal Amount as defined in Condition 7.5(a)(ii)). Any such redemption should relate to Certificates of a nominal amount at least equal to the minimum redemption amount as specified in the relevant Pricing Supplement and may not exceed the maximum redemption amount as specified in the relevant Pricing Supplement.

If any other Issuer's Option (as described in the relevant Pricing Supplement) is specified in the relevant Pricing Supplement, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 14 to the Certificateholders (or such other notice period as may be specified in the relevant Pricing Supplement) exercise any Issuer's Option in relation to all or, as appropriate, some, of the Certificates on any Option Exercise Date. Any such exercise should relate to Certificates of a nominal amount at least equal to the minimum redemption amount in respect of which such option has been exercised as specified in the relevant Pricing Supplement and may not exceed the maximum redemption amount in respect of which such option has been exercised as specified in the relevant Pricing Supplement.

In the case of a partial redemption of, or a partial exercise of, an Issuer's Option, the redemption shall be effected by reducing the nominal amount of all such Certificates in a given Series in proportion to the aggregate nominal amount redeemed, subject to compliance with the prevailing legislation and stock exchange, market or quotation system or unregulated market regulations.

#### **7.4 Certificateholders' Put and Exercise of Certificateholders' Options**

If a Put Option is specified in the relevant Pricing Supplement, the Issuer shall, at the Certificateholder's request with notice of not less than fifteen (15) nor more than thirty (30) calendar days to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement), redeem the Certificate on the Put Option Date(s) (as specified in the relevant Pricing Supplement) at its Optional Redemption Amount (as specified in the relevant Pricing Supplement) together with interest accrued to the date fixed for redemption.

If any other Certificateholder's Option (as described in the relevant Pricing Supplement) is specified in the Pricing Supplement, the Issuer shall, at the Certificateholder's request with notice of not less than fifteen (15) nor more than thirty (30) calendar days to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement), exercise the option attached to the Certificate on the Option Exercise Date at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Certificateholder's option that may be set out in the relevant Pricing Supplement, the Holder must deposit with a Paying Agent at the office so designated, within the specified notice period, a duly completed option exercise notice (the "**Exercise Notice**"), the form of which may be obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be. The Certificateholder shall transfer, or cause to be transferred, the Certificates to be redeemed to the account of the Paying Agent with an office in Paris, as indicated in the Exercise Notice. Any option so exercised and, where applicable, any Certificate so deposited or transferred, may not be withdrawn without the Issuer's prior written consent.

#### **7.5 Early redemption**

##### **(a) Zero Coupon Certificates**

- (i) The Optional Redemption Amount or the Early Redemption Amount payable in respect of any Zero Coupon Certificates, the amount of which is not linked to an index and/or a formula, upon redemption of such Certificate pursuant to Condition 7.3, 7.4, 7.5(d) or 7.9, shall be equal to the Amortised

Nominal Amount or the Early Redemption Amount, as the case may be, (calculated as provided below) of such Certificate unless specified otherwise in the relevant Pricing Supplement.

- (ii) Subject to the provisions of sub-paragraph 7.5(a)(iii) below, the (i) Amortised Nominal Amount of any Certificate shall be, with respect to Conditions 7.3 and 7.4, equal to the Final Redemption Amount of such Certificate on the Maturity Date, discounted at a rate per annum (expressed as a percentage) equal to the Rate of Yield (which, unless specified otherwise in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Certificates if they were discounted back to their issue price on the Issue Date (the "**Rate of Yield**")) compounded annually (the "**Amortised Nominal Amount**") and (ii) Early Redemption Amount, with respect to Condition 7.5(d) and 7.9, (x) if "Zero Coupon Accrual Yield and Reference Price" is specified as the "Early Redemption Amount" in the relevant Pricing Supplement, the early redemption amount payable in respect of such Certificates will be the sum of a reference amount specified in the relevant Pricing Supplement known as the "Zero Coupon Certificate Reference Price" and the product of an annually compounded percentage rate specified in the relevant Pricing Supplement known as the Accrual Yield applied to the Zero Coupon Certificate Reference Price over a period from the issue date to the date of early redemption or (y) if "Zero Coupon Accrual Yield and Reference Price" is not specified as the "Early Redemption Amount" in the relevant Pricing Supplement, the early redemption amount payable in respect of such Certificate will be (a) the amount specified as the "Early Redemption Amount" in the relevant Pricing Supplement, or (b) the Fair Market Value if "Fair Market Value" is specified as the "Early Redemption Amount" in the relevant Pricing Supplement. If "Fair Market Value Floor" is specified in the relevant Pricing Supplement as being applicable, then the Fair Market Value shall in no event be less than the amount equal to the percentage per Specified Denomination specified as the Fair Market Value Floor Percentage in the relevant Pricing Supplement.
- (iii) If the Amortised Nominal Amount or Early Redemption Amount, as the case may be, payable in respect of each Certificate upon its redemption pursuant to Condition 7.3, 7.4, 7.5(d) or 7.9 is not paid when due, the Early Redemption Amount payable in respect of such Certificate shall be the Amortised Nominal Amount or Early Redemption Amount, as the case may be, of such Certificate as defined in sub-paragraph 7.5(a)(ii) above, it being understood that such sub-paragraph shall have effect as though the date on which said Certificate becomes payable is the Relevant Date. The calculation of the Amortised Nominal Amount or Early Redemption Amount, as the case may be, in accordance with this sub-paragraph shall continue to be made (both before and after any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount payable shall be the scheduled Final Redemption Amount of such Certificate on the Maturity Date plus any accrued interest, in accordance with Condition 7.4.

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

**(b) Physical Delivery Certificates**

In the case of Physical Delivery Certificates, in accordance with Condition 8.1 and as determined in the manner specified in the applicable Pricing Supplement.

**(c) Other Certificates**

The Early Redemption Amount payable in respect of any Certificate (other than the Certificates described in 7.5(a) above), upon redemption of such Certificate in accordance with Condition 7.5(d) or 7.9 shall be, as specified in the relevant Pricing Supplement either (i) the Final Redemption Amount together with interest accrued to the date fixed for redemption or (ii) a percentage of the Specified Denomination as specified in the relevant Pricing Supplement for such Certificate or (iii) the Fair Market Value of each Certificate, unless otherwise specified in the relevant Pricing Supplement.



**(d) Redemption for Taxation Reasons**

- (i) If, by reason of any change in French law or regulations, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer is, on the occasion of the next redemption of principal or payment of interest or other revenues due in respect of the Certificates, required to pay the additional amounts as specified in Condition 9.2 below, the Issuer may, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the Certificateholders (which notice shall be irrevocable), in accordance with Condition 14, redeem all, but not some only, of the Certificates at their Early Redemption Amount plus, unless specified otherwise in the relevant Pricing Supplement, any interest accrued to the date set for redemption provided that the date set for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest or other revenues without being required to withhold or deduct French taxes.
- (ii) If the Issuer, on the next redemption of principal or payment of interest or other revenues in respect of the Certificates, is prevented by French law from making payment to the Certificateholders of the full amounts then payable, notwithstanding the undertaking to pay all additional amounts laid down in 9.2 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to giving not less than seven (7) calendar days' prior notice to the Certificateholders in accordance with Condition 14, redeem all, but not some only, of the Certificates then outstanding at their Early Redemption Amount plus, unless specified otherwise in the relevant Pricing Supplement, any interest accrued to the date set for redemption on (A) the latest Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Certificates, provided that if such notice expires after such Interest Payment Date, the date for redemption of Certificateholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due in respect of the Certificates and (ii) fourteen (14) calendar days after giving notice to the Fiscal Agent or (B) if so specified in the relevant Pricing Supplement, on any date, provided that the scheduled date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Certificates or, if that date is passed, as soon as practicable thereafter.

**7.6 Partly Paid Certificates**

Partly Paid Certificates shall be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and as indicated in the relevant Pricing Supplement.

**7.7 Repurchases**

In compliance with applicable law and regulations, the Issuer shall have the right at all times to repurchase Certificates on the open market or otherwise (including by tender offer) at any price.

**7.8 Cancellation**

The Certificates repurchased by or on behalf of the Issuer for the purpose of cancellation pursuant to Condition 7.7 or 7.8 above shall be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France and, providing they are so transferred or surrendered, shall, like all Certificates redeemed by the Issuer, be cancelled forthwith (together with all rights relating to payment of interest and other amounts relating to such Certificates). The Certificates thus cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Certificates shall be discharged.

## 7.9 Illegality

If a new law or regulation enacted in France, or an amendment to the law or any mandatory ruling or change in legal or administrative interpretation of a law occurring after the Issue Date renders it illegal for the Issuer to comply with or fulfil its obligations in respect of the Certificates, the Issuer shall reimburse, subject to notice to the Certificateholders, in accordance with the provisions of Condition 14, of at the most forty-five (45) calendar days and at least thirty (30) calendar days prior to payment (such notice being irrevocable) the full amount of the Certificates, and not only part, at the Early Redemption Amount together with interest accrued to the date fixed for redemption.

## 8. Payment

### 8.1 Payment of the Certificates

For the purposes of this Condition 8, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Physical Delivery Amount(s).

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

For the purpose of this Condition 8.1, "**Bank**" means a bank operating in the principal financial centre in which the specified currency is legal tender or, in the case of payments in euros, in a city in which banks have access to the TARGET System.

### 8.2 Payments in Offshore Renminbi

Where payments of amounts due in respect of Certificates are in Offshore Renminbi, such payments will be made by credit or transfer to an account denominated in Offshore Renminbi and maintained by the payee with a bank in the relevant Offshore RMB Centre in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Offshore Renminbi in the relevant Offshore RMB Centre). Payments will, without prejudice to the provisions of this Condition, be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

### 8.3 Payments subject to fiscal laws

All payments are, but without prejudice to the provisions of Condition 9, subject to (i) any applicable fiscal or other laws, regulations and directives, (ii) any withholding or deduction required pursuant to an agreement described in 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code (**871(m) Withholding**). Commission or expenses shall not be charged to the Certificateholders in respect of such payments. In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Certificates, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

With respect to Certificates that provide for net dividend reinvestment in respect of either an underlying U.S. security (i.e., a security that pays U.S. source dividends) or an index that includes U.S. securities, all payments on the Certificates that reference such U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

#### **8.4 Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Calculation Agent and the Registration Agent initially appointed by the Issuer and their respective offices are listed at the end of the Offering Memorandum relating to the Issuer's Certificates Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case, do not assume any agency obligation with regard to the Certificateholders. The Issuer reserves the right at any time to change or terminate the appointment of the Fiscal Agent, any Paying Agent, Registration Agent or Calculation Agent and to appoint another Fiscal Agent or Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Terms and Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities, (iv) in the case of Certificates in fully registered form, a Registration Agent and (v) such other agents as may be required by the rules of any other stock exchange, market or quotation system on which the Certificates are admitted to trading.

Certificateholders shall be notified immediately of any such change or of any change in a specified office as required under Condition 14.

#### **8.5 Business Days for payment**

If any date for payment in respect of a Certificate is not a business day, the Certificateholder shall not be entitled to payment until the next business day unless otherwise specified in the relevant Pricing Supplement, nor to any interest or other sum in respect of such postponement. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) on which Euroclear France is open for business or (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Pricing Supplement and (C) (i) in the case of a payment in a currency other than the euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euros, which is a TARGET Business Day.

The applicable Pricing Supplement shall contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Certificates (including, without limitation, liability for the costs of transfer of Underlying Assets). The Underlying Assets shall be delivered at the risk of the relevant Certificateholder in such manner as may be specified in the Transfer Notice and no additional payment or delivery shall be due to a Certificateholder where any Underlying Assets are delivered after their due date as the result of circumstances beyond the control of either the Issuer or the Settlement Agent.

#### **8.6 Currency-Provisions**

##### **(a) Payment of Alternative Payment Currency Equivalent**

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, then if by reason of a FX Disruption Event, a Clearing System Currency Eligibility Event or any

other event specified in the relevant Pricing Supplement as an Additional Alternative Payment Currency Event, the Issuer is not able to satisfy payments in respect of the Certificates when due in the Settlement Currency, the Issuer may, settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.6 by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Certificateholders. By acceptance thereof, purchasers of the Certificates will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

**(b) Price Source Disruption and FX Disruption**

If "Price Source Disruption" is specified as being applicable in the relevant Pricing Supplement, then, if on any day on which the Calculation Agent is required to determine a Relevant Rate (a "**Scheduled FX Fixing Date**"):

- (i) a Price Source Disruption occurs, (other than as a result of an Unscheduled Holiday) and no Alternative Payment Currency Exchange Rate Fall-Back provisions and/or Underlying Currency Pair Exchange Rate Fall-Back provisions (as applicable) are specified in the relevant Pricing Supplement, then the Calculation Agent shall:
  - (A) determine the Relevant Rate by reference to the rate of exchange published by available recognised financial information vendors (as selected by the Calculation Agent acting in good faith and in a commercially reasonable manner) on the Scheduled FX Fixing Date (the "**Fallback Reference Price**"); or
  - (B) if (i) the Calculation Agent is unable to determine a Fallback Reference Price in accordance with paragraph (A) above or the Calculation Agent determines that the Fallback Reference Price so determined does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; (ii) the Calculation Agent determines that the Relevant Rate determined in accordance with paragraph (B) above does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; or (iii) fewer than 2 quotations are provided by Reference Dealers following the Calculation Agent's request pursuant to paragraph (B) above, the Calculation Agent will determine the Relevant Rate on the first succeeding Business Day on which the Price Source Disruption ceases to exist; **provided, however, that** if the Price Source Disruption continues for thirty consecutive calendar days (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Date (the "**FX Cut-off Date**"), the Calculation Agent shall determine its good faith estimate of the Relevant Rate on that FX Cut-off Date; or
- (ii) an Unscheduled Holiday occurs (whether or not a Price Source Disruption also occurs), the Scheduled FX Fixing Date for such Relevant Rate and all other Relevant Rates which have the same Scheduled FX Fixing Date shall be postponed to the first succeeding Relevant Currency Business Day; **provided, however that** in the event that the Scheduled FX Fixing Date is postponed as a result of the occurrence of an Unscheduled Holiday (a "**Postponed FX Fixing Date**"), and if the Postponed FX Fixing Date has not occurred on or before the thirtieth consecutive calendar day (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Date (any such period being a "**Deferral Period**"), then the next day after the Deferral

Period that is or would have been a Relevant Currency Business Day but for an Unscheduled Holiday, shall be deemed to be the Postponed FX Fixing Date and the Calculation Agent shall determine its good faith estimate of the Relevant Rate on that Postponed FX Fixing Date.

If at any time, a FX Disruption Event occurs, the Issuer, in its sole and absolute discretion, may elect to either:

- (i) having given not less than five days' notice to the Certificateholders in accordance with Condition 14 (*Notices*), redeem all, but not some only, of the Certificates at their Fair Market Value (and, if the FX Disruption Event occurs on a Scheduled FX Fixing Date on which there is a Price Source Disruption or Unscheduled Holiday, for the purposes of determining such Fair Market Value the Calculation Agent shall first determine any Relevant Rate in accordance with sub-paragraph (i) or (ii), as applicable, of Condition 8.6) on the date notified to the Certificateholders; or
- (ii) instruct the Calculation Agent to make such adjustment(s) to the Conditions as it, acting in good faith and in a commercially reasonable manner, determines to be necessary or desirable to reflect or account for any market practice that develops in respect of the FX Disruption Event,

**provided, however that** in relation to (i) and (ii) above, if as a result of the FX Disruption Event the Issuer is not able to satisfy payments in respect of the Certificates when due in the Settlement Currency, the Issuer may settle any such payment pursuant to the provisions of Condition 8.6;

If a Scheduled FX Fixing Date is postponed in accordance with this Condition 8.6, any Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) local banking days (or such other number of local banking days as may be specified in the applicable Pricing Supplement) following the postponed Scheduled FX Fixing Date or, if later, the FX Cut-off Date or Postponed FX Fixing Date, as applicable.

In these Terms and Conditions, the following defined terms, for the purposes of the provisions 8.6, shall have the meanings set out below:

**"Alternative Payment Currency"** means the currency, which may be Offshore RMB, specified as such in the relevant Pricing Supplement;

**"Alternative Payment Currency Equivalent"** means the relevant amount in the Settlement Currency determined by the Calculation Agent converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date;

**"Alternative Payment Currency Exchange Rate"** means:

- (i) the rate of exchange between the Settlement Currency and Alternative Payment Currency (expressed as the number of units of Alternative Payment Currency per one unit of Settlement Currency or as the number of units of Settlement Currency per one unit of Alternative Payment Currency (as applicable)) as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time on the Alternative Payment Currency Fixing Date and as observed by the Calculation Agent;
- (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Alternative Payment Cross Currency Rate and the Settlement Currency Exchange Rate, as determined by the Calculation Agent; or
- (iii) such other rate as may be specified in the relevant Pricing Supplement.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on an Alternative Payment Currency Fixing Date a Price Source Disruption occurs and (a) if Alternative Payment Currency Exchange Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate in accordance with the Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Alternative Payment Currency Exchange Rate in accordance with such Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in its discretion; or (b) if such Alternative Payment Currency Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in accordance with sub-paragraphs (i) or (ii), as applicable, of Condition 8.6 or, if Price Source Disruption is specified as not applicable in the relevant Pricing Supplement, in its discretion;

**"Alternative Payment Cross Currency Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Alternative Payment Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Alternative Payment Currency Fixing Date"** means the fifth day (or such other number of days specified in the relevant Pricing Supplement) prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate). For the purposes of this definition, "day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place specified as such in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Settlement Currency Jurisdiction, the Alternative Payment Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Alternative Payment Currency Fixing Page"** means the Reuters or other screen page specified as such in the relevant Pricing Supplement or any successor page thereof or, if such page is not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate by reference to the spot rate prevailing in the international exchange market;

**"Alternative Payment Currency Fixing Time"** means the time and place specified as such in the relevant Pricing Supplement or, such other time and place as the Calculation Agent determines in the case of a successor page to the Alternative Payment Currency Fixing Page specified in the Pricing Supplement;

**"Cross Currency"** means the currency specified as such in the relevant Pricing Supplement, or if such currency is not specified in the relevant Pricing Supplement, the Cross Currency shall mean USD;

**"Cross Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Clearing System Currency Eligibility Event"** means the relevant clearing system(s) ceases to accept payments in the Settlement Currency;

**"Fair Market Value"** means, in relation to any Certificates which is to be terminated early, its fair market value immediately prior to the early termination date, as determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent, as applicable, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements, and any such calculation of the fair market value shall have the effect of preserving for the Certificateholders the economic equivalent of the obligations of the Issuer to make payments in respect of the Certificates which would, but for such early termination, have fallen due after the relevant early termination date. In addition, if Fair Market Value Floor is specified in the relevant Pricing Supplement

as being applicable, then the Fair Market Value shall in no event be less than the amount equal to the percentage per Specified Denomination specified as the 'Fair Market Value Floor Percentage' in the relevant Pricing Supplement;

**"FX Disruption Event"** means the occurrence, as determined by the Calculation Agent, of (i) an Inconvertibility, Non-transferability or Illiquidity, or any other event affecting the Cross Currency, Reference Currency, Settlement Currency or Specified Currency (as applicable) (the "Relevant Currency") which would make it unlawful or impractical 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 power) for the Issuer (or the Issuer's affiliate) to pay or receive amounts in the Relevant Currency under or in respect of any hedging arrangement relating to or connected with the Relevant Currency; or (ii) if Offshore RMB is specified as the applicable Relevant Currency, each of the events specified in (i) above, plus an Offshore RMB Disruption;

**"FX Cut-off Date"** has the meaning ascribed thereto in Condition 8.6(b) (*Price Source Disruption and FX Disruption*);

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the PRC and each Offshore RMB Centre;

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

**"Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible for the Issuer to convert any amount due in respect of the Certificates in the foreign exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Initial Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Relevant Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Relevant Currency) specified as such in the relevant Pricing Supplement;

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

**"Offshore RMB"** means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by competent authorities in the Offshore RMB Centre prevailing as of the Trade Date of the Certificates;

**"Offshore RMB Centre"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Offshore RMB Disruption"** means the occurrence of, as determined by the Calculation Agent, an Offshore RMB Inconvertibility, Offshore RMB Non-transferability or Offshore RMB Illiquidity;

**"Offshore RMB Illiquidity"** means the occurrence of any event after the Trade Date that makes it impossible (where it has previously been possible) for the Issuer to obtain a firm quote of an offer price in respect of any amount in Offshore RMB in order to satisfy its obligation to pay an amount under the Certificates (the "Relevant Disrupted Amount"), in each case on the due date for payment, Valuation Date or Underlying Currency Pair Fixing Date (as the case may be), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Offshore RMB exchange market in each Offshore RMB Centre in order to perform its obligations under the Certificates;

**"Offshore RMB Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of Offshore RMB no less than the Relevant Disrupted Amount into or from USD in the general Offshore RMB exchange market in each Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Certificates and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Offshore RMB Non-Transferability"** means the occurrence in each Offshore RMB Centre of any event after the Trade Date that makes it impossible (where it had previously been possible) for the Issuer to transfer Offshore RMB (i) between accounts inside an Offshore RMB Centre, (ii) from an account inside an Offshore RMB Centre to an account outside such Offshore RMB Centre and outside the PRC, or (iii) from an account outside an Offshore RMB Centre and outside the PRC to an account inside such Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Certificates and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Offshore RMB Non-Transferability and Hong Kong as an Offshore RMB Centre only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

**"Price Source Disruption"** means, in relation to a Relevant Rate, such Relevant Rate is not available for any reason as determined by the Calculation Agent;

**"Reference Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Reference Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Reference Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Reference Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Reference Dealers"** means leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent;

**"Relevant Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Relevant Currency Business Day"** means, in relation to a Relevant Rate that is the:



(i) Alternative Payment Currency Exchange Rate or Alternative Payment Cross Currency Rate or Settlement Currency Exchange Rate (which is being determined for the purposes of determining the Alternative Payment Currency Exchange Rate), an Alternative Payment Currency Fixing Date; or

(ii) Underlying Currency Pair Exchange Rate, Specified Currency Exchange Rate or Reference Currency Exchange Rate, an Underlying Currency Pair Business Day;

**"Relevant Rate"** means the Alternative Payment Currency Exchange Rate, Alternative Payment Cross Currency Rate, Reference Currency Exchange Rate, Settlement Currency Exchange Rate, Specified Currency Exchange Rate or Underlying Currency Pair Exchange Rate (as applicable);

**"Scheduled FX Fixing Day"** has the meaning specified in Condition 8.6;

**"Settlement Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Settlement Currency Exchange Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Settlement Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Settlement Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Specified Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Specified Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement;

**"Underlying Currency Pair Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified in the relevant Pricing Supplement or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Reference Currency Jurisdiction(s), the Specified Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Underlying Currency Pair Exchange Rate"** means

(i) the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one units of Specified Currency) or as the number of units of Specified Currency per one unit of Reference Currency (as applicable) as published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date and as observed by the Calculation Agent.

(ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Specified Currency Exchange Rate and the Reference Currency Exchange Rate, as determined in good faith and in a commercially reasonable manner by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on an Underlying Currency Pair Fixing Date a Price Source Disruption occurs, and (a) if Underlying Currency Pair Exchange Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in accordance with the

Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Underlying Currency Pair Exchange Rate in accordance with such Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in its discretion; or (b) if such Underlying Currency Pair Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in accordance with sub-paragraph (i) or (ii), as applicable, of Condition 8.6 or, if Price Source Disruption is specified as not applicable in the relevant Pricing Supplement in its discretion;

**"Underlying Currency Pair Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or, if such date is not an Underlying Currency Pair Business Day the immediately following day that is an Underlying Currency Pair Business Day, or if such date is not specified in the relevant Pricing Supplement, the fifth Underlying Currency Pair Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);.

**"Underlying Currency Pair Fixing Page"** means the Reuters or other screen page as specified as such in the Pricing Supplement or any successor page thereof or if not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate by reference to the relevant spot rate prevailing in the international exchange market;

**"Underlying Currency Pair Fixing Time"** means the time and place as specified as such in the relevant Pricing Supplement or such other time and place as the Calculation Agent determines in the case of a successor page to the Underlying Currency Pair Fixing Page specified in the Pricing Supplement;

**"Unscheduled Holiday"** means, in relation to a Relevant Rate, a day, determined by the Calculation Agent, that is not a Relevant Currency Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until on or prior to the second Relevant Currency Business Day (or such other number of Relevant Currency Business Days specified in the relevant Pricing Supplement) immediately preceding the Scheduled FX Fixing Day.

## **9. Taxation**

### **9.1 Withholding tax**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Certificates shall be made without any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

### **9.2 Additional amounts**

If French law should require that payments of principal or interest or other revenues in respect of any Certificate be subject to withholding or deduction for any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts in such a way that the Certificateholders receive the amounts that they would receive had no such withholding or deduction been required, it being specified that no such additional amounts shall be payable in respect of any Certificate where the Certificateholder, or third party acting on its behalf, is liable to such taxes, duties, assessments or governmental charges for any other reason than the mere holding of the Certificate.

References in these Terms and Conditions to (i) **"principal"** shall be deemed to include any premium payable in respect of the Certificates, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) **"interest"** shall be deemed to include all amounts

payable pursuant to Condition 6 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" and/or "**other revenues**" shall be deemed to include any additional amounts that may be payable under this Condition.

#### **10. Taxes, duties and expenses**

Subject to Condition 9.2, the Issuer assumes no liability or other obligation in respect of payment of any taxes, duties, withholding tax or other expenses arising from the ownership, transfer or settlement of the Certificates, and all payments made by the Issuer shall be made subject to any taxes, duties, levies, withholding taxes or any other expenses that may have to be discharged, paid, made or deducted.

#### **11. Prescription**

Claims against the Issuer in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the Relevant Date in question.

#### **12. Modifications**

These Terms and Conditions may be amended or modified for any given Series of Certificates by the provisions of the Pricing Supplement of the Series concerned.

#### **13. Further issues and consolidation**

##### **13.1 Further issues**

Unless otherwise provided in the relevant Pricing Supplement, the Issuer may from time to time without the consent of the Certificateholders create and issue further Certificates to be assimilated (*assimilables*) with the Certificates provided such Certificates and the additional Certificates carry rights identical in all respects (or identical in all respects except for the first payment of interest) and that the terms of such Certificates provide for such assimilation, and references in these Terms and Conditions to "**Certificates**" shall be construed accordingly.

##### **13.2 Consolidation**

Unless otherwise provided in the relevant Pricing Supplement, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), may from time to time on any Interest Payment Date occurring on or after the redenomination date on giving not less than thirty (30) calendar days' prior notice to the Certificateholders in accordance with Condition 14, without the consent of the Certificateholders, consolidate the Certificates of one Series denominated in euros with the Certificates of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euros, provided such other Certificates have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Certificates.

#### **14. Notices**

14.1 Notices to the holders of Certificates in registered form (*au nominatif*) shall be valid if mailed to them at their respective addresses, in which case they shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing. It is specified that, so long as such Certificates are listed, quoted or admitted to trading on any stock exchange, market or quotation system, notices shall also be published in accordance with the rules applicable to the stock exchange, market or quotation system.

14.2 Notices sent to the holders of Certificates in bearer form (*au porteur*) shall be valid if published in a daily financial newspaper of general circulation in Europe (which is expected to be the Financial Times) and so long

as such Certificates are listed, quoted or admitted to trading on any stock exchange, market or quotation system, notices shall also be in accordance with the rules applicable to said stock exchange, market or quotation system.

- 14.3 If any such publication is not practicable, notice shall be deemed validly given if published in a leading daily financial newspaper with general circulation in Europe, it being specified that, as long as the Certificates are admitted to trading on any stock exchange, market or quotation system, notices shall be published in any manner required, where appropriate, by the rules applicable to said stock exchange, market or quotation system.
- 14.4 Notices required to be sent to the holders of Certificates (whether in registered or in bearer form) (*au porteur or au nominatif*) pursuant to these Terms and Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Certificates are for the time being cleared in substitution for the mailing and publication as required by Conditions 16.1, 16.2 and 16.3 above, provided however that so long as such Certificates are listed, quoted or admitted to trading on any stock exchange, market or quotation system, notices shall also be published in any other required manner, where appropriate, in accordance with the rules applicable to said stock exchange, market or quotation system.

## 15. Consequences of a Benchmark Trigger Event

- (a) This Condition 15 shall apply unless Condition 6.3(d) (*Alternative Reference Rate*) is specified as being applicable in the relevant Pricing Supplement.
- (b) If the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Trigger Event has occurred in relation to a Relevant Benchmark relating to a Series of Certificates, then:
- (i) if an Alternative Pre-nominated Index has been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement:
- (A) unless the Issuer determines that replacing the Relevant Benchmark with the Alternative Pre-nominated Index would not produce a commercially reasonable result, references to such Relevant Benchmark shall be deemed to be replaced with references to the Alternative Pre-nominated Index with effect from the Benchmark Trigger Event Determination Date; and
- (B) the Issuer shall make such other adjustments to the Conditions as it determines are necessary to account for the effect on the Certificates of referencing the Alternative Pre-nominated Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Certificates; and
- (ii) if an Alternative Pre-nominated Index has not been specified in relation to such Relevant Benchmark in the relevant Pricing Supplement or the Issuer determines that replacing the Relevant Benchmark with the Alternative Prenominated Index would not produce a commercially reasonable result, the Issuer shall do any of the following:
- (A) determine that references to such Relevant Benchmark shall be deemed to be replaced by references to such index, benchmark or price source as the Issuer determines would have the effect of placing the Issuer in an economically equivalent position to that which it would have been in had the Benchmark Trigger Event not occurred (the "**Replacement Index**") (and in making such determination the Issuer shall be entitled to take into account such facts and circumstances as it considers relevant including, without limitation, (i) any index, benchmark or other price source which measures the same market or economic reality as the Relevant

Benchmark and which is formally designated, nominated or recommended by the administrator or sponsor of the Relevant Benchmark or (ii) any index, benchmark or other price source which is formally designated, nominated or recommended by any Relevant Nominating Body, in each case to replace the Relevant Benchmark), in which case:

- I. references to such Relevant Benchmark shall be deemed to be replaced with references to such Replacement Index with effect from the Benchmark Trigger Event Determination Date; and
  - II. the Issuer shall make such other adjustments to the Conditions as it determines are necessary to account for the effect on the Certificates of referencing the Replacement Index in place of such Relevant Benchmark including, without limitation, to any variable, margin, calculation methodology, valuation, settlement, payment terms or any other terms of the Certificates; or
- (B) follow the steps for determining the relevant rate or level set out in the Relevant Reference Asset Fallback Provisions (if any); or
  - (C) determine that the Certificates shall be redeemed, in which case the Issuer shall redeem the Certificates at their Fair Market Value on the date selected by the Issuer and give notice of such redemption to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*Notices*);

provided, **however, that** if (1) it is or would be unlawful at any time under applicable law or regulation or (2) it would contravene any applicable licensing requirements, in each case, for any of the above provisions or determinations to apply to the Certificates, then such provision shall not apply and the Issuer shall not make such determination (as the case may be) and the Issuer shall instead take any of the above actions that complies with the applicable law, regulation or licensing requirements.

- (c) In making any determination under this Condition 15, the Issuer shall take account of such facts and circumstances as it considers relevant, including, without limitation, any determinations made in respect of any of the Issuer's hedging arrangements in relation to the Certificates (including in respect of any termination or re-establishment of hedging arrangements) and the Issuer's funding costs.
- (d) If the Issuer is not able to determine the Relevant Benchmark in accordance with the provisions of this Condition 15 on any Relevant Benchmark Determination Date, then the Relevant Benchmark Determination Date shall be postponed to such date as it is able to make such determination and any Relevant Benchmark Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) local banking days (or such other number of days as may be specified in the applicable Pricing Supplement) following the postponed Relevant Benchmark Determination Date.
- (e) Unless Interest Adjustment is specified in the relevant Pricing Supplement as being applicable, no further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 15 (so that, for the avoidance of doubt, any interest payable in respect of the Certificates on a Relevant Benchmark Related Payment Date which is so postponed shall be calculated as if such Relevant Benchmark Related Payment Date had not been postponed pursuant to this Condition 15) unless, in the case of a Fixed Rate Certificate, a Floating Rate Certificate or a Zero Coupon Certificate, there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in Condition 6.2 (*Interest on Fixed Rate Certificates*), 6.3 (*Interest on Floating Rate Certificates, Index Linked Certificates, Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, Equity Linked*

*Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates, ADR/GDR Basket-Linked Certificates, ETF Linked Certificates and ETF Basket-Linked Certificates*) or 6.4 (*Zero Coupon Certificates*), as appropriate.

- (f) The Issuer shall promptly following the determination of any replacement for a Relevant Benchmark pursuant to paragraph (b)(i)(A) or (b)(ii)(A) above give notice thereof and of any changes pursuant to paragraph (b)(i)(B) or (b)(ii)(A)(2) (as applicable) to the Principal Paying Agent, the Calculation Agent and the Certificateholders (in accordance with Condition 14 (*Notices*)).
- (g) Without prejudice, in the case of any Index-Linked Certificates, to Condition 17.7(b) (*Index Modification*), if the definition, methodology or formula for a Relevant Benchmark in respect of a Series of Certificates, or other means of calculating the Relevant Benchmark in respect of a Series of Certificates, is changed, then references to such Relevant Benchmark shall be to such Relevant Benchmark as so changed.

## **16. Governing Law and jurisdiction**

### **16.1 Governing law**

The Certificates are governed by, and shall be construed in accordance with, French law.

### **16.2 Jurisdiction**

Any claim against the Issuer in connection with the Certificates must be brought before the competent court in Paris.

## **17. Additional terms relating to Equity-Linked Certificates or Equity Basket-Linked Certificates, Index Linked Certificates or Index Basket-Linked Certificates, Inflation Rate-Linked Certificates, Currency-Linked Certificates, ETF Linked Certificates or ETF Basket-Linked Certificates, ADR/GDR Linked Certificates or ADR/GDR Basket-Linked Certificates**

### **17.1 Definitions**

As used in this Condition 17, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 17.10;

"**ADR/GDR Linked Certificates**" means a Series of Equity-Linked Certificates which relate to one or more Securities which are ADRs/GDRs;

"**American Depositary Receipt(s)**" or "**ADR(s)**" means any Security specified as such in the relevant Pricing Supplement *provided that* if the relevant Deposit Agreement is terminated at any time, any reference to any ADR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Certificates and determine the effective date of such adjustment;

"**Automatic Early Redemption Amount**" means (a) an amount in the relevant currency specified in the relevant Pricing Supplement or if such amount is not specified, (b) the product of (i) the nominal amount of one Certificate and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

**"Automatic Early Redemption Date(s)"** means each of the date(s) specified as such in the relevant Pricing Supplement, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Pricing Supplement;

**"Automatic Early Redemption Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level;

**"Automatic Early Redemption Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Automatic Early Redemption Certificates"** means a Series of Certificates in respect of which the relevant Pricing Supplement specifies that Automatic Early Redemption is applicable;

**"Automatic Early Redemption Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Pricing Supplement;

**"Automatic Early Redemption Valuation Date(s)"** means each of the date(s) specified as such in the relevant Pricing Supplement or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 17.5 which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

**"Averaging Date"** means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 17.5;

**"Cash Settlement"** means, in relation to a Series of Certificates, that the relevant Certificateholder is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Pricing Supplement in the Specified Currency;

**"Clearing System Business Day"** means, in relation to any Securities, any day on which the principal domestic clearing system customarily used for settling trades in such Securities is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, 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 other securities;

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

**"Delivery Disruption Event"** means, as determined by the Calculation Agent, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Certificate due to illiquidity in the market for such Securities;

**"Deposit Agreement"** means, in relation to each ADR/GRD, the agreement(s) or other instrument(s) constituting such ADR/GRD, as from time to time amended or supplemented;

**"Depository"** means, in relation to a ADR/GRD, the issuer of such ADR/GRD as appointed under the Deposit Agreement, including its successors from time to time;

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Certificates are Multiple Exchange Index Linked Certificates, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

**"EMU Event"** means the occurrence of any of the following, as determined by the Calculation Agent:

- (a) the redenomination of any security into euro;
- (b) the change by any organised market, exchange or clearing system, payment or settlement system in the unit of account of its operating procedures to the euro;
- (c) any change in the currency of denomination of any Index; or
- (d) any change in the currency in which some or all of the securities or other property comprising any Index is denominated;

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

**"Equity-Linked Certificates"** means a Series of Certificates in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Pricing Supplement);

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security or components of the Index, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Pricing Supplement);



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

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

**"Exchange Rate"** means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Pricing Supplement, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Pricing Supplement and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such Exchange Rate by reference to such sources as it may select;

**"Exchange Traded Fund"** or **"ETF"** means the exchange traded fund as specified in the relevant Pricing Supplement;

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

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

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Pricing Supplement or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Pricing Supplement specify that the Securities are Units in an ETF, a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting (b) in the case where the Pricing Supplement specify that the Securities are Units in an ETF, a Merger Event, a Nationalisation, an Insolvency, a Delisting or Extraordinary ETF Event;

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

- (a) the ETF (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a

regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;

- (b) the ETF has violated any leverage restriction that is applicable to, or affecting, such ETF or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the ETF Documents or any contractual restriction binding on or affecting the ETF or any of its assets;
- (c) the resignation, termination or replacement of the ETF Adviser (as defined below);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);
- (g) (A) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the

alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;

- (h) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that the ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

**"Fair Market Value"** has the meaning specified in Condition 8.6.

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Pricing Supplement or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Levels on such Averaging Dates;

**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Pricing Supplement, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant

currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

**"Global Depositary Receipt(s)" or "GDR"** means, any Security specified as such in the relevant Pricing Supplement provided that if the relevant Deposit Agreement is terminated at any time, any reference to any GDR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Certificates and determine, the effective date of such adjustment;

**"HSBC Index"** means, in relation to a Series of Certificates, an index listed in the section "HSBC Indices" of this Offering Memorandum and specified in the relevant Pricing Supplement;

**"HSBC Index Sponsor"** means Markit Equities Limited, as specified in the relevant Pricing Supplement;

**"HSBC Index Rules"** means, the rules published by Markit Equities Limited which may be obtained from <http://www.markit.com/HSBCDocumentation/Product/HSBCIndices>, as specified in the relevant Pricing Supplement;

**"Index"** means, in relation to a Series of Certificates, the index or an HSBC Index, to which such Certificates relates, as specified in the relevant Pricing Supplement, subject to adjustment pursuant to this Condition 17, and **"Indices"** shall be construed accordingly;

**"Index-Linked Certificate"** means a Series of Certificates in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Pricing Supplement);

**"Index Rules"** (i) means the HSBC Index Rules or (ii) has the meaning ascribed to it in the applicable Pricing Supplement;

**"Index Sponsor"** means (i) the HSBC Index Sponsor or (ii) 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 Pricing Supplement);

**"Initial Index Level"** means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

**"Initial Price"** means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

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

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of

such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8<sup>th</sup>) 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 (8<sup>th</sup>) 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 17.5(c)(i), (ii) or (iii), as the case may be;

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

**"Knock-in Event"** means (a) the event or occurrence specified as such in the relevant Pricing Supplement; and (b) (unless otherwise specified in the relevant Pricing Supplement) 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 Pricing Supplement, (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 Pricing Supplement;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Pricing Supplement or in the event that the relevant Pricing Supplement 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 17.5(c)(i), (ii) or (iii), 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 Pricing Supplement; and (ii) (unless otherwise specified in the relevant Pricing Supplement) 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 Pricing Supplement, (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 Pricing Supplement;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement;

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

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

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

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

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

If the Certificates are ADRs/GDRs Linked Certificates, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Pricing Supplement;

**"Multiple Exchange Index Linked Certificates"** means Certificates which relate to a Multiple Exchange Index;

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

**"Notional Sale Date"** has the meaning given in the definition of Settlement Date below;

**"Participating Member States"** means any member state of the European Union which adopts the single currency in accordance with the Treaty;

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; 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 Pricing Supplement;

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

**"Potential Exercise Date"** means each date specified as such in the Pricing Supplement or if such date is not a Business Day, the next succeeding date that is a Business Day; provided, however, that, if the Scheduled FX Fixing Day on or immediately preceding the Potential Exercise Date is postponed pursuant to the provisions of Condition 8.6, then the Potential Exercise Date shall be the Business Day immediately following the later of the postponed Scheduled FX Fixing Day or, if later, the FX Cut-off Date or Postponed FX Fixing Day, as applicable;

**"Reference Level"** means, unless otherwise specified in the relevant Pricing Supplement (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

**"Reference Price"** means, unless otherwise specified in the relevant Pricing Supplement, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

**"Related Exchange"** means, subject to the provision below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Pricing Supplement, 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 Pricing Supplement, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

**"Residual Amount"** means, in relation to a Certificateholder and a Certificate, the fraction of a Security rounded down pursuant to Condition 17.2, as determined by the Calculation Agent or such amount as otherwise specified in the relevant Pricing Supplement;

**"Residual Cash Amount"** means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Strike Price;

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



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

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

**"Securities"** means, in relation to a Series of Certificates or in relation to an Index, the equity securities, ADRs/GDRs, Units of ETF or other securities or property, as adjusted pursuant to this Condition 17, to which such Certificates or Index are linked, as the case may be, relate, as specified in the relevant Pricing Supplement and **"Security"** shall be construed accordingly;

**"Securities Transfer Amount"** means the number of Securities per Certificate as specified in the relevant Pricing Supplement or if no such number is so specified, the number of Securities per Certificate calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and the denominator is the Strike Price;

**"Settlement Cycle"** means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

**"Settlement Date"** means the date specified as such in the relevant Pricing Supplement or if such date is not a Business Day, the immediately following day that is a Business Day;

**"Settlement Disruption Event"** in relation to a Security or a Component Security, means an event which the Calculation Agent determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant clearing system cannot clear the transfer of such Security or Component Security;

**"Strike Date"** means the date specified as such in the relevant Pricing Supplement;

**"Strike Price"** has the meaning ascribed thereto in the relevant Pricing Supplement;

**"Successor Index"** has the meaning given in Condition 17.7(a);

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

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of an Equity-Linked Certificate) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Linked Certificates); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security

on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Transfer Expenses"** means, with respect to any Certificates, all taxes, including the French financial transaction tax, any duties, including stamp duties, any assignment, issue registration or transfer duties, and any other similar taxes or duties, and/or all expenses, fees, including safe-keeping charges, operational or exercise fees, taxes and registration fees payable on the date of and/or by the reason of, or in connection with the Certificates, including their redemption, assignment, delivery, and/or the acquisition, transfer, or delivery of the Securities and/or any disposition by the transferor for the benefit of the relevant Holders of any security;

**"Transfer Notice"** means a notice in the form from time to time approved by the Issuer, which must:

- (a) specify the name and address of the Holder of the Certificate;
- (b) specify the number of Certificates in respect of which it is the Certificateholder;
- (c) specify the number of the Certificateholder's account at Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system, as the case may be, to be debited with such Certificates;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, as the case may be, (A) to debit the Certificateholder's account with such Certificates on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Certificates specified in the Transfer Notice may be made;
- (e) contain a representation and warranty from the Certificateholder to the effect that the Certificates to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the clearing system to be credited with the Certificates if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Certificateholder with Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Pricing Supplement and, if the Certificates are ADR/GDR Linked Certificates, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 17.9;

**"Underlying Index"**, in relation to an ETF, has the meaning given to it in the relevant Pricing Supplement;

**"Underlying Security"** means, with respect to ADR/GDR Linked Certificates, the security and any other property to which such ADR/GRD relates;

**"Unit"**, in relation to an ETF, has the meaning given to it in the relevant Pricing Supplement;

**"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 Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 17.5; and

**"Valuation Time"** means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

## **17.2 Physical Delivery**

In relation to Equity-Linked Certificates which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Pricing Supplement:

- (a) (i) Each Certificateholder shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear France, Euroclear, Clearstream, and/or any other relevant clearing system to perform their respective obligations in relation to the Certificates and notify to the Paying Agents and the Certificateholders) send to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (ii) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Certificateholder may not transfer any Certificate which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Certificates which are the subject of the Transfer Notice.
- (iii) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Holders of Certificates.
- (iv) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.
- (v) Delivery of the Securities will be *via* the relevant clearing system. The delivery or transfer of Securities to each Certificateholder is at the relevant Certificateholder's risk and if delivery

occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.

- (vi) the Issuer shall discharge its obligation to redeem the relevant proportion of the Certificates by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the clearing system for credit to the account with the clearing system specified in the Transfer Notice of the relevant Certificateholder.
  - (vii) The amount of Securities to be delivered to or for the account of each Certificateholder shall be an amount of Securities equal to the number of Certificates in respect of which such Certificateholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount provided, however, that if a Certificateholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Certificateholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
  - (viii) In relation to each Certificateholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant holder on the Settlement Date.
  - (ix) Each Certificateholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Certificates to pay all Transfer Expenses in respect of such Certificates.
  - (x) After delivery to or for the account of a Certificateholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Certificateholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Certificateholder or any other person in respect of any loss or damage which the Certificateholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
  - (xi) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Certificateholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Certificateholders prior to the Notional Sale Date.
- (b) the Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant clearing system unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the

relevant Pricing Supplement) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent) outside the clearing system and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Pricing Supplement, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent) of delivery (which other manner of delivery will be deemed the relevant clearing system for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be postponed until delivery can be effected through the relevant clearing system or in any other commercially reasonable manner.

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

- (c) if the Calculation Agent determines that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Certificateholder(s) and the Issuer may then:
  - (i) determine that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Certificateholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount; or
  - (ii) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Certificateholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount.

Where this Condition 17.2(c) fails to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Certificateholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

### **17.3 Automatic Early Redemption**

This Condition 17.3 is applicable only to Automatic Early Redemption Certificates.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Certificates will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date, together with any interest accrued but unpaid thereon to the Automatic Early Redemption Date (unless otherwise specified in the relevant Pricing Supplement) immediately following such Automatic Early Redemption Valuation Date and the Redemption

Amount payable by the Issuer on such date upon redemption of each Certificate shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

#### **17.4 Knock-in and Knock-out Provisions**

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Pricing Supplement in relation to any Equity-Linked Certificate or Index-Linked Certificate, then each payment and/or delivery in respect of which a Knock-in Event or Knock-out Event (respectively) applies, as specified in the relevant Pricing Supplement, shall be conditional upon the occurrence of such Knock-in Event or Knock-out Event (respectively).

#### **17.5 Consequences of Disrupted Days**

For the purposes of this Condition 17.5 "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Certificate is a Disrupted Day, the eighth (8<sup>th</sup>) Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, provided that:

- (a) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five (5) local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Certificate, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in respect of such Certificate or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (b) if the Scheduled Valuation Date falls on a day which is five (5) local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Certificate, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

- (c) If any Valuation Date is a Disrupted Day, then:
  - (i) in the case of an Equity-Linked Certificate or an Index-Linked Certificate which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, provided that the Valuation Date shall not fall after the Limit Valuation Date. In that case:
    - (A) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:
      - I. the Valuation Date shall be the Limit Valuation Date; or
      - II. the Valuation Date shall be the first (1<sup>st</sup>) succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of 17.5(c)(i)(A)I above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit

Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (B) in respect of an Equity-Linked Certificate, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;
- (ii) in the case of an Index-Linked Certificate which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine that either:
- (A) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
  - (B) the Valuation Date shall be the first (1<sup>st</sup>) succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of 17.5(c)(ii)(A) above, the Calculation Agent shall determine the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (iii) in the case of an Equity-Linked Certificate which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.
- (d) If Averaging Dates are specified in the relevant Pricing Supplement, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:
- (i) The Final Price or Final Index Level will be, in relation to any Valuation Date:
    - (A) in respect of an Index-Linked Certificate or an Equity-Linked Certificate settled by way of Cash Settlement which, in each case, relates to a single Security or Index (as

the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;

- (B) in respect of an Index-Linked Certificate settled by way of Cash Settlement which, in each case, relates to a basket of Indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Level of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Pricing Supplement); and
  - (C) in respect of an Equity-Linked Certificate settled by way of Cash Settlement which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Pricing Supplement).
- (ii) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Pricing Supplement in relation to "**Averaging Date Market Disruption**" is:
- (A) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price or Final Index Level, as applicable, *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 17.5(a) 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;
  - (B) "**Postponement**", then Condition 17.5(a) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Certificates. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or



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

I. in the case of an Index-Linked Certificate or an Equity-Linked Certificate which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the **"Scheduled Final Averaging Date"**) in relation to the relevant Scheduled Valuation Date, then:

(a) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:

(i) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(ii) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 17.5(d)(i)(A); and

(b) in respect of an Equity-Linked Certificate, the Limit Valuation Date shall be the Averaging Date (irrespective of whether the Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with Condition 17.5(d)(i)(B); and

II. in the case of an Index-Linked Certificate, an Equity-Linked Certificate which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the **"Scheduled Averaging Date"**) and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:

(a) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:

(i) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or

(ii) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 17.5(d)(i)(B); and

- (b) in respect of an Equity-Linked Certificate, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine the relevant amount for that Averaging Date in accordance with Condition 17.5(d)(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.

- III. If (1) on or prior to any Averaging Date, in respect of an Index-Linked Certificate, an Index Modification, Index Cancellation or Index Disruption (each as defined in Condition 17.7(b) occurs, or (2) on any Averaging Date in respect of an Index-Linked Certificate an Index Disruption Event occurs, then the Calculation Agent shall determine the Final Index Level using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

## **17.6 Provisions relating to Currency-Linked Certificates**

All investors and prospective investors in Currency-Linked Notes should refer to the provisions set out in Condition 8.6.

## **17.7 Adjustments to Indices**

This Condition 17.7 is applicable only in relation to Index Linked Certificates other than Inflation Rate-Linked Certificates in relation to which Condition 17.8 shall apply.

### **(a) 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.

### **(b) Index Modification**

If on or prior to any Valuation Date, Automatic Early Redemption Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent

stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine whether such Index Modification has a material effect on the Certificates, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(c) **Index Cancellation**

If on or prior to any Valuation Date, Automatic Early Redemption Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (i) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14;
- (ii) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, the Issuer shall (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (iii) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Pricing Supplement, the Issuer shall (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Certificates shall continue and:
  - (A) if it determines that the Certificates shall continue, then the Calculation Agent shall determine the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
  - (B) if it determines that the Certificates shall not continue, the Issuer shall terminate the relevant Certificates as of the date selected by the Issuer and give notice thereof to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14, specifying the early redemption amount and early redemption date, and the entitlements of the relevant Certificateholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Certificates immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediately prior to the occurrence of the Index Cancellation.

(d) **Correction of Index Levels**

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Certificates is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Certificates to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Certificates and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Certificateholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Certificateholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

**17.8 Adjustments to Indices for Inflation Rate-Linked Certificates**

With respect to Inflation Rate-Linked Certificates, the following provisions shall apply in lieu of Condition 17.7:

(a) **Definitions**

In this Condition:

**"Affected Payment Date"** has the meaning given in (b) below;

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government or one of the governments (but not any government agency) of the country (or countries) to whose level of inflation the relevant Index relates and which pays a coupon and/or redemption amount which is calculated by reference to the level of inflation in such country (or countries), with a maturity date which falls on the same day as the Maturity Date or the Settlement Date, as the case may be, or such other date as the Calculation Agent shall select if there is no such bond maturing on the Maturity Date or Settlement Date, as the case may be. If any bond so selected is redeemed, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond is redeemed (including any bond for which the redeemed bond is exchanged);

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which level of the Index was reported is a period other than a month, the Reference Month is the period for which the level of the Index was reported;

**"Related Bond"** means, if specified as applicable in the relevant Pricing Supplement, means the bond specified as such in the relevant Pricing Supplement or, if specified as applicable in the relevant Pricing Supplement and no bond is specified therein, the Fallback Bond, and the Calculation Agent shall use the Fallback Bond for any Related Bond determination; and

**"Substitute Index Level"** means the level of the Index, determined by the Calculation Agent pursuant to (c) below, in respect of an Affected Payment Date.

(b) **Delay of Publication**

If any level of the Index for a Reference Month relevant to the calculation of a payment of interest has not been published or announced by the day that is five Business Days prior to the relevant Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date or Maturity Date, as the case may be (the **"Affected Payment Date"**), the Calculation Agent shall determine the relevant level of the Index using the following methodology:

- (i) if Related Bond is specified as applicable in the relevant Pricing Supplement, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
- (ii) if (A) Related Bond is specified as not applicable in the relevant Pricing Supplement; or (B) the Calculation Agent is unable to determine the Substitute Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

where:

**"Base Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

**"Latest Level"** means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated; and

**"Reference Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above. For the avoidance of doubt, any Reference Level published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date and/or the Maturity Date, as the case may be, will not be used in any calculations and the Substitute Index Level so determined pursuant to this sub-paragraph (B) will be the definitive level.

(c) **Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Certificates by using the following methodology:

- (i) if at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "**Successor Index**" for the purposes of all subsequent determinations of interest payable and/or of an Early Redemption Amount or of the Final Redemption Amount, notwithstanding that any other Successor Index may previously have been determined;
- (ii) if a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Successor Index from the date that such replacement Index comes into effect;
- (iii) if a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index";
- (iv) if the Calculation Agent determines that there is no appropriate alternative index, then the Certificates shall be redeemed on the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive any remaining payments of interest and the relevant Early Redemption Amount or the Final Redemption Amount (as applicable) shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the early redemption of the Certificates.

(d) **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Certificates.

(e) **Material Modification**

If, on or prior to the day that is five Business Days before the next date which is an Interest Payment Date, the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date (as the case may be), an Index Sponsor announces that it will make a material change to an Index, then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

(f) **Manifest Error in Publication**

If, within thirty days of publication and prior to the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date, as the case may be, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to

remedy a manifest error in its original publication, the Calculation Agent will take such action as it may deem necessary and practicable to give effect to such correction.

## **17.9 Adjustments and Events affecting Securities**

This Condition 17.9 is applicable only in relation to Equity-Linked Certificates.

### **(a) Potential Adjustment Events**

The Calculation Agent shall determine whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it determines to be appropriate, by using the formulae given below for the amount of the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates as the Calculation Agent determines to be appropriate and determine, the effective date(s) of such adjustment(s).

### **(b) Extraordinary Events**

Following the occurrence of any Extraordinary Event, the Calculation Agent will determine (whether or not the relevant Certificates shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Certificates shall continue, it may make such adjustment(s) as it determines to be appropriate (after consulting, an independent expert appointed by HSBC France under Condition 17.12(a)), if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Certificates shall be redeemed, then the Certificates shall be redeemed as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

### **(c) Correction of Prices**

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Certificates is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it determines to be appropriate, if any, to the amount payable in respect of the Certificates and their terms to account for such correction and the Calculation Agent shall determine the effective date(s) of such adjustment(s) provided that if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Certificates and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not

accounted for by an adjustment made by the Calculation Agent) by the relevant Certificateholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Certificateholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

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

Following the occurrence of any Additional Disruption Event, the Calculation Agent will determine whether or not the relevant Certificates shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Certificates shall continue, it may make such adjustment(s) as it determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Certificates shall be redeemed, then the Certificates shall be redeemed as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

For the purposes any Series of Certificates, "**Additional Disruption Event**" means any event specified as such in the relevant Pricing Supplement, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Pricing Supplement:

- (a) "**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 that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Certificates, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Certificates, or in relation to the Issuer's hedging activities in connection with the Certificates, (ii) stock loan transactions in relation to such Certificates or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Certificates or (z) the Issuer will incur a materially increased cost in performing its obligations under the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (b) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Certificates, where such failure is due to illiquidity in the market for such Securities;
- (c) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, provided that proceedings instituted or petitions presented by



creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;

- (d) **"Failure to Deliver"** may occur upon the failure of a party to deliver, when due, the relevant Reference Asset(s) in respect of the Certificates, where such failure is due to illiquidity in the market for such Reference Asset(s);
- (e) **"Insolvency Filing"** may occur if the issuer of the Reference Asset(s) institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Reference Asset(s) shall not be deemed an Insolvency Filing;
- (f) **"Hedging Disruption"** means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Certificates or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
- (g) **"Increased Cost of Hedging"** means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

#### 17.11 Effects of European Economic and Monetary Union

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine the effective date of such adjustment) as it determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Certificate relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Certificates and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the **"National Currency Units"**) of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

## 17.12 Specific Adjustments

On the occurrence of any event(s) that the Calculation Agent may reasonably consider affects or could affect the value of an Index Linked Certificate, an Equity Linked Certificate, the Calculation Agent may make any reasonable additional adjustment to the Exercise Price, the number and/or type of Securities and/or Indices to which such Index Linked Certificate or Equity Linked Certificate relates and to the exercise, settlement and payment terms or any other term applicable to such Index Linked Certificate or Equity Linked Certificate including, without limitations, adjustments to the amount, number or type of cash assets, equities, other securities and property that could be transferred in respect of such Index Linked Certificate or Equity Linked Certificate, and may set the effective date(s) of such adjustments.

(a) Adjustments relating to Securities (the underlying is a Security): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall, on a reasonable basis and as quickly as possible, determine the adjustments to be made based on the formula set forth below, which may be modified in the Pricing Supplement by the Calculation Agent, it being stipulated that the Calculation Agent shall use the services of an independent expert named by HSBC France whenever (i) the financial information needed for such adjustment is not available and (ii) the adjustment is challenged by the Certificateholder by simple request addressed to HSBC France within two months of notification of such adjustments (as notified to the Holder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(b) Applicable adjustment formula and adjustments by the Calculation Agent following the Event:

(i) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

(ii) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (iii) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**R factor**"= parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (iii)(A), (iii) (B) or (iii)(C)

"**Number of New Securities**" = number of Underlying Securities before the Event

"**Subscription Price**" = subscription price of Certificate bearing entitlement to delivery of the Underlying Securities

"**Close Price at ExDate - 1**"= closing price on the last trading day before delivery of the Underlying Securities

- (iv) distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

Where

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{BonusSecurity}\%)} \right)$$

"**Bonus Security %**" = proportion of new underlying

- (v) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an independent expert appointed by HSBC France in the conditions set forth in Condition 17.12(a) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.
- (vi) It is stipulated that the following events shall not give rise to an adjustment:
- (A) payment of ordinary dividends in Underlying Securities or in cash by the Issuing Company;
  - (B) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and

- (C) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (vii) In the case of events other than those described in paragraphs (b) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (b) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.
- (c) Adjustments relating to an Equity Basket (the underlying is an Equity Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in Condition 17.12(b) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

### **17.13 Adjustments where the Securities are ETF Units**

Where the Securities are specified in the relevant Pricing Supplement as being ETF Units, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the ETF or the value of the Units, the Calculation Agent shall make any adjustment provided for in the preceding provisions of this Condition 17 or:

- (a) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 17 would produce a commercially reasonable result:
  - (i) the Calculation Agent shall use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent, and
  - (ii) if necessary, the Calculation Agent shall adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Certificates; or
- (b) if the Calculation Agent determines that the relevant Certificates should be cancelled, then the Certificates shall be cancelled as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for cancellation of the Certificates.
- (c) Adjustments relating to ETF Units (the underlying is an ETF Unit): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made based on the formula shown below, which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an

independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(d) Applicable adjustment formulas and adjustments by the Calculation Agent following the Event:

(i) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

**"R factor"** = parity before adjustment

**"Number of New Securities"** = number of Securities before the Event

**"Number of Old Securities"** = number of Securities after the Event

(ii) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

where:

**"R factor"** = parity before adjustment

**"Number of New Securities"** = number of Securities before the Event

**"Number of Old Securities"** = number of Securities after the Event

(iii) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of such Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

**"R factor"** = parity before adjustment

**"Number of Rights per Security"** = number of rights referred to in (iii)(A), (iii)(B) or (iii)(C)

**"Number of New Securities"** = number of ETF Units before the Event

**"Subscription Price"** = subscription price of Certificate bearing entitlement to delivery of the ETF Units

**"Close Price at ExDate - 1"** = closing price on the last trading day before delivery of ETF Units

- (iv) distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

Where

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{BonusSecurity}\%)} \right)$$

**"Bonus Security %"** = proportion of new underlying

- (v) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective procedures, the Calculation Agent (after consultation with an independent expert named by HSBC France in the conditions provided for in paragraph 17.13(c) above) may make any adjustment deemed necessary to respect the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.
- (vi) It is also stipulated that the following events shall not give rise to an adjustment:
- (A) distribution of ordinary dividends in ETF Units or in cash by the fund issuing the ETF Unit;
  - (B) exercise of rights attached to ETF subscription warrants or securities granting immediate or future rights to part of the capital of the ETF that issues the ETF Unit; and
  - (C) increase in the nominal value of the ETF Unit through incorporation of reserves, profits or premiums.
- (vii) In the case of events other than those described in paragraphs (d) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (d) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.
- (e) Adjustments relating to ETF Baskets (the underlying is an ETF Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the **"Event"**), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph 17.12(b) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

In this Condition 17.13 "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

#### **17.14 Adjustments where the Securities are ADR/GDR**

- (a) adjustments relating to ADR/GDR (the underlying is an ADR/GDR): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible and in a reasonable manner determine the adjustments to be made based on the formula shown below, which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independent expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

- (b) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:

- (i) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (ii) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (iii) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**R factor**"= parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (iii)(A), (iii)(B) or (iii)(C)

"**Number of New Securities**" = number of Underlying Securities before the Event

"**Subscription Price**" = subscription price of Certificate bearing entitlement to delivery of the Underlying Securities

"**Close Price at ExDate - 1**"= closing price on the last trading day before delivery of the Underlying Securities

- (iv) distribution of bonus securities

**New value of underlying** = observed value of underlying x R Factor

Where

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{Bonus Security \%})} \right)$$

"**Bonus Security %**" = proportion of new underlying

- (v) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an independent expert appointed by HSBC France in the conditions set forth in Condition 17.14 above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.
- (vi) It is stipulated that the following events shall not give rise to an adjustment:
- (A) payment of ordinary dividends in Underlying Securities or in cash by the Issuing Company;
  - (B) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Issuing Company; and
  - (C) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (vii) In the case of events other than those described in paragraphs (b) (i), (ii), (iii) and (iv) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (b) (i), (ii), (iii) and (iv) shall apply *mutatis mutandis*.
- (c) Adjustments relating to ADR/GDR Baskets (the underlying is an ADR/GDR Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Extraordinary Event or Additional Disruption Event as defined in this Offering Memorandum or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis*



*mutandis* the formulas shown above in Condition 17.14(b) which may be modified in the Pricing Supplement by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an independant expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

## DESCRIPTION OF THE ISSUER

The Issuer's description is included in the 2017 Registration Document and in the Update to the 2017 Registration Document which are incorporated by reference into this Offering Memorandum.

## CROSS REFERENCE LIST

INFORMATION INCORPORATED BY REFERENCE	REFERENCE
Annex XI of the European Regulation 809/2004/EC	
<b>3. RISK FACTORS</b>	Update to the 2017 Registration Document pages 12 to 21 2017 Registration Document pages 62 to 121
<b>4. INFORMATION ABOUT THE ISSUER</b>	
<b><u>4.1. History and development of the Issuer</u></b>	2017 Registration Document page 239
<b><u>4.1.2. Place of registration of the Issuer and its registration number</u></b>	2017 Registration Document page 238
<b><u>4.1.3. Date of incorporation and the length of life of the issuer, except where indefinite</u></b>	2017 Registration Document page 238
<b><u>4.1.4. Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business of different from its registered office)</u></b>	2017 Registration Document page 238
<b><u>4.1.5. Recent Developments</u></b>	2017 Registration Document page 14
<b>5. BUSINESS OVERVIEW</b>	
<b><u>5.1. Principal activities:</u></b>	Update to the 2017 Registration Document pages 3 to 11 2017 Registration Document pages 3 to 14 and 198
<b><u>5.1.2. New product and/or activities:</u></b>	2017 Registration Document pages 3 to 14 and 198
<b><u>5.1.3. Principal markets:</u></b>	Update to the 2017 Registration Document pages 3 to 11 2017 Registration Document pages 3 to 14 and 198
<b><u>5.1.4. Basis for any statement in the registration document made by the Issuer regarding its competitive position</u></b>	2017 Registration Document pages 3 to 14 and 198
<b>6. ORGANISATIONAL STRUCTURE</b>	
<b><u>6.1. Brief description of the group and of the Issuer's position within it</u></b>	2017 Registration Document pages 2 to 15 and 226 and 232 to 234

<b>INFORMATION INCORPORATED BY REFERENCE</b>  <b>Annex XI of the European Regulation 809/2004/EC</b>	<b>REFERENCE</b>
<b><u>6.2. Issuer's dependence upon other entities within the group</u></b>	2017 Registration Document pages 233 to 234
<b>7. TREND INFORMATION</b>	Update to the 2017 Registration Document page 9 2017 Registration Document page 14
<b>9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>	
<b>Name, business addresses and functions in the Issuer of the members of the administrative, management or supervisory bodies and indication of the principal activities performed by them outside the Issuer</b>	2017 Registration Document pages 17 to 23
<b>Conflict of Interest</b>	2017 Registration Document page 25
<b>10. MAJOR SHAREHOLDERS</b>	
<b><u>10.1. To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused</u></b>	2017 Registration Document pages 23 and 240
<b><u>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</u></b>	
<b><u>Interim and other financial information for the period ended 30 June 2018</u></b>	
<b><u>- Balance sheet</u></b>	Update to the 2017 Registration Document page 32
<b><u>- Income statement</u></b>	Update to the 2017 Registration Document page 30
<b><u>- Cash flow statement</u></b>	Update to the 2017 Registration Document page 33
<b><u>- Notes</u></b>	Update to the 2017 Registration Document pages 36 to 58
<b><u>- Auditor's report relating to the above</u></b>	Update to the 2017 Registration Document page 59
<b><u>- Consolidated statement of comprehensive income</u></b>	Update to the 2017 Registration Document page 31

<b>INFORMATION INCORPORATED BY REFERENCE</b> <b>Annex XI of the European Regulation 809/2004/EC</b>	<b>REFERENCE</b>
<b><u>- Consolidated statement of changes in equity</u></b>	Update to the 2017 Registration Document pages 34 to 35
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2017</u></b>	
<b><u>- Balance sheet</u></b>	2017 Registration Document page 129
<b><u>- Income statement</u></b>	2017 Registration Document page 127
<b><u>- Cash flow statement</u></b>	2017 Registration Document page 130
<b><u>- Notes</u></b>	2017 Registration Document 132 to 187
<b><u>- Auditors' report relating to the above</u></b>	2017 Registration Document pages 188 to 192
<b><u>- Consolidated statement of comprehensive income</u></b>	2017 Registration Document page 128
<b><u>- Consolidated statement of changes in equity</u></b>	2017 Registration Document page 131
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2016</u></b>	
<b><u>- Balance sheet</u></b>	2016 Registration Document page 192
<b><u>- Income statement</u></b>	2016 Registration Document page 190
<b><u>- Cash flow statement</u></b>	2016 Registration Document page 193
<b><u>- Notes</u></b>	2016 Registration Document pages 196 to 287
<b><u>- Auditors' report relating to the above</u></b>	2016 Registration Document pages 288 and 289
<b><u>- Consolidated statement of comprehensive income</u></b>	2016 Registration Document pages 191

<b>INFORMATION INCORPORATED BY REFERENCE</b> <b>Annex XI of the European Regulation 809/2004/EC</b>	<b>REFERENCE</b>
<u><b>- Consolidated statement of changes in equity</b></u>	2016 Registration Document pages 194 and 195
<u><b>11.6. Legal and arbitration proceedings</b></u>	Update to the 2017 Registration Document pages 53 and 54  2017 Registration Document pages 182 and 183
<u><b>11.7. Significant change in the issuer's financial position</b></u>	Update to the 2017 Registration Document pages 9 and 58  2017 Registration Document pages 184 to 224
<u><b>12. MATERIAL CONTRACTS</b></u>	2017 Registration Document page 240

For further information, please see the Section entitled "Documents incorporated by Reference" in the Offering Memorandum.

## INDEX DISCLAIMERS

*This section sets out disclaimers which may be applicable in respect of an issue of Notes or Certificates which are linked to a reference index.*

**Where a Series of Notes relates to any HSBC proprietary Reference Index in respect of which the index administrator is Markit Equities Limited, the following statement will apply to such Series of Notes.**

"The reference index (the "**Index**") referenced herein is the property of HSBC Bank plc ("**Index Owner**") and the Index is administered by Markit Equities Limited ("**Index Administrator**") and has been licensed for use in connection with the Notes. The Index Administrator makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Administrator shall not be liable (whether in negligence or otherwise) to the Holders of the Notes or any other person for any error in the Index, and the Index Administrator is under no obligation to advise the Holders of the Notes or any person of any error therein.

The Index Administrator makes no representation whatsoever, whether express or implied, as to the advisability of, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Administrator has no obligation to take the needs of any Holders of the Notes into consideration in determining, composing or calculating the Index. Neither the Index Owner nor the Index Administrator shall have any liability to any Holders of the Notes for any act or failure to act by the Index Administrator in connection with the determination, adjustment, calculation or maintenance of the Index.

The Index Sponsor is Markit Equities Limited (the "**Index Sponsor**") and the Index has been licensed for use in connection with the Notes. The Index Sponsor makes no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. Subject to applicable law, the Index Sponsor shall not be liable (whether in negligence or otherwise) to any Holders of the Notes in respect of a Series of Notes linked to the Index for any error in the Index and the Index Sponsor is under no obligation to advise any Holders of the Notes in respect of a Series of Notes linked to the Index of any error therein. The Index Sponsor does not make any representation whatsoever, whether express or implied, as to the advisability of purchasing, or assuming any risk in connection with, any Series of Notes. Neither the Index Owner nor the Index Sponsor shall have any liability to the Holders of the Notes for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. The Index Owner has no affiliation with, or control over, the Index Sponsor or any control over the computation, composition or dissemination of the Index from publicly available sources it believes reliable. The Index Owner will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Owner, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index."

**Where a Series of Notes relates to any HSBC proprietary Reference Index in respect of which the index administrator is S&P Opco, LLC, the following statements will apply to such Series of Notes.**

"The reference index (the "**Index**") is the exclusive property of HSBC Bank plc, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to administer, maintain and calculate the Index. The Index is not endorsed by S&P or its affiliates or its third party licensors, including Standard & Poor's Financial Services LLC and Dow Jones Trademark Holdings LLC (collectively "**S&P Dow Jones Indices**"). "**Calculated by S&P Custom Indices**" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by HSBC Bank plc. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. S&P Dow Jones Indices shall have no liability for any errors or omissions in calculating the Index.

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**Where a Series of Certificates relates to any HSBC proprietary Reference Index in respect of which the index administrator is Markit Equities Limited, the following statement will apply to such Series of Certificates.**

"The reference index (the "**Index**") referenced herein is the property of HSBC Bank plc ("**Index Owner**") and the Index is administered by Markit Equities Limited ("**Index Administrator**") and has been licensed for use in connection with the Certificates. The Index Administrator makes no

representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Administrator shall not be liable (whether in negligence or otherwise) to the Holders of the Certificates or any other person for any error in the Index, and the Index Administrator is under no obligation to advise the Holders of the Certificates or any person of any error therein.

The Index Administrator makes no representation whatsoever, whether express or implied, as to the advisability of, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Administrator has no obligation to take the needs of any Holders of the Certificates into consideration in determining, composing or calculating the Index. Neither the Index Owner nor the Index Administrator shall have any liability to any Holders of the Certificates for any act or failure to act by the Index Administrator in connection with the determination, adjustment, calculation or maintenance of the Index.

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**Where a Series of Certificates relates to any HSBC proprietary Reference Index in respect of which the index administrator is S&P Opco, LLC, the following statements will apply to such Series of Certificates.**

"The reference index (the "**Index**") is the exclusive property of HSBC Bank plc, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to administer, maintain and calculate the Index. The Index is not endorsed by S&P or its affiliates or its third party licensors, including Standard & Poor's Financial Services LLC and Dow Jones Trademark Holdings LLC (collectively "**S&P Dow Jones Indices**"). "**Calculated by S&P Custom Indices**" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by HSBC Bank plc. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. S&P Dow Jones Indices shall have no liability for any errors or omissions in calculating the Index.



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S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION WITH RESPECT THERETO, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY HSBC BANK PLC, OWNERS OF THE CERTIFICATES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ITS TRADEMARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE."

## **RECENT DEVELOPMENTS**

As of August 31, 2018, there was no change of more than 0.1% in the amount of subordinated liabilities as compared with the amount shown in the unaudited interim condensed consolidated financial statements of the Issuer as at June 30, 2018.

On September 4, 2018, HSBC France issued a dual-tranche (3y and 10y) senior unsecured bond for a total amount of EUR 2.5 billion. The bonds are listed on Euronext Paris.

**PRO FORMA PRICING SUPPLEMENT RELATING TO CERTIFICATES AND EQUITY LINKED  
CERTIFICATES/EQUITY BASKET-LINKED CERTIFICATES/INDEX LINKED CERTIFICATES/INDEX  
BASKET-LINKED CERTIFICATES/INFLATION RATE-LINKED CERTIFICATES /CURRENCY-LINKED  
CERTIFICATES /ETF LINKED CERTIFICATES/ETF BASKET-LINKED CERTIFICATES/ADR/GDR  
LINKED CERTIFICATES/ADR/GDR BASKET-LINKED CERTIFICATES**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*.<sup>2</sup> Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>3</sup>

**Pricing Supplement dated [ ● ]**

**[LOGO, if document is printed]**

**HSBC France**

**Legal entity identifier (LEI): F0HUI1NY1AZMJMD8LP67**

**Issue of [Brief description and amount of Certificates]**

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<sup>1</sup> Delete legend if the Certificates do not constitute “packaged” products, in which case, insert “Not Applicable” in paragraph 49 of Part A below. Include legend if the Certificates may constitute “packaged” products and the Issuer intends to prohibit the Certificates being offered, sold or otherwise made available to EEA retail investors. In this case insert “Applicable” in paragraph 49 of Part A below.

<sup>2</sup> ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that Certificates are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

<sup>3</sup> Legend to be included on front of the Pricing Supplement if following the ICMA 1 “all bonds to all professionals” target market approach.

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*)]**

**Programme for the issue of Structured Notes and Certificates**

**Issue Price: [ ● ]%**

**[Name(s) of Dealer(s)]**

## PART A CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Certificates described herein [for the purposes of listing on the Official List of Euronext Dublin] and must be read in conjunction with the Offering Memorandum dated 14 November 2018 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Certificates (the "**Conditions**") set forth in such Offering Memorandum.

Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing on the website of HSBC France (<http://www.about.hsbc.fr/investor-relations/debt-issuance>) and copies may be obtained from HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the Prospectus Directive). The Offering Memorandum has been prepared solely with regard to Certificates that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2014/65/EU and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*[The following alternative language applies if (i) the first tranche of an issue which is being increased was issued under an offering document with an earlier date; or (ii) Certificates which are being issued under this offering document are subject to terms and conditions as originally set out in an offering document with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the [2014/2015/2016/January 2017/November 2017] Conditions (the "[2014] [2015] [2016] [January 2017] [November 2017] Conditions"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Certificates. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement, the [2014] [2015] [2016] [January 2017] [November 2017] Conditions and the Offering Memorandum. The Offering Memorandum and the [2014] [2015] [2016] [January 2017] [November 2017] Conditions are available for viewing during normal business hours at HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France and [www.hsbc.com](http://www.hsbc.com) (<http://www.about.hsbc.fr/investor-relations/debt-issuance>) and copies may be obtained from HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France.]

*[Complete all the following that apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |    |  |  |
|----|--|--|
| 1. | <b>Issuer:</b>                                       | HSBC France  |
| 2. | (a) [Series Number:                                  | [ ● ]]   |
|    | (b) [Tranche Number:                                 | [ ● ]]   |
|    | (c) [Date on which the Certificates become fungible: | [Not Applicable/ The Certificates will be assimilated ( <i>assimilées</i> ) and form a single series with the existing [ <i>insert description of the Series</i> ] issued by the Issuer on |

[*insert date*] (the “**Existing Certificates**”) as from the date of assimilation which is expected to be on or about forty (40) days after the Issue Date (the “**Assimilation Date**”).]]

3. **Specified Currency or Currencies:** [☐]
4. **Aggregate Nominal Amount:** [☐
  - (a) [Series: [☐]]
  - (b) [Tranche: [☐]]
5. **Issue Price:** [☐]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6. **Specified Denomination(s):** [☐]<sup>4</sup>
7.
  - (a) Issue Date: [☐]
  - (b) Interest Commencement Date: [*Specify*/Issue Date/Not Applicable]
  - (c) [Trade Date: [☐]]
8. **[Minimum Trading Size:** [☐]
9. **Maturity Date:** [*specify date or (for Floating Rate Certificates) Coupon Payment Date closest to the relevant month and year*]
10. **Interest Basis:** [[☐]% Fixed Rate]  
  
[[*EURIBOR, EONIA, LIBOR, CMS, TEC or other*] +/- [☐]% Floating Rate]  
  
[Certificate linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket]  
  
[Zero Coupon Certificate]  
  
[Other (*specify*)]  
  
(*further particulars specified below*)
11. **Redemption/Payment Basis** [Redemption at par]  
  
(*Condition 7*): [Redemption linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket]  
  
[Dual Currency Certificate]

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<sup>4</sup> Certificates [(including Certificates denominated in Sterling) in respect of which the issue proceeds must be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[Partly Paid]

[Instalment Payment]

[Physical Delivery]

[Other (*specify*)]

*(further particulars indicated below)*

12. **Change of Interest Basis or Redemption/Payment Basis:**

*[Specify details of any provisions relating to a change of interest basis or redemption/payment basis applicable to the Certificates]*

13. **Put/Call Options:**

[Condition 7.3 and 7.4 will apply as specified below]

[Certificateholder Put]

[Issuer Call]

[other option: *(further particulars indicated below)*]

[Not Applicable]

14. (a) Status of Certificates:

[Senior preferred]

(b) [Date of issuance authorisations:

Decision dated [ ● ]]

15. **Method of distribution:**

[Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST PAYABLE (IF APPLICABLE)**

16. **Provisions relating to Fixed Rate Certificates:**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Interest Rate:

[ ● ]% per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrears]

(b) Interest Payment Date(s):

[ ● ] in each year

*[[not adjusted/[Specify the Business Day Convention and any Business Centre(s) applicable for the definition of "Business Day"]]]*

(c) Fixed Coupon Amount(s):

[ ● ]

(d) Broken Amount:

*[Provide information relating to the initial or final broken interest amounts that do not correspond to the Fixed Coupon Amount(s)]*

(e) Day Count Fraction:

[30/360/ Actual/Actual - [ICMA/ISDA]/ other]

(f) Determination Dates:

[ ● ] in each year

*[indicate regular Interest Payment Dates, ignoring Issue Date and Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

- (g) Other terms relating to the method of calculating interest for Fixed Rate Certificates: [Not Applicable/give details]

**17. Provisions relating to Floating Rate Certificates:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (a) Interest Period(s): [●]

- (b) Interest Payment Dates: [●]

- (c) First Interest Payment Date: [●]

- (d) Business Day Convention: [" Floating Rate" Business Day Convention/

"Following" Business Day Convention/ "Modified Following" Business Day Convention/" "Preceding" Business Day Convention/ other (give details)]

*[Insert "unadjusted" if application of the relevant business day convention is not intended to affect the Interest Amount]*

- (e) Business Centre(s) (Condition 6.1): [●]

- (f) Method used to determine Interest Rate(s): [FBF/ISDA/Screen Page/Other (give details)]

- (g) Interest Accrual Period Date: [Interest Payment Date/Other (give details)]

- (h) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Calculation Agent): [●]

- (i) FBF Determination: [Applicable/ Not Applicable]

- (i) Floating Rate: [●] *(specify Relevant Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)*

- (ii) Floating Rate Determination Date: [●]

- (iii) FBF definitions (if different from those set out in the Terms and Conditions): [●] (explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions)



- (iv) Alternative Pre-nominated Index: ☐[specify Alternative Pre-nominated Index details][Not Applicable]
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: ☐
- (ii) Designated Maturity: ☐
- (iii) Reset Date: ☐
- (iv) Alternative Pre-nominated Index: ☐[specify Alternative Pre-nominated Index details][Not Applicable]
- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Reference Rate: ☐ (specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)
- (ii) Relevant Time: ☐
- (iii) Coupon Determination Date(s): ☐
- (iv) Primary Source for Floating Rate: [Specify Screen Page or "Reference Banks"]
- (v) Reference Banks (if Primary Source is "Reference Banks"): [Indicate four banks]
- (vi) Relevant Financial Centre: [The financial centre closest to the benchmark - specify if not Paris]
- (vii) Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
- (viii) Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
- (ix) Specified Duration: [Specify quotation period if duration is different from Interest Accrual Period]
- (x) Screen Page: ☐ (in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (xi) Relevant Screen Page: ☐
- (xii) Alternative Pre-nominated Index: ☐[specify Alternative Pre-nominated Index details][Not Applicable]
- (l) Alternative Reference Rate: [Applicable][Not Applicable]

- (m) Margin(s): [ +/ - ] [ ● ] % per annum
- (n) Minimum Interest Rate: [ Not Applicable / [ ● ] % per annum ]
- (o) Maximum Interest Rate: [ Not Applicable / [ ● ] % per annum ]
- (p) Day Count Fraction: [ ● ]
- (q) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Certificates, if different from those set out in the Terms and Conditions: [ ● ]
18. **Provisions relating to Zero Coupon Certificates:** [ Applicable / Not Applicable ]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Yield: [ ● ] % per annum
- (b) Day Count Fraction: [ ● ]
- (c) Any other formula/basis of determining amount payable: [ ● ]
19. **Provisions relating to Certificates with a Coupon Linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR or ADR/GDR Basket:** [ Applicable / Not Applicable ]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Equity, Equity Basket, Index, Index Basket, ETF unit, ETF Basket, ADR/GDR, ADR/GDR Basket/formula/other variable: [ Specify (in an appendix if necessary) ]
- (b) Party responsible for calculating the Interest Rate(s) and/or Coupon Amount(s) (if not the Calculation Agent): [ ● ]
- (c) Provisions for determining Coupon where calculated by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, a formula or other variable: [ ● ]
- (d) Determination Date(s) of the Coupon Amount: [ ● ]
- (e) Provisions for determining Coupon: [ ● ]

where calculation by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, a formula or other variable is impossible or impracticable:

*[Include a description of Potential Adjustment Events, Extraordinary Events or Additional Disruption Events]*

- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]
- (h) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [Not Applicable/[●]% per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●]% per annum]
- (l) Day Count Fraction: [●]

20. **Provisions relating to Dual Currency Certificates:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●] [*give name and address*]
- (c) Provisions applicable when calculation by reference to the Rate of Exchange is impossible or impracticable: [●]
- (d) Persons at whose option Specified Currency(ies) is/are payable: [●]
- (e) Day Count Fraction: [●]

21. **Provisions relating to Physical Delivery Certificates** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Underlying assets and/or formula to be used to determine principal and/or interest or the Physical Delivery Amount:

- (b) Cash settlement and/or physical delivery: *(Specify whether or not Notice of Settlement is applicable)*
- (c) [Issuer/Holder] option to change settlement method and, if yes, chosen method and procedure for changing settlement:] [Yes, *[give or append the details]*/No]
- (d) If settlement is by physical delivery: [●]
- (i) Method of delivery of Physical Delivery Amount and consequences of Potential Adjustment Events, Extraordinary Events or Additional Disruption Events: [●]
- (ii) Details of how and when Transfer Notice is to be delivered: [●]
- (iii) Details of how entitlement to Physical Delivery Amount will be evidenced: [●]
- (e) The party responsible for calculating the redemption amount and/or interest amount, or the Physical Delivery Amount, payable (if not the Calculation Agent): [●]
- (f) Provisions where calculation by reference to the underlying assets and/or formula is impossible or impracticable: [●]
- (g) Details of any other relevant terms, any stock exchange requirements/tax considerations (include details of person responsible for transfer expenses): [●]
- (h) Method of calculating Early Redemption Amount (if for reasons other than following a redemption for tax reasons or an Event of Default): [●] per Certificate of [●] of specified calculation basis/Market Value
- (i) Valuation Date: [●]
- (j) Details of Stock Exchanges(s) and Related Exchange(s): [●]
- (k) Rate of Exchange: [Applicable/Not Applicable]
- (l) Such other additional terms or [●]

provisions as may be required:

## PROVISIONS RELATING TO REDEMPTION

22. **Redemption at the option of the Issuer:** [Applicable/Not Applicable]  
(Condition 7.3)
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Amounts [of each Certificate and, if relevant, the method of calculating such amount(s)]: *[specify – if not par, and also specify details of any formula]*  
[[●]] per Certificate with a specified denomination of [●]
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (b) Call Option Date(s): *[Specify]*
- (c) [Notice period: [●]]
23. **Redemption at the option of the Certificate holders:** (Condition 7.4) [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Amount(s) [of each Certificate and, if relevant, the method of calculating such amount(s)]: *[specify – if not par, also specify details of any formula]*
- (b) Put Option Date(s): *[Specify]*
- (c) [Notice period: [●]]
24. **Redemption by Instalments:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Instalment Amount: [●]
- (b) Instalment Payment Date(s): [●]
- (c) Other provisions relating to instalment: [●]
25. **Final Redemption Amount of each Certificate:** [[●]] per Certificate [of [●] specified denomination]/Other (*specify*) /See Appendix
- In cases where the Final Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable
- [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, formula /other variable: [Specify (in an appendix if necessary)]
- (b) Party responsible for calculating the Interest Rate(s) and Final Redemption Amount (if not the Calculation Agent): [●] [give name and address]
- (c) Provisions for determining the Final Redemption Amount when calculated by reference to an Equity, an Equity Basket, an Index, an Index Basket, an ETF, an ETF Basket, an ADR/GDR, an ADR/GDR Basket and/or formula and/or other variable: [●]
- Trigger Event: [●]
  - Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
    - Knock-in Period Beginning Date: [Not Applicable/specify]
    - Knock-in Period Ending Date: [Not Applicable/specify]
    - Knock-in Price: [Not Applicable/specify]
    - Knock-in Valuation Time: [Not Applicable/specify]
  - Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
    - Knock-out Period Beginning Date: [Not Applicable/specify]
    - Knock-out Period Ending Date: [Not Applicable/specify]
    - Knock-out Price: [Not Applicable/specify]
    - Knock-out Valuation Time: [Not Applicable/specify]
- (d) Determination Date(s): [●]
- (e) Provisions for determining the Final Redemption Amount when calculation by reference to an Index and/or formula and/or other variable is impossible or impracticable: [●]

- (f) Payment Date: [●]
- (g) Minimum Final Redemption Amount: [●]
- (h) Maximum Final Redemption Amount: [[●] per Certificate of [●] Specified Denomination/other (specify)/see Appendix]

26. **Early Redemption Amount:**

In cases where the Early Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable:

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraph of this paragraph)

Early Redemption Amount(s) of each Certificate paid on redemption for taxation reasons or an event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 7.5): [●]

Other redemption provisions: [[●] per Specified Denomination (specify – if not par, also specify details of any formula) / [Fair Market Value - Fair Market Value Floor: [Applicable - Fair Market Value Floor Percentage: [●] per cent. per Specified Denomination] /Not Applicable]] / [Zero Coupon Accrual Yield and Reference Price - Zero Coupon Certificate Reference Price: [●] and Accrual Yield: [●]] / Not Applicable]

27. **Automatic Early Redemption:**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

Automatic Early Redemption Event: [Not Applicable/specify]

Automatic Early Redemption Amount: [Not Applicable/specify]

Automatic Early Redemption Dates: [Not Applicable/specify]

Automatic Early Redemption Price/Level: [Not Applicable/specify]

Automatic Early Redemption Rate: [Not Applicable/specify]

Automatic Early Redemption Valuation Date(s): [Not Applicable/specify]

28. **Calculation Agent for the requirements of Condition 6.3(j):** [Not Applicable/state name]

**GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

29. **Form of Certificates:** Dematerialised Certificates
- (a) Form of Dematerialised Certificates: [Specify whether bearer form (*au porteur*)/administered registered form (*au nominatif administré*)/fully registered form (*au nominatif pur*)] (*Dematerialised Certificates are only in book entry form*)
- (b) Registration Agent: [Not Applicable/If applicable give name and address] (*Note that a Registration Agent must be appointed with regard to fully registered Dematerialised Certificates only*)
30. **Payment of Alternative Payment Currency Equivalent:** [Applicable] [Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Cross Currency Exchange Rate: [Applicable] [Not Applicable]
- (b) Cross Currency: [●] (*delete if Cross Currency Exchange Rate is not applicable*)
- (c) Cross Currency Jurisdiction: [●] (*delete if Cross Currency Exchange Rate is not applicable*)
- (d) Settlement Currency Jurisdiction: [●]
- (e) Alternative Payment Currency: [●]
- (f) Alternative Payment Currency Jurisdiction: [●]
- (g) Alternative Payment Currency Fixing Page: [●]
- (h) Alternative Payment Currency Fixing Time: [●]
- (i) Alternative Payment Currency Fixing Date: [●] [Condition 8.6 applies] [The relevant [jurisdictions/places] for the purposes of the Alternative Payment Currency Fixing Date are [●]]
- (j) Alternative Payment Currency Exchange Rate Fall-Back provisions: [●] [Not applicable]
- (k) Additional Alternative Payment Currency Event: [●]
- (l) Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [●] [Not applicable]
31. **Underlying Currency Pair provisions:** [Applicable in respect of [[interest payments under the Certificates] [Final Redemption Amount]] [The Initial Underlying Currency Pair Exchange Rate is [●]]] [Not applicable]



*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Cross Currency Exchange Rate: [Applicable] [Not Applicable]
- (b) Cross Currency: [●]
- (c) Cross Currency jurisdiction: [●]
- (d) Reference Currenc(y)(ies): [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●] [and [●]]]
- (e) Reference Currency Jurisdiction(s): [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●] [and [●]]]
- (f) Specified Currenc(y)(ies): [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●] [and [●]]]
- (g) Underlying Currency Pair Business Days: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]] [Condition 8.6 applies]
- (h) Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]]
- (i) Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]] [Condition 8.6 applies]
- (j) Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]]
- (k) Underlying Currency Pair Exchange Rate Fall-Back provisions: [●] [Condition 8.6 applies]

32. **Price Source Disruption:** [Applicable] [Not applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) FX Cut-off Date: [●] [Condition 8.6 applies]
- (b) Number of local banking days for the purpose of postponing Related Payment Dates pursuant to Condition 8.6: [3] [●]
- (c) Unscheduled Holiday and Deferral Period: [The number of Relevant Currency Business Days for the purpose of the definition of Unscheduled Holiday in Condition 8.6 is [●] [and the number of calendar days for the purposes of the Deferral Period is [●] [as per Condition 8.6]]]

33. **Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 8.5:** [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates]

34. **Provisions relating to Partly Paid Certificates:** [Not Applicable/*give details*]  
**amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Certificates and interest due on late payment:**
35. **Provisions relating to Instalment Certificates:** [Not Applicable/*give details*]  
**amount of each instalment, date on which each payment is to be made:**
36. **Provisions relating to consolidation:** [Not Applicable/The provisions [in Condition 13] [attached to these Pricing Supplement] apply]
37. **Other Pricing Supplement:** [Not Applicable/*give details*]

**PROVISIONS APPLICABLE TO CERTIFICATES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR AND ADR/GDR BASKET**

38. **Delivery of Securities (Equity Linked Certificates only):** Transfer Notice: [Yes/No/Not Applicable]
- Delivery of the Securities will be via the clearing system. The delivery or Transfer of Securities to each Holder is at the said Holder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.*
39. **Provisions relating to Equity Linked Certificates, ADR/GDR Linked Certificates and ETF Linked Certificates:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) [Securities]/[ADR/GDR Securities] [●]  
[ETF]:
- (b) [Underlying company or Securities Issuing Company(ies)]/[ADR/GDR Issuer] [Underlying Company]: [●]
- (c) Unit: [Not Applicable/*specify*]
- (d) Initial Price: [●]
- (e) Final Price: [●]
- (f) Exchange: [●] *(the underlying must be traded on a regulated, regularly operating and recognised open market)*
- (g) Related Exchange: [●]

- (h) Securities Transfer Amount: [●]
- (i) Settlement Date: [Condition 17 [applies/does not apply]/[●]]
- (j) Settlement Disruption Event: [Condition 17 [applies/does not apply]/[●]]
- (k) Disruption Period (if other than as specified in Condition 17.2(b): [●]
- (l) Potential Adjustment Event: [Condition 17 [applies/does not apply]/Not Applicable]
- (m) Weighting: [●]
- (n) Strike Price: [●]
- (o) Strike Date: [●]
- (p) Scheduled Trading Day Convention: [Not Applicable/specify]
- (q) Additional Disruption Event: [Not Applicable/specify]
40. **Additional Provisions relating to Equity Linked Certificates:** [Not Applicable/specify]
41. **Provisions relating to Index-Linked Certificates:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Composite Index: [●]
- (b) Index(ices): [●]
- (c) Index Sponsor: [●]
- (d) Initial Index Level: [●]
- (e) Final Index Level: [●]
- (f) Index Rules: [●]
- (g) Exchange: [●]
- (h) Related Exchange: [●]
- (i) Weighting: [●]
- (j) Strike Price: [●]
- (k) Strike Date: [●]
- (l) Scheduled Trading Day Convention: [Not Applicable/specify]
- (m) Additional Disruption Event: [Not Applicable/specify]

42. **Valuation Date(s):** [●]
43. **Valuation Time:** [●]
44. **Averaging Dates:** [●]
- Averaging Date in the event of Market Disruption: [Omission/Postponement/Modified Postponement/Not Applicable/Other (*specify*)]
45. **Reference Prices:** [Yes/No. *If yes, specify*]
46. **Other provisions relating to Index-Linked Certificates, Equity Linked Certificates and ETF Linked Certificates:** [Not Applicable/Specify]
47. **Provisions relating to Inflation Rate-Linked Certificates:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Related Bond: [Applicable/Not Applicable] (*if applicable and nothing further is specified, then it will be the Fallback Bond*)
- (b) Issuer of Related Bond: [Applicable/Not Applicable] [*if applicable specify*]

## DISTRIBUTION

48. **If syndicated, names [and addresses] of the Managers [and the underwriting commitments]:** [Not Applicable/*give names[, addresses and underwriting commitments]*]
- [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) ]
49. (a) **Date of [Subscription] Agreement:** [●]
- (b) **Stabilising Manager(s) (if any):** [●]
- If not syndicated, name [and address] of Dealer:** [●]
50. **Total Commission and concession:** [●]% of the Aggregate Nominal Amount
51. **Prohibition of Sales to EEA Retail Investors:** [Applicable/Not Applicable]
- (If the Certificates clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Certificates may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified. For the purpose of the above, a*

*“packaged” product shall designate a “packaged retail investment product” which means in accordance with Regulation (EU) No 1286/2014 of 26 November 2014 an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor)*

52. **Additional selling restrictions:**

[Not Applicable/specify]

53. **U.S. Selling Restrictions:**

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

[TEFRA C rules/ TEFRA D rules/TEFRA rules not applicable] *(TEFRA rules are not applicable to Dematerialised Certificates)/specify]*

54. **U.S. Tax Considerations:**

[Not Applicable/give details] [The Certificates are [not] Section 871(m) Certificates for the purpose of Section 871(m).] [Based on market conditions on the date of this Pricing Supplement, the Issuer has made a preliminary determination that the Certificates are [not] Section 871(m) Certificates for the purpose of Section 871(m). This is a preliminary determination only that is subject to change based on market conditions on the Issue Date. If the Issuer's final determination is different then it will give notice of such determination.] [The [Dividend Withholding] [Issuer Withholding] approach shall apply to the Certificates. For further information, see "*Taxation – Certificates – United States of America - Hiring Incentives to Restore Employment Act*" in the Offering Memorandum. [The following dividend equivalent amounts are to be treated as being reinvested during the term of the Certificates, less a withholding on such amounts at a rate of [ ] per cent. (as of the Issue Date), which shall be treated for U.S. federal income tax purposes as having been withheld from payments due to the holders of the Certificates: [ ]]. Additional information regarding the application of Section 871(m) to the Certificates will be available from the Issuer. Investors should submit any requests for additional information to the Issuer via their custodians.] *[The Certificates will not be Section 871(m) Certificates if they do not reference any U.S. equity or any index that contains any U.S. equity. Certificates that reference a U.S. equity or index that contains any U.S. equity are subject to additional testing on a trade-by-trade basis to determine whether they are Section 871(m) Certificates. If the “Dividend Withholding” approach applies to the Certificates, the coupon amount formula in item 19 should provide for the Certificates to make periodic payments at least equivalent to the actual cash*

*dividends on the underlying reference assets. Because Euroclear France has not issued guidance regarding the application of withholding under Section 871(m), further analysis would be required if Section 871(m) Certificates are issued through Euroclear France.]*

55. **GENERAL**

The aggregate principal amount of [●]  
Certificates issued has been translated into  
euro at the rate of [●], producing a sum of  
(solely for Certificates not denominated in  
euro):

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [*(Relevant third party information)* has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

**PART B**  
**OTHER INFORMATION**

**1. ISSUE- SPECIFIC RISK FACTORS**

*[Insert any risk factors that are material to the Certificates admitted to trading in order to assess the market risk associated with these Certificates and that may affect the Issuer's ability to fulfil its obligations under the Certificates and which are not covered under "Risk Factors" in the Offering Memorandum.]*

**2. LISTING AND ADMISSION TO TRADING:**

(a) Listing: [Application has been made to admit the Certificates to listing on the Official List of Euronext Dublin [on or around the Issue Date/[insert date]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not Applicable]

(b) Admission to trading: [Application has been made for the Certificates to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/[insert date]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not Applicable]

*(In the case of a fungible issue, indicate that the original Certificates are already admitted to trading.)*

[The [first / (specify)] Tranche(s) of the Certificates [is/are] already admitted to trading on [●] as from [its/their respective] issue date.]

(c) Estimate of total expenses related to admission to trading: [●][Not Applicable]

**3. RATINGS**

Ratings: The Issuer has been assigned an AA- rating by Standard & Poor's Global Ratings ("S&P"), an Aa3 rating by Moody's Investors Services Inc. ("Moody's") and an AA- rating by Fitch Ratings ("Fitch").

The Certificates to be issued have been rated as follows:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Include a brief explanation of the meaning of these ratings if this has previously been published by the rating provider.]*



*(The rating assigned to the Certificates issued under the Programme should be indicated above, or if an issue of Certificates has been assigned a specific rating, the specific rating should be indicated above.)*

[Each of S&P, Moody's and Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Each of S&P, Moody's and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Certificates is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**).]

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

*The purpose of this section is to describe any interest, including any conflicting interest, that may have a material effect on the issue/offer, detailing the persons involved and the nature of the interest. This requirement may be satisfied by the inclusion of the following statement:*

"Save as indicated in the "Subscription and Sale" section, so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer".

#### 5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (a) Reasons for the offer: [ ● ]
- (b) Estimated net proceeds: [ ● ]
- (c) Estimated total expenses: [ ● ]<sup>5</sup>

#### 6. **[Fixed Rate Certificates only – Yield]**

[Not Applicable]

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<sup>5</sup> Include only if reasons for the offer and use of proceeds are disclosed.

Yield: [●].

Calculated as [include summarised description of calculation method] on the Issue Date.]

**[Floating Rate Certificates only – Information on Floating Rate Certificates]**

[Not Applicable]

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

[Benchmark: Amounts payable under the Certificates will be calculated by reference to [EURIBOR / EONIA / LIBOR / CMS] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

7. **[Index Linked or Other Variable-Linked Certificates only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF ITS EFFECT ON THE VALUE OF THE INVESTMENT AND THE ASSOCIATED RISKS, AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*This section should indicate where the information on the past and future performance and volatility of the index/formula/other variable can be obtained]*<sup>6</sup>

8. **[Dual Currency Certificates only – PERFORMANCE OF EXCHANGE RATE[S] AND EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT]**

*This section should include details of where the information on past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]]*<sup>7</sup>

9. **[Derivative instruments only – [EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT, THE YIELD ON THE DERIVATIVE INSTRUMENTS AND INFORMATION CONCERNING THE UNDERLYING]**

**[EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT]**

*Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident, and of the risk that investors may lose part or all of their investment.]*

10. **[SETTLEMENT PROCEDURE FOR DERIVATIVE INSTRUMENTS]**

*This section should contain the description of the settlement procedure for the derivative instruments.]*<sup>8</sup>

11. **[INFORMATION CONCERNING THE UNDERLYING]**

<sup>6</sup> Include only where the Certificates are Index Linked or Other Variable-Linked Certificates

<sup>7</sup> Include only where the Certificates are Dual Currency Certificates.

<sup>8</sup> Include only where Derivatives instruments.

Strike price or final reference price of the underlying: [●]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indicate where the information about the past and the future performance of the underlying and its volatility can be obtained: [●]
- where the underlying is a transferable security: [Applicable/Not Applicable]
- Name of the issuer of the security: [●]

ISIN (International Security Identification Number) or other such security identification code: [●]

- where the underlying is an index: [Applicable/Not Applicable]

the name of the index and a description of the index if it is composed by the Issuer. If the index is not composed by the Issuer, indicate where information about the index can be obtained: [●]

- where the underlying is an interest rate: [Applicable/Not Applicable]  
a description of the interest rate: [●]

- other: [Applicable/Not Applicable]

where the underlying does not fall within the categories specified above the Pricing Supplement must contain equivalent information: [●]

where the underlying is a basket of underlyings: [Applicable/Not Applicable]

Weighting assigned to each component of the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules that apply in the case of events with an impact on the underlying: [●]<sup>9</sup>

## OTHER

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<sup>9</sup> Include only where Derivatives instruments.

Name and address of Calculation Agent: [ ● ]

[Information on taxes on the income from the [ ● ]]

Certificates withheld at source in the country  
where admission to trading (other than in  
Luxembourg and France) is sought):

12. **[Derivative instruments only – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING**

The Issuer will not provide any post-issuance information, unless so required by any applicable laws and regulations.

*[If post-issuance information must be provided, specify what information will be provided and where such information can be obtained.]]*<sup>10</sup>

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<sup>10</sup> Include only where Derivatives instruments.

13. **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central Depository: [Yes/No]

(b) Common Depository for Euroclear Bank and Clearstream Banking S.A.: [Yes/No]

Any clearing system(s) other than Euroclear Bank and Clearstream Banking S.A. and the corresponding identification number(s): [Not Applicable/give name(s), number(s) and addresses]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents designated for the Certificates: **BNP Paribas Securities Services**  
3-5-7 rue General Compans  
ACI-CPC03A2  
93500 Pantin  
France

Names and addresses of additional Paying Agent(s) (if any): [●]

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

**CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER**

Conditions to which the offer is subject: [●]

Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer: [●]

The time period, including any possible amendments, during which the offer will be open and description of the application process: [●]

Details of the minimum and/or maximum amount of application (whether in number of Certificates or aggregate amount to invest): [●]

Method and time limits for paying up the securities and for delivery of the Certificates: [●]

A full description of the manner and date in which results of the offer are to be made public: [●]

15. **PLAN OF DISTRIBUTION AND ALLOTMENT**

The various categories of potential investors to which the Certificates are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche. [●]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [●]

16. **PRICING**

Indication of the expected price at which the Certificates will be offered. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]

17. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place. [Not Applicable]/[●]

Name and address of any paying agents and depository agents in each country. [Not Applicable]/[●]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, a statement of the portion not covered: [Not Applicable]/[●]

When the underwriting agreement has been or will be reached. [Not Applicable]/[●]

Name and address of a calculation agent. [Not Applicable]/[●]

**PRO FORMA PRICING SUPPLEMENT RELATING TO NOTES AND EQUITY LINKED NOTES/EQUITY BASKET-LINKED NOTES/INDEX LINKED NOTES/INDEX BASKET-LINKED NOTES/INFLATION RATE-LINKED NOTES /CURRENCY-LINKED NOTES /ETF LINKED NOTES/ETF BASKET-LINKED NOTES/ADR/GDR LINKED NOTES/ ADR/GDR BASKET-LINKED NOTES/FUND-LINKED NOTES/FUND BASKET-LINKED NOTES/CREDIT-LINKED NOTES/PREFERENCE SHARE LINKED NOTES**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>11</sup>

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]<sup>12</sup>. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>13</sup>

**Pricing Supplement dated [ ● ]**

**[LOGO, if document is printed]**

**HSBC France**

**Legal Entity Identifier (LEI): F0HUI1NY1AZMJMD8LP67**

**Issue of [Brief description and amount of Notes]**

**Programme for the issue of Structured Notes and Certificates**

<sup>11</sup> Delete legend if the Notes do not constitute “packaged” products, in which case, insert “Not Applicable” in paragraph 55 of Part A below. Include legend if the Notes may constitute “packaged” products and the Issuer intends to prohibit the Notes being offered, sold or otherwise made available to EEA retail investors. In this case insert “Applicable” in paragraph 55 of Part A below.

<sup>12</sup> ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

<sup>13</sup> Legend to be included on front of the Pricing Supplement if following the ICMA 1 “all bonds to all professionals” target market approach.

**Issue Price: [ ● ] %**

**[Name(s) of Dealer(s)]**



## PART A – CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of Euronext Dublin] and must be read in conjunction with the Offering Memorandum dated 14 November 2018 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing on the website of HSBC France (<http://www.about.hsbc.fr/investor-relations/debt-issuance>) and copies may be obtained from HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the Prospectus Directive). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2014/65/EU and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*[The following alternative language applies if (i) the first tranche of an issue which is being increased was issued under an offering document with an earlier date; or (ii) Notes which are being issued under this offering document are subject to terms and conditions as originally set out in an offering document with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the [2014/2015/2016/January 2017/November 2017] Conditions (the "[**2014**] [**2015**] [**2016**] [**January 2017**] [**November 2017**] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the [2014] [2015] [2016] [January 2017] [November 2017] Conditions and the Offering Memorandum. The Offering Memorandum and the [2014] [2015] [2016] [January 2017] [November 2017] Conditions are available for viewing during normal business hours at HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France and [www.hsbc.com](http://www.hsbc.com) (<http://www.about.hsbc.fr/investor-relations/debt-issuance>) and copies may be obtained from HSBC France, 103 avenue des Champs Elysées, 75008 Paris, France.]

*[Complete all the following that apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |    |   |  |
|----|---|--|
| 1. | <b>Issuer:</b>                                | HSBC France  |
| 2. | (a) [Series Number:                           | [ ● ]]   |
|    | (b) [Tranche Number:                          | [ ● ]]   |
|    | (c) [Date on which the Notes become fungible: | [Not Applicable/ The Notes will be assimilated ( <i>assimilées</i> ) and form a single series with the existing [ <i>insert description of the Series</i> ] issued by the Issuer on [ <i>insert date</i> ] (the " <b>Existing Notes</b> ") as from the date of |

assimilation which is expected to be on or about forty (40) days after the Issue Date (the “**Assimilation Date**”).]

3. **Specified Currency or Currencies:** [ ● ]
4. **Aggregate Nominal Amount:** [ ● ]
  - (a) [Series: [ ● ]]
  - (b) [Tranche: [ ● ]]
5. **Issue Price:** [ ● ] % of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only if applicable)]
6. **Specified Denomination(s):** [ ● ]<sup>14</sup>(one Nominal Amount only for Dematerialised Notes)
7.
  - (a) Issue Date: [ ● ]
  - (b) Interest Commencement Date (if different from the Issue Date): [ ● ] [*Specify/Issue Date/Not Applicable*]
  - (c) [Trade Date: [ ● ]]
8. **[Minimum Trading Size:** [ ● ]]
9. **Maturity Date:** [*specify date or (for Floating Rate Notes) Coupon Payment Date closest to the relevant month and year*] (for Credit-Linked Notes only) (the “**Scheduled Maturity Date**”), subject as provided in the Additional Terms and Conditions relating to Credit-Linked Notes [and to adjustment in accordance with the *[insert]* Business Day Convention].]

*[For Basket-Credit Linked Notes other than Zero Recovery Basket Credit-Linked Notes and Fixed Recovery Basket Credit-Linked Notes, insert:*

The later of:

- (a) [*Insert for Auction Settlement Notes:*

the day falling [five] [*specify*] Business Days following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred; and]

<sup>14</sup>

Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds must be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)

*[Insert for Physical Settlement Notes:*

the day falling [five] *[specify]* Business Days following:

- (i) the last Credit Settlement Date or Partial Cash Settlement Date capable of occurring; or
- (ii) if Credit Linked Condition 6(a)(1)(y) applies, (x) the calculation of the Final Price or (y) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date),

in respect of each Reference Entity for which a Credit Event Determination Date has occurred; and]

- (b) *[insert date]* (the "**Scheduled Maturity Date**"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the *[insert]* Business Day Convention].]

*[For Zero Recovery Basket Credit-Linked Notes, insert:*

The later of:

- (a) the day falling [five] *[specify]* Business Days following the date as of which a Credit Event Determination Date has occurred or is determined not to have occurred in respect of each Reference Entity which is relevant for the determination of the Final Redemption Amount; and
- (b) *[insert date]* (the "**Scheduled Maturity Date**"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the *[insert]* Business Day Convention].]

*[For Fixed Recovery Basket Credit-Linked Notes, insert:*

The later of:

- (a) the later of (i) the last occurring Fixed Credit Event Payment Date in respect of each Reference Entity for which a Credit Event Determination Date has occurred and (ii) the day falling [five] *[specify]* Business Days following the last date as of which a Credit Event Determination Date is determined not to have occurred in respect of any other Reference Entity which is relevant for the determination of the Final Redemption Amount;

and

(b) [*insert date*] (the "**Scheduled Maturity Date**"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [*insert*] Business Day Convention].]

10. **Interest Basis:**

[Not Applicable]

[[●] per cent. Fixed Rate]

[[*EURIBOR, EONIA, LIBOR, CMS, TEC or other*] +/- [●]% Floating Rate]

[Note linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, Fund, Fund Basket, Preference Share, the Credit of a reference entity/obligation or of a basket of reference entities/obligations]

[Zero Coupon Note]

[Other (*specify*)]

(*further particulars specified below*)

11. **Redemption/Payment Basis**

[Redemption at par]

(*Condition 6*):

[Redemption linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, Fund, Fund Basket, Preference Share, the Credit of a reference entity/obligation or of a basket of reference entities/obligations]

[Dual Currency Notes]

[Partly Paid]

[Instalment Payment]

[Physical Delivery]

[Other (*specify*)]

(*further particulars indicated below*)

12. **Change of Interest Basis or Redemption/Payment Basis:**

[[*Specify details of any provisions relating to a change of interest basis or redemption/payment basis applicable to the Notes*]/Not Applicable]

13. **Put/Call Options:**

[Condition 6.3, 6.4 will apply as specified below]

[Holder Put]

[Issuer's Call]

[other option: *(further particulars indicated below)*]

[Not Applicable]

14. (a) Status of Notes: [Senior preferred]
- (b) Date of Board approval for issuance of Notes [●]
- (c) [Date of issuance authorisations: Board of Directors' decision dated [●]]
15. **Method of distribution:** [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST PAYABLE (IF APPLICABLE)**

16. **Provisions relating to Fixed Rate Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Interest Rate: [●] % per annum [payable [annually/semi-annually / quarterly/monthly/other (*specify*)] in arrears]
- (b) Interest Payment Date(s): [●] in each year  
  
*[[not adjusted/[Specify the Business Day Convention and any Business Centre(s) applicable for the definition of "Business Day"]]]*
- (c) Fixed Coupon Amount(s): [●] per [●] of the Specified Nominal Amount
- (d) Broken Amount: *[Provide information relating to the initial or final broken interest amounts that do not correspond to the Fixed Coupon Amount(s)]*
- (e) Day Count Fraction: [30/360/ Actual/Actual - [ICMA/ISDA]/ other]
- (f) Determination Dates: [●] in each year  
  
*[indicate regular Interest Payment Dates, ignoring Issue Date and Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
17. **Provisions relating to Floating Rate Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Interest Period(s): [●]

- (b) Specified Interest Payment Dates: [ ● ]
- (c) First Interest Payment Date: [ ● ]
- (d) Business Day Convention: ["Floating Rate" Business Day Convention/ "Following" Business Day Convention/ "Modified Following" Business Day Convention/ "Preceding" Business Day Convention/ other (*give details*)]
- [Insert "unadjusted" if application of the relevant business day convention is not intended to affect the Interest Amount]*
- (e) Business Centre(s) [ ● ]  
(*Condition 5.1*):
- (f) Method used to determine Interest Rate(s): [FBF/ISDA/Screen Page/Other (*give details*)]
- (g) Interest Accrual Period Date: [Interest Payment Date/Other (*give details*)]
- (h) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Calculation Agent): [ ● ]
- (i) FBF Determination: [Applicable/ Not Applicable]
- (i) Floating Rate: [ ● ] (*specify Relevant Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months*) (*other information if necessary*)
- (ii) Floating Rate Determination Date: [ ● ]
- (iii) FBF definitions (if different from those set out in the Terms and Conditions): [ ● ] (*explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions*)
- (iv) Alternative Pre-nominated Index: [●][*specify Alternative Pre-nominated Index details*][Not Applicable]
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: [ ● ]
- (ii) Designated Maturity: [ ● ]
- (iii) Reset Date: [ ● ]
- (iv) Alternative Pre-nominated Index: [●][*specify Alternative Pre-nominated Index details*][Not Applicable]

- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Reference Rate: [●] (*specify Relevant Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months) (other information if necessary)*)
- (ii) Relevant Time: [●]
- (iii) Coupon Determination Date(s): [●]
- (iv) Primary Source for Floating Rate: [*Specify Screen Page or "Reference Banks"*]
- (v) Reference Banks (if Primary Source is "Reference Banks"): [*Indicate four banks*]
- (vi) Relevant Financial Centre: [*The financial centre closest to the benchmark - specify if not Paris*]
- (vii) Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
- (viii) Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
- (ix) Specified Duration: [*Specify quotation period if duration is different from Interest Accrual Period*]
- (x) Screen Page: [●] (*in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (xi) Relevant Screen Page [●]
- (xii) Alternative Pre-nominated Index: [●][*specify Alternative Pre-nominated Index details*][Not Applicable]
- (l) Alternative Reference Rate: [Applicable][Not Applicable]
- (m) Margin(s): [+/-] [●] % per annum
- (n) Minimum Interest Rate: [Not Applicable/[●] % per annum]
- (o) Maximum Interest Rate: [Not Applicable/[●] % per annum]
- (p) Day Count Fraction: [●]
- (q) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating

Rate Notes, if different from those set out in the Terms and Conditions:

18. **Provisions relating to Zero Coupon Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Yield: [●] % per annum
- (b) [(for Credit-Linked Notes only) Zero Coupon Note Reference Price: [●]]
- (c) Day Count Fraction: [●]
- (d) Any other formula/basis of determining amount payable: [●]
19. **Provisions relating to Notes with a Coupon Linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR or ADR/GDR Basket:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Equity, Equity Basket, Index, Index Basket, ETF unit, ETF Basket, ADR/GDR, ADR/GDR Basket/formula/other variable: [Specify (in an appendix if necessary)]
- (b) Party responsible for calculating the Interest Rate(s) and/or Coupon Amount(s) (if not the Calculation Agent): [●]
- (c) Provisions for determining the Coupon when calculated by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, formula or other variable: [●]
- (d) Coupon Determination Date(s): [●]
- (e) Provisions for determining the Coupon when calculation by reference to an Index, formula or other variable is impossible or impracticable: [●] *[Include a description of market disruption or settlement disruption events and the adjustment provisions]*
- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]



- (h) Business Day Convention: ["Floating Rate" Business Day Convention/ "Following" Business Day Convention/"Modified Following" Business Day Convention/"Preceding" Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (l) Day Count Fraction: [●]

20. **Provisions relating to Notes with a Coupon linked to a Fund or Fund Basket** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Reference Fund(s)/formula: [*Specify (in an appendix if necessary)*]
- (b) Party responsible for calculating the Interest Rate(s) and/or Coupon Amount(s) (if not the Calculation Agent): [●]
- (c) Provisions for determining the Coupon when calculated by reference to a Reference Fund and/or formula: [●]
- (d) Coupon Determination Date(s): [●]
- (e) Provisions for determining the Coupon when calculation by reference to a Reference Fund and/or formula is impossible or impracticable: [●] [*Include a description of market disruption or settlement disruption events and the adjustment provisions*]
- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]
- (h) Business Day Convention: ["Floating Rate" Business Day Convention/ "Following" Business Day Convention/"Modified Following" Business Day Convention/"Preceding" Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●] per cent. per annum]

(l) Day Count Fraction: [●]

21. **Provisions relating to Dual Currency** [Applicable/Not Applicable]

**Notes:**

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]

(b) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●][give name and address]

(c) Provisions applicable when calculation by reference to the Rate of Exchange is impossible or impracticable: [●]

(d) Person(s) at whose option Specified Currency(ies) is/are payable: [●]

(e) Day Count Fraction: [●]

22. **Provisions relating to Physical Delivery** [Applicable/Not Applicable]

**Notes**

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Underlying assets and/or formula to be used to determine principal and/or interest or the Physical Delivery Amount: [●]

(b) Cash settlement and/or physical delivery: *(Specify whether or not Notice of Settlement is applicable.)*

(c) [[Issuer/Holder] option to change settlement method and, if yes, chosen method and procedure for changing settlement:] [Yes, [give or append the details]/No]

(d) If settlement is by physical delivery: [●]

(i) Method of delivery of Physical Delivery Amount and consequences of Potential Adjustment Events, Extraordinary Events or

Additional Disruption  
Events:

- (ii) Details of how and when Transfer Notice is to be delivered: [ ● ]
- (iii) Details of how entitlement to Physical Delivery Amount will be evidenced: [ ● ]
- (e) The party responsible for calculating the redemption amount and/or interest amount, or the Physical Delivery Amount, payable (if not the Calculation Agent): [ ● ]
- (f) Provisions where calculation by reference to the underlying assets and/or formula is impossible or impracticable: [ ● ]
- (g) Details of any other relevant terms, any stock exchange requirements/tax considerations (include details of person responsible for transfer expenses): [ ● ]
- (h) Method of calculating Early Redemption Amount (if for reasons other than following a redemption for tax reasons or an Event of Default): [ ● ] per Note of [ ● ] of specified Denomination/Market Value / [*specify*]
- (i) Valuation Date: [ ● ]
- (j) Details of Stock Exchanges(s) and Related Exchange(s): [ ● ]
- (k) Rate of Exchange: [Applicable/Not Applicable]
- (l) Such other additional terms or provisions as may be required: [ ● ]

#### PROVISIONS RELATING TO REDEMPTION

23. **Redemption at the option of the Issuer:** [Applicable/Not Applicable]  
(Condition 6.3)

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Amounts[of [*specify – if not par, and also specify details of any*

each Note and, if relevant, the *formula*  
method of calculating such  
amount(s)]: [[ ● ] per Note with a specified denomination of [ ● ]]

(i) Minimum Redemption Amount: [ ● ]

(ii) Maximum Redemption Amount: [ ● ]

(b) Call Option Date(s): *[Specify]*

(c) [Notice period: [ ● ]]

24. **Redemption at the option of the Noteholders:** (*Condition 6.4*) [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Amount(s) *[specify – if not par, also specify details of any formula]*  
[of each Note and, if relevant,  
method of calculation of this/these  
amount(s)]:

(b) Put Option Date(s): *[Specify]*

(c) [Notice Period: [ ● ]]

25. **Redemption by Instalments:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Instalment Amounts: [ ● ]

(b) Instalment Payment Date(s): [ ● ]

(c) Other provisions relating to instalment: [ ● ]

*[For Basket Credit-Linked Notes other than Zero Recovery Basket Credit-Linked Notes, insert:*

*See Credit Linked Condition 6]*

26. **Final Redemption Amount of each Note:** [[ ● ] per Note of [ ● ] Specified Denomination/Other  
*(specify) /See Appendix]*

In cases where the Final Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, formula /other variable: [Specify (in an appendix if necessary)]
- (b) Party responsible for calculating the Interest Rate(s) and Final Redemption Amount (if not the Calculation Agent): [●] [give name and address]
- (c) Provisions for determining Final Redemption Amount where calculated by reference to an Index and/or a formula and/or other variable: [●]
- Trigger Event: [●]
  - Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
    - Knock-in Period Beginning Date: [Not Applicable/specify]
    - Knock-in Period Ending Date: [Not Applicable/specify]
    - Knock-in Price: [Not Applicable/specify]
    - Knock-in Valuation Time: [Not Applicable/specify]
  - Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
    - Knock-out Period Beginning Date: [Not Applicable/specify]
    - Knock-out Period Ending Date: [Not Applicable/specify]
    - Knock-out Price: [Not Applicable/specify]
    - Knock-out Valuation Time: [Not Applicable/specify]
- (d) Determination Date(s): [●]
- (e) Provisions for determining Final Redemption Amount where calculation by reference to an Index and/or formula and/or other variable is impossible or impracticable: [●]

- (f) Payment Date: [●]
- (g) Minimum Final Redemption Amount: [●]
- (h) Maximum Final Redemption Amount: [[●] per Note of [●] Specified Denomination/other (specify)/see Appendix]

In cases where the Final Redemption Amount is linked to a Fund or Fund Basket: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Reference Fund(s)/formula: [Specify (in an appendix if necessary)]

- (b) Party responsible for calculating the Interest Rate(s) and Final Redemption Amount (if not the Calculation Agent): [●]

- (c) Provisions for determining Final Redemption Amount where calculated by reference to a Reference Fund and/or a formula: [●]

- (d) Determination Date(s): [●]

- (e) Provisions for determining Final Redemption Amount where calculated by reference to a Reference Fund and/or formula is impossible or impracticable: [●]

- (f) Payment Date: [●]

- (g) Minimum Final Redemption Amount: [●]

- (h) Maximum Final Redemption Amount: [[●] per Note of [●] Specified Denomination/other (specify)/see Appendix]

In cases where the Final Redemption Amount is linked to the credit of a reference entity/obligation or a basket of reference entities/obligations: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

[[●] per Specified Denomination][Each Note's *pro rata* share of the Aggregate Nominal Amount][As set out in Credit Linked Condition 6 (include for Basket Credit-Linked Notes)][specify – if not par, also specify details of any formula]

In cases where the Final Redemption Amount is linked to a Preference Share: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Final Redemption Amount of each Note:

[[Specified Denomination]

$$x \frac{ShareValue_{final}}{ShareValue_{initial}}$$

per Specified Denomination

Where:

"**Share Value<sub>final</sub>**" means the Preference Share Value on the Valuation Date; and

"**Share Value<sub>initial</sub>**" means the Preference Share Value on the Initial Valuation Date.]

27. **Early Redemption Amount:**

In cases where the Early Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable:

[Applicable/Not Applicable]

Early Redemption Amount(s) of each Note paid on redemption for taxation reasons or an event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 6.5):

*(If not applicable, delete the remaining subparagraph of this paragraph)*

[●]

In cases where the Early Redemption Amount is linked to a Fund or Fund Basket:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

Early Redemption Amount(s) of each Note paid on redemption for taxation reasons or an event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 6.5):

[●]

In cases where the Early Redemption Amount is linked to the credit of a reference entity/obligation or a basket of reference entities/obligations:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

Early Redemption Amount(s) of each Note paid on redemption for taxation reasons or an event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 6.5):	[The Early Redemption Amount shall be determined by the Calculation Agent to be each Note's <i>pro rata</i> share of the fair market value of the Notes immediately prior to the early redemption date less any Unwind Costs, subject to a minimum of zero.] / [100 per cent.] / [[●] per cent.] of their nominal amount.] / [Fair Market Value - Fair Market Value Floor: [Applicable - Fair Market Value Floor Percentage: [●] per cent. per Specified Denomination /Not Applicable]] / [Zero Coupon Accrual Yield and Reference Price - Zero Coupon Note Reference Price: [●] and Accrual Yield: [●]] / [ <i>specify other</i> ]
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In cases where the Early Redemption Amount is linked to a Preference Share:	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraph of this paragraph)</i>
---	--

Early Redemption Amount (upon redemption for taxation reasons, following redemption at the option of the Issuer, following the occurrence of an event of default, following the occurrence of a Preference Share Early Redemption Event, an Extraordinary Event or Additional Disruption Event):	[Per Specified Denomination, an amount in [ <i>specify currency of payment</i> ] calculated by the Calculation Agent on the same basis as the Final Redemption Amount except that the definition of Share Value <sub>final</sub> shall be the Preference Share Value on the day falling [ <i>two</i> ] Business Days before the due date for early redemption of the Notes.]
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Other redemption provisions:	[[●] per Specified Denomination ( <i>specify – if not par, also specify details of any formula</i> ) / [Fair Market Value - Fair Market Value Floor: [Applicable - Fair Market Value Floor Percentage: [●] per cent. per Specified Denomination /Not Applicable]] / [Zero Coupon Accrual Yield and Reference Price - Zero Coupon Note Reference Price: [●] and Accrual Yield: [●]] / Not Applicable]
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28. <b>Automatic Early Redemption:</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
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Automatic Early Redemption Event:	[Not Applicable/ <i>specify</i> ]
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Automatic Early Redemption Amount:	[Not Applicable/ <i>specify</i> ]
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Automatic Early Redemption Dates:	[Not Applicable/ <i>specify</i> ]
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Automatic Early Redemption Price/Level:	[Not Applicable/ <i>specify</i> ]
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Automatic Early Redemption Rate:	[Not Applicable/ <i>specify</i> ]
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Automatic Early Redemption Valuation Date(s):	[Not Applicable/ <i>specify</i> ]
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29. <b>Calculation Agent for the requirements of Condition 5.3(i):</b>	[Not Applicable/ <i>state name</i> ]
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30.	<b>Credit Linked Redemption</b>	[Applicable][Not Applicable]
(a)	Type of Credit-Linked Notes:	[Single Reference Entity Credit-Linked Notes [which are Fixed Recovery Single Reference Entity Credit-Linked Notes]] [Basket Credit-Linked Notes [which are [Index Basket Credit-Linked Notes] [and] [Fixed Recovery Basket Credit-Linked Notes]]]
(b)	Unwind Costs:	[Applicable: [Standard Unwind Costs][Zero Unwind Costs]][ <i>specify</i> ][Not applicable]
(c)	Settlement Method:	[Auction Settlement][Physical Settlement] ( <i>Note, consider whether for Physical Settlement Notes the Series should be restricted to comprise one Note of the entire issue size and Condition 15.1 (Further Issues) should then be disappplied</i> ) [Zero Recovery] [Cash Settlement] ( <i>Note, Cash Settlement can only apply as the Settlement Method for fixed recovery Notes</i> )
(d)	Basket Credit Linked Terms:	<p>[Applicable] [Not applicable]</p> <p><i>[If applicable, insert:</i></p> <p><i>[Unless Zero Recovery Basket Credit-Linked Notes, insert:</i></p> <p>Credit Event Amount: [<i>specify</i>] [As set out in the Credit Linked Conditions]</p> <p>Credit Event Payment Date: [<i>specify</i>] [[●] Business Days] [As set out in the Credit Linked Conditions]</p> <p><i>[For Index Basket Credit-Linked Notes, insert:</i></p> <p>Index: [Each of] [Markit iTraxx® [Europe/Asia ex-Japan/Japan/Australia] [<i>index name</i>] Series [<i>specify</i>] Version [<i>specify</i>]] [Markit CDX.[NA.[IG/HY/XO].[ ]] [EM] [LatAm Corp] [<i>specify sector, if any</i>] [<i>specify series, if any</i>] [<i>specify version, if any</i>]].</p> <p>iTraxx Index: [Each of] [<i>specify</i>].</p> <p>CDX Index: [Each of] [<i>specify</i>].</p> <p>Annex Date: [<i>specify per Index</i>].</p> <p>Index Weighting: [<i>specify per Index</i>].</p> <p>Original Notional Amount: [<i>specify</i>].]</p> <p><i>[For Fixed Recovery Basket Credit-Linked Notes, insert:</i></p> <p>Final Price: [<i>specify</i>] per cent.]]</p>
(e)	Trade Date:	[ <i>specify</i> ]

- (f) Calculation Agent City: [specify]
- (g) Reference Entity(ies): [specify] [See the Schedule hereto] [For Index Basket Credit-Linked Notes: As set out in the Credit Linked Conditions]
- (h) Transaction Type: [Not applicable] [specify] [See the Schedule hereto] [For Index Basket Credit-Linked Notes: As set out in the Credit Linked Conditions]
- [If a Transaction Type and Standard Terms applies, insert:
- The "**Standard Terms**" in respect of a Reference Entity will be the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date] as published by ISDA on its website at [www.isda.org](http://www.isda.org), in relation to the Transaction Type for such Reference Entity.
- (Note, in the case of Index Basket Credit-Linked Notes, the Standard Terms Supplements as at the date of the Offering Memorandum apply the Physical Settlement Matrix as at the later of the Effective Date and 22 September 2014)]
- (i) Reference Entity Notional Amount: [specify in respect of each Reference Entity] [See the Schedule hereto] [For Index Basket Credit Linked Notes: As set out in the Credit Linked Conditions]
- (j) Reference Obligation(s): [For Index Basket Credit Linked Notes: As set out in the Credit Linked Conditions]
- Standard Reference Obligation: [Applicable][Not applicable] (Note, Standard Reference Obligation is applicable for Index Basket Credit Linked Notes)
- [If Standard Reference Obligation is applicable, insert:
- [Senior Level/Subordinated Level]]
- [If there is a Non-Standard Reference Obligation, insert:
- Non-Standard Reference Obligation:
- Primary Obligor: [specify]
- Guarantor: [specify]
- Maturity: [specify]
- Coupon: [specify]
- CUSIP/ISIN: [specify] (Note, only include if Standard Reference Obligation does not apply or Standard Reference

*Obligation applies but one has not yet been published and an Initial Non-Standard Reference Obligation is required until publication))*

- (k) All Guarantees: [Applicable] [Not applicable] [As per the Standard Terms]
- (l) Credit Events: [As per the Standard Terms]
- [Bankruptcy]
- [Failure to Pay]
- [Grace Period Extension] [Applicable] [Not applicable]
- If applicable: Grace Period: [specify] [As set out in the Credit Linked Conditions]*
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]
- [Provisions relating to Restructuring Credit Event: [Mod R/Mod Mod R] applicable]]
- [Provisions relating to Multiple Holder Obligation: Credit Linked Condition 17: [Not applicable]]
- [Governmental Intervention]
- Default Requirement: *[specify]*[As set out in the Credit Linked Conditions]
- Payment Requirement: *[specify]*[As set out in the Credit Linked Conditions]
- (m) Financial Reference Entity Terms: [Applicable] [Not applicable] [As per the Standard Terms]
- (n) Subordinated European Insurance Terms: [Applicable] [Not applicable] [As per the Standard Terms]
- (o) Credit Event Determination Date: Notice of Publicly Available Information: [Applicable] [Not applicable]
- If Applicable:*
- Public Source(s): *[specify]* [As set out in the Credit Linked Conditions]
- Specified Number: *[specify]* [As set out in the Credit Linked Conditions]]
- (p) Obligation(s):

- Obligation Category: [As per the Standard Terms]  
[Payment] [Borrowed Money] [Reference Obligation Only]  
[Bond] [Loan] [Bond or Loan]  
  
(select one only)
- Obligation Characteristics: [As per the Standard Terms]  
  
[Not Subordinated] [Specified Currency: [specify currency/Standard Specified Currency]] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means: [specify currency] [As set out in the Credit Linked Conditions]] [Not Domestic Law] [Listed] [Not Domestic Issuance]  
  
(select all of which apply)
- (q) Excluded Obligation(s): [specify] [Not applicable]
- (r) Accrual of Interest upon Credit Event: [Not applicable] [Applicable – Credit Event Determination Date (*Note: not an option for Basket Credit-Linked Notes*)] [Applicable – Scheduled Maturity Date]
- (s) Reference Obligation Only Early Termination Amount: [specify][Not applicable] (*Note, not applicable unless the Notes are Reference Obligation Only Notes*)

**Terms relating to Auction Settlement and Cash Settlement**

*(Note, (a) all items of this section should be not applicable for zero recovery Notes, (b) the Credit Event Redemption Amount and Credit Event Redemption Date should be not applicable for Basket Credit-Linked Notes, (c) all items of this section should still be completed for physical settlement Notes (due to the potential that they are treated as auction/cash settlement Notes) and (d) the Valuation Date, Valuation Time, Quotation Method, Quotation Amount, Minimum Quotation Amount, Quotation Dealers, Accrued Interest, Valuation Method, Valuation Obligations and Excluded Valuation Obligations should be not applicable for fixed recovery Notes)*

- (t) Credit Event Redemption Amount: [specify][As set out in the Credit Linked Conditions][Not applicable]  
  
[For Fixed Recovery Single Reference Entity Credit-Linked Notes, insert:  
  
Final Price: [specify] per cent.]]

- (u) Credit Event Redemption Date: [As set out in the Credit Linked Conditions][*specify*][*specify* Business Days][Not applicable]
- (v) Valuation Date: [Applicable] [Not Applicable]
- [Single Valuation Date:
- Fixed Valuation Date: [Applicable] [Not Applicable]
- [*If applicable: [specify] Business Days*]
- [Multiple Valuation Dates:
- Fixed Valuation Date: [Applicable] [Not Applicable]
- [*If applicable: [specify] Business Days; and each [specify] Business Days thereafter; Number of Valuation Dates: [specify]*]
- (w) Valuation Time: [*specify*][As set out in the Credit Linked Conditions][Not Applicable]
- (x) Quotation Method: [Bid][Offer][Mid-market][As set out in the Credit Linked Conditions][Not Applicable]
- (y) Quotation Amount: [*specify*][Representative Amount][As set out in the Credit Linked Conditions][Not Applicable]
- (z) Minimum Quotation Amount: [*specify*] [As set out in the Credit Linked Conditions][Not Applicable]
- (aa) Quotation Dealers: [●]
- [*specify other*][As set out in the Credit Linked Conditions][Not Applicable]
- (bb) Accrued Interest: [Include Accrued Interest][Exclude Accrued Interest] [As set out in the Credit Linked Conditions] [Not Applicable]
- (cc) Valuation Method: [Market] [Highest]
- [Average Market] [Highest] [Average Highest]
- [Not Applicable]
- (dd) Valuation Obligations:
- Valuation Category: Obligation [The Deliverable Obligation Category under the Standard Terms]
- [Payment] [Borrowed Money] [Reference Obligation Only]
- [Bond] [Loan] [Bond or Loan] [Not Applicable]

(select one only)

- Valuation Obligation Characteristics: [The Deliverable Obligation Characteristics under the Standard Terms]  
  
[Not Subordinated][Specified Currency: *[specify currency]*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means: *[specify currency]*] [As set out in the Credit Linked Conditions]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] *[specify]*] [Maximum Maturity: [●] years] [Accelerated or Matured] [Not Bearer][Not Applicable]

(select all of which apply)

- (ee) Excluded Valuation Obligation(s): *[specify]* [Not Applicable]
- (ff) Credit Event Maturity Settlement: [Applicable] [Not Applicable] (*Note: this cannot apply for zero recovery or physical settlement Notes*)

#### **Terms relating to Physical Settlement**

***(Note, complete for physical settlement Notes and in relation to Deliverable Obligations for Substitute/Auction/Reference Transaction/Valuation Obligation purposes and elections regardless of the Settlement Method of the Notes. Otherwise specify items as not applicable)***

- (gg) Physical Settlement Period: *[[specify]* Business Days] [Not Applicable]
- (hh) Accrued Interest on Entitlement: [Include Accrued Interest][As set out in the Credit Linked Conditions] [Not Applicable]
- (ii) Credit Settlement Currency: *[specify]*[As set out in the Credit Linked Conditions] [Not Applicable]
- (jj) Deliverable Obligations:
  - Deliverable Obligation Category: [As per the Standard Terms]  
  
[Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan] [Not applicable]

(select one only)

- Deliverable Obligation Characteristics: [As per the Standard Terms]  
  
[Not Subordinated][Specified Currency: *[specify currency]*/Standard Specified Currency] [Not Sovereign

Lender] [Not Domestic Currency: Domestic Currency means: *[specify currency]* [As set out in the Credit Linked Conditions]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] *[specify]* [Maximum Maturity: [●] years] [Accelerated or Matured] [Not Bearer][Not Applicable]

*(select all of which apply)*

- (kk) Excluded Deliverable Obligation(s): *[specify]* [Not Applicable]
- (ll) Indicative Quotations: [Applicable] [Not Applicable]
- (mm) Valuation Time: *[specify]*[As set out in the Credit Linked Conditions] [Not Applicable]
- (nn) Delivery provisions for Entitlement if different from Credit Linked Conditions: *[specify]* [Not Applicable]
- (oo) Qualifying Participation Seller: *[insert]* [Not Applicable]
- (pp) Sovereign No Asset Package Delivery: [Applicable] [Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

- 31. **Form of Notes:** [Dematerialised Notes/Materialised Notes]  
  
*(Materialised Notes are solely in Bearer form)*  
  
[Delete as appropriate]
  - (a) Form of Dematerialised Notes: [Not Applicable/If Applicable specify whether bearer form (*au porteur*)/administered registered form (*au nominatif administré*)/fully registered form (*au nominatif pur*)] (*Dematerialised Notes are only in book entry form*)  
  
[Delete as appropriate]
  - (b) Registration Agent: [Not Applicable/If applicable give name and address] (*Note that a Registration Agent must be appointed with regard to fully registered Dematerialised Notes only*)
  - (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Note]
- 32. Financial Centre(s) or other special provisions relating to Payment Dates for [Not Applicable/Give details. *Note that this paragraph relates to the date and place of payment, and not interest*

the purposes of Condition 7(g): *period end dates*

33. Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details*] (*Only applicable to Materialised Notes*)

34. **Payment of Alternative Payment Currency Equivalent:** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Cross Currency Exchange Rate: [Applicable] [Not Applicable]
- (b) Cross Currency: [●] (*delete if Cross Currency Exchange Rate is not applicable*)
- (c) Cross Currency Jurisdiction: [●] (*delete if Cross Currency Exchange Rate is not applicable*)
- (d) Settlement Currency Jurisdiction: [●]
- (e) Alternative Payment Currency: [●]
- (f) Alternative Payment Currency Jurisdiction: [●]
- (g) Alternative Payment Currency Fixing Page: [●]
- (h) Alternative Payment Currency Fixing Time: [●]
- (i) Alternative Payment Currency Fixing Date: [●] [Condition 7(i) applies] [The relevant [jurisdictions/places] for the purposes of the Alternative Payment Currency Fixing Date are [●]]
- (j) Alternative Payment Currency Exchange Rate Fall-Back provisions: [●] [Not applicable]
- (k) Additional Alternative Payment Currency Event: [●]
- (l) Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [●] [Not applicable]

35. **Underlying Currency Pair provisions:** [Applicable in respect of [[interest payments under the Notes] [Final Redemption Amount]] [The Initial Underlying Currency Pair Exchange Rate is [●]] [Not applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*



- (a) Cross Currency Exchange Rate: [Applicable] [Not Applicable]
- (b) Cross Currency: [●]
- (c) Cross Currency jurisdiction: [●]
- (d) Reference Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (e) Reference Currency Jurisdiction(s): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (f) Specified Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (g) Underlying Currency Pair Business Days: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]] [Condition 7(i) applies]
- (h) Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]]
- (i) Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]] [Condition 7(i) applies]
- (j) Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]]
- (k) Underlying Currency Pair Exchange Rate Fall-Back provisions: [●] [Condition 7(i) applies]

36. **Price Source Disruption:** [Applicable] [Not applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) FX Cut-off Date: [●] [Condition 7(i) applies]
- (b) Number of local banking days for the purpose of postponing Related Payment Dates pursuant to Condition 7(i): [3] [●]
- (c) Unscheduled Holiday and Deferral Period: [The number of Relevant Currency Business Days for the purpose of the definition of Unscheduled Holiday in Condition 7(i) is [●] [and the number of calendar days for the purposes of the Deferral Period is [●] [as per Condition 7(i)]]]

37. Provisions relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences [Not Applicable/Give details]

(if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

38. Provisions relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*Give details*]
39. Redenomination, redenominationalisation and reconventioning provisions: [Not Applicable/Application of provisions [of Condition 1.4] [attached to these Pricing Supplement]]
40. Provisions relating to consolidation: [Not Applicable/Application of provisions [of Condition 15] [attached to these Pricing Supplement]]
41. Masse [Issue outside of France: [Applicable/Not Applicable]]
- [Name and address of the Representative: [●]]
- Name and address of the alternate Representative: [●]
- The Representation will receive no remuneration/The Representative will receive a remuneration of [●].]
- [As long as the Notes are held by a sole Noteholder, such Noteholder will exercise all the powers, rights and obligations entrusted to the Masse by the provisions of the French *Code de commerce*, as supplemented by the Conditions. Such sole Noteholder shall hold a register of the decisions it will have taken in this capacity and shall make it available, upon request, to any subsequent holder of all or part of the Notes of such Series. A Representative shall be appointed when the Notes of a Series are held by more than one Noteholder.]
42. Other terms: [Not Applicable/*Give details*]

**PROVISIONS APPLICABLE TO SECURITIES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET, FUND, FUND BASKET AND PREFERENCE SHARE**

43. **Delivery of Securities (Equity Linked Notes only)** Transfer Notice: [Yes/No/Not Applicable]
- Delivery of the Securities will be *via* the clearing system. The delivery or Transfer of the Securities to each Holder is at the said Holder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
44. **Provisions relating to Equity Linked Notes, ADR/GDR Linked Notes and ETF Linked Notes:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) [Securities]/[ADR/GDR Securities]/[ETF]: [●]
- (b) [Underlying company or Security Issuing Company(ies)]/[ADR/GDR Issuer]/[Underlying Company]: [●]
- (c) Unit: [Not Applicable/*specify*]
- (d) Initial Price: [●]
- (e) Final Price: [●]
- (f) Exchange: [●] (*the underlying must be traded on a regulated, regularly operating and recognised open market*)
- (g) Related Exchange: [●]
- (h) Security Transfer Amount: [●]
- (i) Settlement Date: [Condition 19 [applies/does not apply]/[●]]
- (j) Settlement Disruption Event: [Condition 19 [applies/does not apply]/[●]]
- (k) Disruption Period (if other than as specified in Condition 19.2(b)(b): [●]
- (l) Potential Adjustment Event: [Condition 19 [applies/does not apply]/[Not Applicable]
- (m) Weighting: [●]
- (n) Strike Price: [●]
- (o) Strike Date: [●]
- (p) Scheduled Trading Day Convention: [Not Applicable/*specify*]
- (q) Additional Disruption Event: [Not Applicable/*specify*]
45. **Additional provisions relating to Equity Linked Notes:** [Not Applicable/*specify*]
46. **Provisions relating to Index-Linked Notes:** [Applicable/Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Composite Index: [●]
- (b) Index(ices): [●]

- (c) Index Sponsor: [●]
- (d) Initial Index Level: [●]
- (e) Final Index Level: [●]
- (f) Index Rules: [●]
- (g) Exchange: [●]
- (h) Related Exchange: [●]
- (i) Weighting: [●]
- (j) Strike Price: [●]
- (k) Strike Date: [●]
- (l) Scheduled Trading Day Convention: [Not Applicable/specify]
- (m) Additional Disruption Event: [Not Applicable/specify]

47. **Provisions for Fund-Linked Notes** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Reference Fund(s) including information on where the net asset value is published): [●]
- (b) Initial Reference Fund Unit Value: [●][The definition in Condition 21.1 applies]
- (c) Strike Date: [●][The definition in Condition 21.1 applies]
- (d) Final Value: [●][The definition in Condition 21.1 applies]
- (e) Additional Disruption Event: [Not Applicable][The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging][other – give details]]
- (f) Final Valuation Date: [●]
- (g) Cut-off Final Valuation Date: [●][The Reference Fund Valuation Day following the Scheduled Final Valuation Date]
- (h) Cut-off Date: [●][The date which is [●] calendar [days][months][Business Days] following the Final Valuation Date]
- (i) Number of local banking days for the purpose of postponing [3][●]

Reference Fund Disrupted Day  
Related Payment Date pursuant to  
Condition 21.2:

(j) Reference Fund Disruption [Applicable][Not Applicable]  
Interest Adjustment:

48. **Provisions for Preference Share-Linked Notes:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Preference Shares: [●]

(b) Preference Share Issuer: [●]

(c) Initial Valuation Date: The Issue Date

(d) Preference Share Valuation Date: [●]

(e) Extraordinary Event: Condition 20.3 [applies/does not apply]  
*(insert any additional Extraordinary Events)*

(f) Additional Disruption Event: Condition 20.4 [applies/does not apply]. The following  
Additional Disruption Events apply: [Change in Law  
and/or Insolvency Filing]

49. **Valuation Date(s)** [●] / *(in case of Preference Share-Linked Notes)* [means  
the [eighth] Business Day following the Preference Share  
Valuation Date]

50. **Valuation Time:** [●]

51. **Averaging Dates:** [●]

Averaging Date in the event of Market Disruption: [Omission/Postponement/Modified Postponement/Not  
Applicable/Other *(specify)*]

52. **Reference Prices:** [Yes/No. *If yes, specify*]

53. **Other Provisions relating to Index-Linked Notes, Equity Linked Notes, ETF  
Linked Notes, Fund-Linked and  
Preference Share Notes:** [Not Applicable/Specify]

54. **Provisions relating to Inflation Rate-Linked Notes:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Related Bond: [Applicable/Not Applicable] *(if applicable and nothing  
further is specified, then it will be the Fallback Bond)*

(b) Issuer of Related Bond: [Applicable/Not Applicable] *[if applicable specify]*

## DISTRIBUTION

55. **If syndicated, names [and addresses] of the Managers [and the underwriting commitments]:** [Not Applicable/give names[, addresses and underwriting commitment]]  
  
*[(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]*
56. **Total Commission and concession:** [●] per cent. of the Aggregate Nominal Amount
57. **Prohibition of Sales to EEA Retail Investors:** [Applicable/Not Applicable]  
  
*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified. For the purpose of the above, a "packaged" product shall designate a "packaged retail investment product" which means in accordance with Regulation (EU) No 1286/2014 of 26 November 2014 an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor.)*
58. **Additional selling restrictions:** [Not Applicable/specify]
59. **U.S. Selling Restrictions:** [The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended./specify]  
  
[TEFRA C rules/ TEFRA D rules/ TEFRA rules not applicable] *(TEFRA rules are not applicable to Dematerialised Notes)*
60. **U.S. Tax Considerations:** [Not Applicable/give details] [The Notes are [not] Section 871(m) Notes for the purpose of Section 871(m).] [Based on market conditions on the date of this Pricing Supplement, the Issuer has made a preliminary determination that the Notes are [not] Section 871(m) Notes for the purpose of Section 871(m). This is a preliminary determination only that is subject to change based on market conditions on the Issue Date. If the Issuer's final determination is different then it will give notice of such determination.] [The [Dividend Withholding] [Issuer Withholding] approach shall apply to the Notes. For further information, see "Taxation – Notes – United States of America - Hiring Incentives to Restore Employment Act" in the Offering Memorandum. [The following dividend equivalent amounts are to be treated as being reinvested

during the term of the Notes, less a withholding on such amounts at a rate of [ ] per cent. (as of the Issue Date), which shall be treated for U.S. federal income tax purposes as having been withheld from payments due to the holders of the Notes: [ ]. Additional information regarding the application of Section 871(m) to the Notes will be available from the Issuer. Investors should submit any requests for additional information to the Issuer via their custodians.]

*[The Notes will not be Section 871(m) Notes if they do not reference any U.S. equity or any index that contains any U.S. equity. Notes that reference a U.S. equity or index that contains any U.S. equity are subject to additional testing on a trade-by-trade basis to determine whether they are Section 871(m) Notes. If the “Dividend Withholding” approach applies to the Notes, the coupon amount formula in item 19 should provide for the Notes to make periodic payments at least equivalent to the actual cash dividends on the underlying reference assets. Because Euroclear France has not issued guidance regarding the application of withholding under Section 871(m), further analysis would be required if Section 871(m) Notes are issued through Euroclear France.]*

61. **GENERAL**

The aggregate principal amount of Notes [●]  
 issued has been translated into euro at the  
 rate of [●] producing a sum of (solely for  
 Notes not denominated in euro): [●]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [*(Relevant third party information)* has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised



**PART B**  
**OTHER INFORMATION**

**1. ISSUE-SPECIFIC RISK FACTORS**

[●]

**2. LISTING AND ADMISSION TO TRADING:**

(a) Listing: [Application has been made to admit the Notes to listing on the Official List of Euronext Dublin [on or around the Issue Date/[*insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not Applicable]

(b) Admission to trading: [Application has been made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/[*insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not Applicable]

*(In the case of a fungible issue, indicate that the original Notes are already admitted to trading.)*

[The [first / (*specify*)] Tranche(s) of the Notes [is/are] already admitted to trading on [●] as from [its/their respective] issue date.]

(c) Estimate of total expenses related to admission to trading: [●] / [Not Applicable]

**3. RATINGS**

Ratings: The Issuer has been assigned an AA- rating by Standard & Poor's Global Ratings ("**S&P**"), an Aa3 rating by Moody's Investors Services Inc. ("**Moody's**") and an AA- rating by Fitch Ratings ("**Fitch**").

[The Notes to be issued have been rated as follows:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Each of S&P, Moody's and Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Each of S&P, Moody's and Fitch is included in the list of registered

credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**).]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**).]

4. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*The purpose of this section is to describe any interest, including any conflicting interest that may have a material effect on the issue/offer, detailing the persons involved and the nature of the interest. This requirement may be satisfied by the inclusion of the following statement:*

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

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (a) Reasons for the offer: [ ● ]
- (b) Estimated net proceeds: [ ● ]
- (c) Estimated total expenses: [ ● ]]<sup>15</sup>

6. **[Fixed Rate Notes only – Yield]**

[Not Applicable]

Yield: [ ● ]

Calculated as [*include summarised description of calculation method*] on the Issue Date.]

**[Floating Rate Notes only – Information on Floating Rate Notes]**

[Not Applicable]

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

---

<sup>15</sup> Include only if reasons for the offer and use of proceeds are disclosed.

[Benchmark: Amounts payable under the Notes will be calculated by reference to [EURIBOR / EONIA / LIBOR / CMS] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

7. **[Index-Linked or Other Variable-Linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF ITS EFFECT ON THE VALUE OF THE INVESTMENT AND THE ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*This section should indicate where the information on the past and future performance and volatility of the index/formula/other variable can be obtained]*<sup>16</sup>

8. **[Fund-Linked Interest Notes only – PERFORMANCE OF REFERENCE FUND/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*This section should indicate where the information on the past and future performance and volatility of the reference fund/formula can be obtained]*<sup>17</sup>

9. **[Dual Currency Notes only – PERFORMANCE OF EXCHANGE RATE[S] AND EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT]**

*This section should include details of where the information on past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]]*<sup>18</sup>

10. **[Derivative instruments only – [EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT, THE YIELD ON THE DERIVATIVE INSTRUMENTS AND INFORMATION CONCERNING THE UNDERLYING]**

**[EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT]**

*Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident, and of the risk that investors may lose part or all of their investment.]*

11. **SETTLEMENT PROCEDURE FOR DERIVATIVE INSTRUMENTS**

*This section should contain the description of the settlement procedure for the derivative instruments.*

12. **YIELD ON DERIVATIVE INSTRUMENTS**

Yield on derivative instruments:

*[Indicate the terms and conditions relating to returns on derivative instruments.*

Payment or delivery date:

**[●]**

<sup>16</sup> Include only where the Notes are Index-Linked or Other Variable-Linked Notes.

<sup>17</sup> Include only where the Notes are Fund-Linked Notes.

<sup>18</sup> Include only where the Notes are Dual Currency Notes.

Calculation method: [●]<sup>19</sup>

13. **[INFORMATION CONCERNING THE UNDERLYING]**

Exercise price or final reference price of the underlying: [●]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indicate where the information about the past and the future performance of the underlying and its volatility can be obtained: [●]
- where the underlying is a transferable security: [Applicable/Not Applicable]

name of the issuer of the security [●]

ISIN (International Security Identification Number) or other such security identification code: [●]

- where the underlying is an index: [Applicable/Not Applicable]
- the name of the index and a description of the index if it is composed by the Issuer. If the index is not composed by the Issuer, indicate where information about the index can be obtained: [●]
- where the underlying is an interest rate: [Applicable/Not Applicable]
- a description of the interest rate: [●]
- other: [Applicable/Not Applicable]
- where the underlying does not fall within the categories specified above the Pricing Supplement must contain equivalent information: [●]
- where the underlying is a basket of underlyings: [Applicable/Not Applicable]
- Weighting assigned to each component of the basket: [●]

A description of any market disruption or settlement disruption events that affect the [●]

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<sup>19</sup> Include only where Derivatives instruments.

underlying:

Adjustment rules that apply in the case of events [●]<sup>20</sup>  
with an impact on the underlying:

## OTHER

Name and address of Calculation Agent: [●]

[Information on taxes on the income from the [●]]  
Notes withheld at source in the country where  
admission to trading (other than in Luxembourg  
and France) is sought):

### 14. [Derivative instruments only – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING

The Issuer will not provide any post-issuance information, unless so required by any applicable laws and regulations.

*[If post-issuance information must be provided, specify what information will be provided and where such information can be obtained.]*<sup>21</sup>

### 15. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central [Yes/No]  
Depository:

(b) Common Depository for Euroclear Bank [Yes/No]  
and Clearstream Banking S.A.:

Any clearing system(s) other than Euroclear [Not Applicable//give name(s), number(s) and  
Bank and Clearstream Banking S.A. and the address(es)]  
corresponding identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents  
designated for the Notes: **BNP Paribas Securities Services**  
3-5-7 rue General Compans  
ACI-CPC03A2  
93500 Pantin  
France

Names and addresses of additional Paying [●]

<sup>20</sup> Include only where Derivatives instruments.

<sup>21</sup> Include only where Derivatives instruments.

Agent(s) (if any):

16. **[PERFORMANCE OF THE PREFERENCE SHARES AND OTHER INFORMATION CONCERNING THE PREFERENCE SHARES AND THE PREFERENCE SHARE UNDERLYING]**

The Preference Share Linked Notes relate to the [●] preference shares relating to [●] of the Preference Share Issuer.

The Preference Share Value will be published on each [Business Day] on [●] page [●].

The performance of the Preference Shares depends on the performance of the relevant underlying asset(s) or basis of reference to which the Preference Shares are linked (the "**Preference Share Underlying**"). The Preference Share Underlying is *[insert details of the relevant underlying asset(s) or basis of reference to which the Preference Shares relate e.g. FTSE 100]*. Information on the Preference Share Underlying (including past and future performance and volatility) is published on [●].<sup>22</sup>

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

**CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER**

Conditions to which the offer is subject: [●]

Total amount of the issue/offer; if the amount [●]  
is not fixed, description of the arrangements  
and time for announcing to the public the  
amount of the offer:

The time period, including any possible [●]  
amendments, during which the offer will be  
open and description of the application  
process:

Details of the minimum and/or maximum  
amount of application (whether in number of  
Notes or aggregate amount to invest): [●]

Method and time limits for paying up the [●]  
securities and for delivery of the Notes:

A full description of the manner and date in [●]  
which results of the offer are to be made  
public:

18. **PLAN OF DISTRIBUTION AND ALLOTMENT**

The various categories of potential investors [●]  
to which the Notes are offered. If the offer is  
being made simultaneously in the markets of  
two or more countries and if a tranche has  
been or is being reserved for certain of these,  
indicate any such tranche.

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<sup>22</sup> Include only where Preference Share Linked Notes.

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [●]

19. **PRICING**

Indication of the expected price at which the Notes will be offered. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]

20. **PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place. [Not Applicable]/[●]

Name and address of any paying agents and depository agents in each country. [Not Applicable]/[●]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, a statement of the portion not covered: [Not Applicable]/[●]

When the underwriting agreement has been or will be reached. [Not Applicable]/[●]

Name and address of a calculation agent. [Not Applicable]/[●]

SCHEDULE TO THE PRICING SUPPLEMENT (FOR CREDIT-LINKED NOTES)

Reference Entity	Reference Obligation (ISIN)	Seniority	Transaction Type	[Reference Entity Notional Amount]	[Business Centre(s)]
					<i>(Note, reflect any Reference Entity specific Business Day centres on a per Index and/or name basis, as applicable to reflect the relevant Index/Indices, as required for Index Basket Credit-Linked Notes)</i>
[●]	[●]	[●]	[●]	[●]	[●]



## ANNEX 1 – FORM OF ASSET TRANSFER NOTICE

[Aggregate Principal Amount of Tranche] Credit-Linked Notes (the "Notes") due [●] linked to [name of Reference Entity] [(Subordinated)]

*When completed, this Asset Transfer Notice should be delivered in writing along with the relevant Notes\*\* to the relevant Paying Agent with a hard copy to the Principal Paying Agent, the Issuer and any Delivery Agent ("Definitive Note Notice").*

[To: BNP PARIBAS SECURITIES SERVICES  
3-5-7 rue General Compans  
ACI-CPC03A2  
93500 Pantin  
France  
  
Fax : [●]  
Attention : [●]]

Copy: HSBC France (the "**Issuer**")  
103, avenue des Champs Elysées  
75008 Paris  
France

Tel: [●]  
Fax: [●]  
Attention: [●]

Copy: BNP PARIBAS SECURITIES SERVICES (the "**Principal Paying Agent**")  
3-5-7 rue General Compans  
ACI-CPC03A2  
93500 Pantin  
France  
  
Fax : [●]  
  
Attention : [●]

[Copy: [●] (the "**Delivery Agent**")  
[●]  
Tel: [●]  
Fax: [●]  
Attention: [●]]

\*\* The Paying Agent with whom any definitive Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Paying Agent in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or negligence of such Paying Agent or its directors, officers or employees.

Expressions defined in the Terms and Conditions of the Notes and the Additional Terms and Conditions relating to Credit-Linked Notes (the "**Conditions**") shall bear the same meanings herein. Failure to properly complete and deliver

this Asset Transfer Notice as provided in the Conditions may result in this Asset Transfer Notice being treated as null and void.

Reference is made to the [Notice of Physical Settlement][Physical Settlement Amendment Notice]\* of [*insert date of notice*] and the Entitlement to be delivered pursuant to the Physical Settlement of [the Notes in part][the Notes]\*.

**1. Name(s) and Address(es) of Noteholder**

[*insert details*]

**2. Request and confirmation**

I/We\*, the Noteholder specified in 1 above, being the holder of [●] Note(s) of Series [●], hereby:

- (i) request that the Issuer delivers the Entitlement(s) to which I am/we are\* entitled in relation to such Note(s), all in accordance with the Conditions; and
- (ii) confirm that I/we\* have requested the holder of the account in which the Notes are held to transfer the Notes to the Principal Paying Agent's account with Euroclear France against the delivery of the Entitlement(s) in respect of such Notes [to my/our\* account with [●]/held on my/our\* behalf at [●]].

**3. Name and address of person from whom details may be obtained for the delivery of the Entitlement**

[*insert details*]

**4. Details in relation to the Notes Account**

My/Our\* Notes account with [●] is:

No:

Name:

**5. Expenses**

I/We\* hereby irrevocably undertake to pay all Expenses in respect of the Entitlement.

**6. Authorisation of production in proceedings**

I/We\* hereby authorise the production of this Asset Transfer Notice in any administrative or legal proceedings instituted in connection with the Note(s) to which this Asset Transfer Notice relates.

Signature.....

Date.....

## TAXATION – CERTIFICATES

*The following is a description limited to certain tax considerations relating to the holding of Certificates. This description includes specific information on the taxation at source of income from the Certificates. It is based on the laws in force as at the date of this Offering Memorandum. Their application and interpretation are subject to change, including with retroactive effect, which may affect the description provided below. Prospective investors are strongly advised to consult their own independent and duly qualified tax advisors as to the tax consequences of the laws and regulations governing the subscription, purchase, holding, disposal and exercise of the Certificates.*

### France

#### **Withholding tax**

*The withholding tax treatment applicable to the Certificates will depend on the nature and characterisation of such Certificates.*

*Certificates constituting debt instruments for French tax purposes*

*The following is an overview of certain withholding tax considerations that may be relevant to holders of the Certificates who do not concurrently hold shares of the Issuer.*

Payments of interest and other revenues made by the Issuer with respect to Certificates which constitute debt instruments for French tax purposes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Certificates are made outside France in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of an applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code. A draft law published by the French government on 28 March 2018 and under discussion before the French Parliament would, if adopted in its current form, (i) expand the list of Non-Cooperative States to include the states and jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the "**EU List**") and, as a consequence, (ii) expand this withholding tax regime to certain states and jurisdictions included in the EU List.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Certificates are not deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in a Non-Cooperative State (the "**Non-Deductibility**"). The above mentioned draft law published by the French government on 28 March 2018 would, if adopted in its current form, expand this regime to the states and jurisdictions included in the EU List. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of (i) 30% (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents, (ii) 12.8% for payments benefiting individuals who are not French tax residents or (iii) 75% for payments made in a Non-Cooperative State and in certain states or jurisdictions included in the EU List if the above mentioned draft law is adopted in its current form (subject to certain exceptions described below and the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French General Tax Code nor the Non-Deductibility will apply in respect of an issue of Certificates provided that the Issuer can prove that the main purpose and effect of such issue of Certificates were not that of allowing the payments of interest and other revenues to be made in a Non-Cooperative State (the "**Exception**"). In addition, pursuant to the *Bulletin Officiel*

*des Finances Publiques-Impôts* (BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10), an issue of Certificates benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Certificates, if such Certificates are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider or any other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payment systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

Besides, where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A I of the French General Tax Code, subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2% on such interest and other similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

#### *Certificates not constituting debt instruments for French tax purposes*

Subject to the immediately following paragraph, payments made by the Issuer with respect to Certificates which do not constitute debt instruments for French tax purposes may either not be subject to French withholding tax, or else benefit from an exemption from French withholding tax provided that the beneficial owner of such Certificates and the payment thereunder is resident or domiciled in a country which has entered into an appropriate double tax treaty with France and fulfils the relevant requirements set out in such double tax treaty.

Under certain circumstances, and subject to the more favourable provisions of an applicable double tax treaty, payments in respect of such Certificates may also be recharacterised as constructive dividends and subject to a withholding tax at a rate of up to 75% if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State.

Potential purchasers of Certificates which are resident or domiciled in a country which has not entered into an appropriate double tax treaty with France or which are located or established in a Non-Cooperative State are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, ownership of or transactions involving the Certificates.

#### ***Transfer tax and other taxes***

*The following may be relevant in connection with Certificates which may be settled, repaid or redeemed by way of physical delivery of (i) certain listed shares issued by a company whose registered office is located in France (or certain assimilated securities) or (ii) securities representing such shares (or assimilated securities).*

The financial transaction tax provided under Article 235 *ter* ZD of the French General Tax Code (the "**French FTT**") is applicable, subject to certain exceptions, at a rate of 0.3% to any acquisition for consideration resulting in a transfer of ownership of (i) equity securities (*titres de capital*) as defined by Article L.212-1 A of the French Monetary and Financial Code or assimilated equity securities (*titres de capital assimilés*) as defined by Article L.211-41 of the French Monetary and Financial Code, provided that they are admitted to trading on a regulated market and that they are issued by a company which has a registered office located in France and which has a market capitalisation in excess of €1 billion on 1 December of the year preceding the year in which the imposition occurs (the "**French Shares**") or (ii) securities (*titres*) representing French Shares (irrespective of the location of the registered office of the issuer of such securities).

If the French FTT applies to a transaction, this transaction is exempt from transfer taxes (*droits de mutation à titre onéreux*) which generally apply at a rate of 0.1% to the sale of shares issued by a company whose registered office is located in France, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

### **United States of America - Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by "foreign financial institutions" ("**foreign passthru payments**"), (ii) dividend equivalent payments (as described below in "*United States of America – Hiring Incentives to Restore Employment Act*") and (iii) payments of gross proceeds from the disposition of securities that generate dividend equivalent payments, in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. If withholding is required with respect to foreign passthru payments or payments of gross proceeds from the disposition of Certificates that generate dividend equivalent payments pursuant to FATCA or an IGA, such withholding would not apply prior to 1 January 2019. Additionally, Certificates that are not treated as equity for U.S. federal income tax purposes and that have a defined term generally would be "grandfathered" for purposes of FATCA withholding (i) in respect of foreign passthru payments, if issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register, and (ii) in respect of dividend equivalent payments and payments of gross proceeds on Certificates that generate dividend equivalent payments, if issued on or prior to the date that is six months after the date on which Certificates of its type are first treated as giving rise to dividend equivalent payments, in each case, unless the Certificate is materially modified after the relevant grandfathering date. However, if additional Certificates (as described under "*Terms and Conditions of the Certificates—Further Issues and Consolidation*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

### **United States of America – Hiring Incentives to Restore Employment Act**

Section 871(m) of the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder ("**Section 871(m)**") generally impose a 30 per cent. withholding tax on "dividend equivalents" paid or deemed paid to certain persons with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such as equities and indices, "**U.S. Underlying Equities**"). A "dividend equivalent" is generally any payment that references a dividend on any U.S. Underlying Equity. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined upon issuance, based on tests set forth in the applicable Treasury regulations (such as an instrument, a "**Specified Security**").

If a Certificate is a Specified Security (a "**Section 871(m) Certificate**"), the relevant Pricing Supplement will specify that the Certificate is a Section 871(m) Certificate for the purposes of Section 871(m) and also specify the method of Section 871(m) withholding that will be applied to the Certificate.

If "Dividend Withholding" is specified in the relevant Pricing Supplement as being applicable, the Issuer will report the appropriate amount of each payment under the Certificate (including possibly a portion of the payments at maturity of the Certificate) that are attributable to dividends on U.S. Underlying Equities, and the applicable withholding agent is expected to withhold 30 per cent. from such payment unless the payee establishes an exemption from or reduction in the withholding tax. In addition, non-U.S. investors may be subject to U.S. withholding tax on proceeds from the sale of a Certificate, to the extent those proceeds reflect dividends on U.S. Underlying Equities.

If "Issuer Withholding" is specified in the relevant Pricing Supplement as being applicable, the Issuer will withhold 30 per cent. of any dividend equivalent payments payable under the Certificate (including possibly a portion of the payments at maturity of the Certificate). If the terms of the Certificate provide that all or a portion of the dividends on U.S. Underlying Equities are reinvested in the Underlyings during the term of the Certificate, the terms of the Certificate will also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service ("**IRS**") on behalf of the investor. The Issuer will withhold such amounts without regard to either any applicable treaty rate or the classification of an investor as a U.S. or non-U.S. investor for U.S. federal income tax purposes.

If payments to an investor are subject to withholding tax and the investor believes it is eligible for an exemption from, or reduced rate of, withholding tax, the investor may be able to claim a refund of the amounts over-withheld. The Issuer makes no representation regarding investors' eligibility to claim such a refund. Furthermore, the Issuer will not be required to pay any additional amounts as a result of this withholding tax, regardless of which withholding method is applicable to the Certificates, and regardless of whether the investor may have been eligible for an exemption or reduction in the withholding tax on payments from the applicable withholding agent.

The Section 871(m) regulations require complex calculations to be made with respect to Certificates linked to U.S. securities and their application to a specific issue of Section 871(m) Certificates may be uncertain. Prospective investors should consult their tax advisers on the potential application of Section 871(m) to the Certificates, including, if applicable, the availability of, and process for, claiming a refund of such withholding tax.

## TAXATION – NOTES

*The following is a description limited to certain tax considerations relating to the holding of Notes. This description includes specific information on the taxation at source of income from the Notes. It is based on the laws in force as at the date of this Offering Memorandum. Their application and interpretation are subject to change, including with retroactive effect, which may affect the description provided below. Prospective investors are strongly advised to consult their own independent and duly qualified tax advisors as to the tax consequences of the laws and regulations governing the subscription, purchase, holding, disposal and redemption of the Notes.*

### France

#### Withholding tax

*The following is an overview of certain withholding tax considerations that may be relevant to holders of the Notes who do not concurrently hold shares of the Issuer.*

Payments of interest and other revenues made by the Issuer with respect to Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made outside France in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of an applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code. A draft law published by the French government on 28 March 2018 and under discussion before the French Parliament would, if adopted in its current form, (i) expand the list of Non-Cooperative States to include the states and jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the "**EU List**") and, as a consequence, (ii) expand this withholding tax regime to certain states and jurisdictions included in the EU List.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on such Notes are not deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in a Non-Cooperative State (the "**Non-Deductibility**"). The above mentioned draft law published by the French government on 28 March 2018 would, if adopted in its current form, expand this regime to the states and jurisdictions included in the EU List. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of (i) 30% (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French Code général des impôts for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents, (ii) 12.8% for payments benefiting individuals who are not French tax residents or (iii) 75% for payments made in a Non-Cooperative State and in certain states or jurisdictions included in the EU List if the above mentioned draft law is adopted in its current form (subject to certain exceptions described below and the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French General Tax Code nor the Non-Deductibility will apply in respect of an issue of Notes provided that the Issuer can prove that the main purpose and effect of such issue of Notes were not that of allowing the payments of interest and other revenues to be made in a Non-Cooperative State (the "**Exception**"). In addition, pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* (BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10), an issue of Notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider or any other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payment systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

Besides, where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A I of the French General Tax Code, subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2% on such interest and other similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

#### ***Transfer tax and other taxes***

*The following may be relevant in connection with Notes which may be settled repaid or redeemed by way of physical delivery of (i) certain listed shares issued by a company whose registered office is located in France (or certain assimilated securities) or (ii) securities representing such shares (or assimilated securities).*

The financial transaction tax provided under Article 235 *ter* ZD of the French General Tax Code (the "**French FTT**") is applicable, subject to certain exceptions, at a rate of 0.3% to any acquisition for consideration resulting in a transfer of ownership of (i) equity securities (*titres de capital*) as defined by Article L.212-1 A of the French Monetary and Financial Code or assimilated equity securities (*titres de capital assimilés*) as defined by Article L.211-41 of the French Monetary and Financial Code, provided that they are admitted to trading on a regulated market and that they are issued by a company which has a registered office located in France and which has a market capitalisation in excess of €1 billion on 1 December of the year preceding the year in which the imposition occurs (the "**French Shares**") or (ii) securities (*titres*) representing French Shares (irrespective of the location of the registered office of the issuer of such securities).

If the French FTT applies to a transaction, this transaction is exempt from transfer taxes (*droits de mutation à titre onéreux*) which generally apply at a rate of 0.1% to the sale of shares issued by a company whose registered office is located in France, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

#### **United States of America - Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by "foreign financial institutions" ("**foreign passthru payments**"), (ii) dividend equivalent payments (as described below in "*United States of America – Hiring Incentives to Restore Employment Act*") and (iii) payments of gross proceeds from the disposition of securities that generate dividend equivalent payments, in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions



(including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. If withholding is required with respect to foreign passthru payments or payments of gross proceeds from the disposition of Notes that generate dividend equivalent payments pursuant to FATCA or an IGA, such withholding would not apply prior to 1 January 2019. Additionally, Notes that are not treated as equity for U.S. federal income tax purposes and that have a defined term generally would be "grandfathered" for purposes of FATCA withholding (i) in respect of foreign passthru payments, if issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register, and (ii) in respect of dividend equivalent payments and payments of gross proceeds on Notes that generate dividend equivalent payments, if issued on or prior to the date that is six months after the date on which Notes of its type are first treated as giving rise to dividend equivalent payments, in each case, unless the Note is materially modified after the relevant grandfathering date. However, if additional Notes (as described under *"Terms and Conditions of the Notes—Further Issues and Consolidation"*) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

#### **United States of America – Hiring Incentives to Restore Employment Act**

Section 871(m) of the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder ("**Section 871(m)**") generally impose a 30 per cent. withholding tax on "dividend equivalents" paid or deemed paid to certain persons with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such equities and indices, "**U.S. Underlying Equities**"). A "dividend equivalent" is generally any payment that references a dividend on any U.S. Underlying Equity. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined upon issuance, based on tests set forth in the applicable Treasury regulations (such an instrument, a "**Specified Security**").

If a Note is a Specified Security (a "**Section 871(m) Note**"), the relevant Pricing Supplement will specify that the Note is a Section 871(m) Note for the purposes of Section 871(m) and also specify the method of Section 871(m) withholding that will be applied to the Note.

If "Dividend Withholding" is specified in the relevant Pricing Supplement as being applicable, the Issuer will report the appropriate amount of each payment under the Note (including possibly a portion of the payments at maturity of the Note) that are attributable to dividends on U.S. Underlying Equities, and the applicable withholding agent is expected to withhold 30 per cent. from such payment unless the payee establishes an exemption from or reduction in the withholding tax. In addition, non-U.S. investors may be subject to U.S. withholding tax on proceeds from the sale of a Note, to the extent those proceeds reflect dividends on U.S. Underlying Equities.

If "Issuer Withholding" is specified in the relevant Pricing Supplement as being applicable, the Issuer will withhold 30 per cent. of any dividend equivalent payments payable under the Note (including possibly a portion of the payments at maturity of the Note). If the terms of the Note provide that all or a portion of the dividends on U.S. Underlying Equities are reinvested in the Underlyings during the term of the Note, the terms of the Note will also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service ("**IRS**") on behalf of the investor. The Issuer will withhold such amounts without regard to either any applicable treaty rate or the classification of an investor as a U.S. or non-U.S. investor for U.S. federal income tax purposes.

If payments to an investor are subject to withholding tax and the investor believes it is eligible for an exemption from, or reduced rate of, withholding tax, the investor may be able to claim a refund of the amounts over-withheld. The Issuer

makes no representation regarding investors' eligibility to claim such a refund. Furthermore, the Issuer will not be required to pay any additional amounts as a result of this withholding tax, regardless of which withholding method is applicable to the Notes, and regardless of whether the investor may have been eligible for an exemption or reduction in the withholding tax on payments from the applicable withholding agent.

The Section 871(m) regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Section 871(m) Notes may be uncertain. Prospective investors should consult their tax advisers on the potential application of Section 871(m) to the Notes, including, if applicable, the availability of, and process for, claiming a refund of such withholding tax.

## SUBSCRIPTION AND SALE

Subject to the terms and conditions of the dealer agreement to be concluded between the Issuer, the Permanent Dealers and the Arranger (the "**Dealer Agreement**"), the Notes or Certificates shall be offered by the Issuer to the Permanent Dealers (other than HSBC France). The Issuer nonetheless reserves the right to sell Notes or Certificates directly on its behalf to Dealers that are not the Permanent Dealers. The Notes or Certificates may be resold at their market price or at a similar price prevailing at the date of such resale and which shall be determined by the relevant Dealer. The Notes or Certificates may also be sold by the Issuer through Dealers acting as the Issuer's agents. The Dealer Agreement also provides for the issue of syndicated Tranches jointly subscribed by two or more Dealers.

The Issuer shall pay each Dealer a mutually agreed commission in respect of Notes or Certificates subscribed to by the relevant Dealer. The Issuer has agreed to reimburse the Arranger in respect of the expenses incurred for updating the Programme and to reimburse the Dealers for some of the expenses linked to their involvement in the Programme.

The Issuer has undertaken to indemnify the Dealers with regard to certain liabilities incurred in the offering and selling of Notes and/or Certificates. The Dealers have undertaken to indemnify the Issuer with regard to certain liabilities incurred in the offering and selling of Notes and/or Certificates. The Dealer Agreement permits, in certain conditions, the Dealers to terminate any agreement entered into for subscription to Notes and/or Certificates before payment to the Issuer of the funds relating to such Notes or Certificates.

### Selling Restrictions

#### 1. General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in circumstances including, but not limited to, a change in a relevant law, regulation or directive. Any such modification shall be set out in the Pricing Supplement relating to the issue of Notes or Certificates or in a supplement to this Offering Memorandum.

Each Dealer has agreed that it shall comply, insofar as possible, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or Certificates or in which it has in its possession or distributes the Offering Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.

#### 2. European Economic Area

If the Pricing Supplement in respect of any Notes or Certificates specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes or Certificates which are the subject of the offering contemplated by this Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in a Member State of the European Economic Area (**EEA**) except that it may make an offer of such Notes or Certificates to the public in that Member State of the EEA:

- (a) if the Pricing Supplement in relation to the Notes or Certificates specify that an offer of those Notes or Certificates may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes or Certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable;

- (b) at any time to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes or Certificates referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes or Certificates to the public** in relation to any Notes or Certificates in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Certificates, as the same may be varied in that Member State of the EEA by any measure implementing the **Prospectus Directive** in that Member State of the EEA and the expression Prospectus Directive means Directive 2003/71/EC, as amended.

### 3. **Prohibition of Sales to EEA Retail Investors**

If the Pricing Supplement in respect of any Notes or Certificates specifies the "Prohibition of Sales to EEA Retail Investors" as "Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes or Certificates to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Certificates.

### 4. **United States**

The Notes or Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in Regulation S. Additional selling restrictions may apply to certain Notes, which will be set forth in the Pricing Supplement.

Materialised Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme shall be required to agree that, except as permitted by the Dealer Agreement, it shall not offer or sell in the United States or its territories or to or for the account of U.S. persons (i) at any time as part of their general distribution or (ii) until 40 days after completion of the distribution of such Tranche as determined and certified to the Issuer, by the Fiscal Agent, or in the case of Notes or Certificates issued on a syndicated basis, the relevant lead manager, and it shall have sent to each Dealer to which it sells Notes or Certificates during the authorised distribution period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes or Certificates within the United States or its possessions to, or for the account of, U.S. persons. Terms used in this paragraph have the meanings given to them in Regulation S.

The Notes or Certificates are being offered and sold outside the United States to non-U.S. persons in accordance with Regulation S. In addition, during the first 40 days following the beginning of the offering of an identifiable Tranche of Notes or Certificates, an offer or sale of Notes or Certificates within the United States by any Dealer (whether or not participating in the offering of such Tranche of Notes or Certificates) may violate the registration requirements of the Securities Act.

This Offering Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Notes or Certificates outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes or Certificates, in whole or in part, for any reason whatsoever. This Offering Memorandum does not constitute an offer to any person in the United States. Distribution of this Offering Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure of its contents without the prior written consent of the Issuer to any such U.S. person or other person within the United States is prohibited.

## **5. United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) with regard to any Notes or Certificates with a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and shall not offer or sell any Notes or Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes or Certificates would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes or Certificates in circumstances in which Section 21(1) of the FSMA does not or shall not apply to the Issuer; and
- (c) it has complied and shall comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes or Certificates in, from or otherwise involving the United Kingdom.

## **6. Japan**

The Notes or Certificates have not been and shall not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes or Certificates in Japan or to, or for the benefit of, a resident of Japan (as defined in

Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

## 7. France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and shall not offer or sell, directly or indirectly, any Notes or Certificates to the public (*offre au public*) in France and has not distributed or caused to be distributed and shall not distribute or cause to be distributed to the public in France, the Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes or Certificates and that such offers, sales and distributions have been and shall be made in France only to (a) providers of third-party portfolio management services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals investing for their own account all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Monetary and Financial Code and other applicable regulations.

These selling restrictions may be amended in the relevant Pricing Supplement.

## 8. Switzerland

The Notes or Certificates do not constitute participations in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("**CISA**"). Therefore, the Notes or Certificates are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes or Certificates will not benefit from protection under the CISA or supervision by FINMA.

Neither this Offering Memorandum nor any other offering or marketing material or any Pricing Supplement relating to the Notes or Certificates constitute a prospectus within the meaning of (i) Articles 652a or Article 1156 of the Swiss Federal Code of Obligations, (ii) Article 5 CISA and its implementing regulations or (iii) Article 21 of the Additional Rules for the Listing of Derivatives of SIX Swiss Exchange.

However, the Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Article 5 CISA in a separate document referred to as "Simplified Prospectus" (the "**Simplified Prospectus**") for Notes or Certificates distributed (such term including any offering and advertising) to qualified investors according to Article 10 Paras. 3 to 4 CISA (the "**Qualified Investors**") and/or non-qualified investors within the meaning of the CISA (the "**Non-Qualified Investors**").

Except as described in this section, Notes or Certificates constituting structured products within the meaning of Article 5 CISA may not be distributed to Non-Qualified Investors (i) in Switzerland or (ii) in and from Switzerland.

Any Notes or Certificates constituting structured products within the meaning of Article 5 CISA which are intended to be distributed to Non-Qualified Investors (i) in Switzerland or (ii) in and from Switzerland may only be offered or advertised in accordance with the provisions of the CISA and its implementing regulations. In particular, the CISA requires that a Simplified Prospectus complying with Article 5 CISA, its implementing regulations and the *Swiss Banking Guidelines on Informing Investors about Structured Products* (as amended from time to time) be published. A provisional version of such Simplified Prospectus including indicative information must be made available free of charge to any interested person prior to subscribing the Notes or Certificates or prior to concluding an agreement to subscribe the Notes or Certificates. The definitive version must be made available free of charge to any interested person on issue or on concluding an agreement to subscribe the Notes or Certificates.

As a consequence, Notes or Certificates constituting structured products within the meaning of Article 5 CISA which are not intended to be distributed to Non-Qualified Investors in or in and from Switzerland may only be offered or advertised, and any Pricing Supplements, fact sheets or any other offering or marketing material relating to such Notes or Certificates may only be distributed, offered or made available to Qualified Investors in or in and from Switzerland by way of private placement which is exclusively addressed to and available for such Qualified Investors. The respective Pricing Supplements, fact sheets or any other marketing material may not be distributed, copied, published or otherwise made public or available for Non-Qualified Investors.

Additional specific selling restrictions, if any, applicable in Switzerland will be included in the Pricing Supplements of the relevant Notes or Certificates.

## **9. Singapore**

This Offering Memorandum has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS") under the Securities and Futures Act, Chapter 289 of Singapore ("SFA").

Accordingly, this Offering Memorandum, any applicable pricing supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes or Certificates may not be circulated or distributed, nor may the Notes or Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- (i) to an institutional investor under Section 274 of the SFA (in the case of debentures or units of debentures, or other securities) or Section 282Y of the SFA (in the case of units or derivatives of units in a business trust) or Section 304 of the SFA (in the case of units of a collective investment scheme),
- (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA (in the case of debentures or units of debentures, or other securities) or Section 282Z(2) of the SFA (in the case of units or derivatives of units of a business trust), and in accordance with the conditions specified in Section 275 of the SFA (in the case of debentures or units of debentures, or other securities) or Section 282Z of the SFA (in the case of units or derivatives of units of a business trust), or
- (iii) pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA or otherwise in accordance with applicable Singapore law.

Where Notes or Certificates are subscribed or purchased pursuant to an exemption under Section 275 (in the case of debentures or units of debentures, or other securities) or Section 282Z of the SFA (in the case of units or derivatives of units in a business trust) by:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined under Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes or Certificates under Section 275 or Section 282Z of the SFA (as the case may be) except:

- (1) (i) to an institutional investor under Section 274 (in the case of debentures or units of debentures, or other securities) or Section 282Z (in the case of units or derivatives of units in a business trust) of the SFA, or (ii) to a relevant person pursuant to Section 275 (in the case of debentures or units of

debentures, or other securities) or 282Z (in the case of units or derivatives of units in a business trust) of the SFA, or any person pursuant to Section 275(1A) (in the case of debentures or units of debentures, or other securities) or Section 282Z(2) (in the case of units or derivatives of units in a business trust) of the SFA, respectively and in accordance with the conditions, specified in Section 275 (in the case of debentures or units of debentures, or other securities) or Section 282Z (in the case of units or derivatives of units in a business trust) of the SFA;

- (2) where no consideration is given for the transfer; or
- (3) by operation of law; or
- (4) pursuant to Section 276(7) or Section 282ZA(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 or Regulation 22 of the Securities and Futures (Offers of Investments)(Business Trusts)(No. 2) Regulations 2005.

*Where any Notes or Certificates constitute units in a "collective investment scheme" within the meaning of the SFA, it should be noted that neither the Issuer nor any Notes or Certificates have been, or are intended to be, registered with the MAS as a "collective investment scheme" which is "restricted scheme" pursuant to Section 305 of the SFA (and regulations made thereunder) and hence offers of any Notes or Certificates which constitute "collective investment schemes" to accredited investors and other persons in Singapore pursuant to Section 305 of the SFA are not permitted.*

#### **Restrictions on Deposit-Taking**

Except for certain persons, such as licensed banks in Singapore – which includes the branches in Singapore of a licensed bank which is incorporated outside Singapore), Section 4A(1) of the Banking Act, Chapter 19 of Singapore ("**Banking Act**"), prohibits any person from accepting in Singapore a deposit from any person in Singapore in the course of carrying on, whether in Singapore or elsewhere, a deposit-taking business.

Furthermore, Section 4A(2) of the Banking Act prohibits a person from offering or inviting, or issuing any advertisement containing any offer or invitation to, the public or any section of the public in Singapore:

- (a) to make any deposit, whether in Singapore or elsewhere; or
- (b) to enter or offer to enter into any agreement to make any deposit, whether in Singapore or elsewhere,

where such deposit is to be made with any person (not being a licensed bank in Singapore or certain other persons) in the course of the carrying on (whether in Singapore or elsewhere) a deposit-taking business.

For this purpose, a "**deposit**" does not include (amongst other things):

- (a) a sum paid by or on behalf of any person in consideration for the issue to him by the recipient of:
  - (i) bonds or negotiable certificates of deposit ("**NCDs**") denominated in any foreign currency;
  - (ii) bonds or NCDs denominated in Singapore dollars with an original maturity period of not less than 12 months; or
  - (iii) bonds or NCDs denominated in Singapore dollars with an original maturity period of less than 12 months and issued with a denomination of not less than S\$200,000;
- (b) a sum paid by or on behalf of any person whose total net personal assets exceed S\$2 million or its equivalent in foreign currency at the time of the payment, or whose income in the preceding 12 months is not less than S\$300,000 or its equivalent in foreign currency at the time of the payment, in



consideration for the issue to him by the recipient of bonds or NCDs denominated in Singapore dollars with an original maturity period of less than 12 months;

- (c) a sum paid by or on behalf of a company whose total net assets exceed S\$10 million in value or its equivalent in foreign currency as determined by the last audited balance-sheet of the company in consideration for the issue to the company, by the recipient, of bonds or NCDs denominated in Singapore dollars with an original maturity period of less than 12 months.

HSBC France will issue Notes and Certificates to persons in Singapore *only* in circumstances where the Notes and Certificates do not constitute "deposits" for the purposes of the Banking Act.

In addition, where a tranche of Notes or Certificates is issued in Singapore Dollars to persons in Singapore with a denomination of less than S\$200,000, the following information is provided pursuant to Regulation 6 of the Banking Regulations made under the Banking Act:

- (a) the place of booking of the Notes or Certificates in question is France (or such other place as may be expressly indicated in the pricing supplement);
- (b) the branch or office of the Issuer at which the tranche of the Notes or Certificates is booked is not subject to regulation or supervision in Singapore; and
- (c) the tranche of Notes or Certificates is not secured by any means (unless an express statement to the contrary is included in the relevant pricing supplement).

## **10. Hong Kong**

Neither this Offering Memorandum (nor any other offering material relating to the Notes or Certificates) has been authorised by the Securities and Futures Commission in Hong Kong, nor has this Offering Memorandum (and/or any other offering material relating to the Notes or Certificates) been registered by the Registrar of Companies in Hong Kong. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes or Certificates (except for Notes or Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the SFO and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes or Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes or Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell

any of the Notes and Certificates in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes and Certificates.

## **12. Russian Federation**

Each Dealer has represented, warranted and agreed that it has not offered or sold or transferred or otherwise disposed of and will not offer or sell or transfer or otherwise dispose of any Notes or Certificates (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Since neither the issuance of the Notes or Certificates nor a securities prospectus in respect of the Notes or Certificates has been registered, or is intended to be registered, with the Central Bank of the Russian Federation (the "**CBR**") and no decision to admit the Notes or Certificates to placement or public circulation in the Russian Federation has been made, or intended to be made, by the CBR or a Russian stock exchange, the Notes or Certificates are not eligible for advertising, placement or public circulation in the Russian Federation and may not be sold or offered in the Russian Federation, unless and to the extent otherwise permitted under Russian law.

Information set forth in this Offering Memorandum is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer, the Notes or Certificates in the Russian Federation or to or for the benefit of any Russian person or entity and is not intended to be, and must not be, distributed and circulated in the Russian Federation, unless and to the extent otherwise permitted under Russian law.

## **13. Ireland**

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

- (a) it will not underwrite the issue of, or place the Notes or Certificates, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes or Certificates, otherwise than in conformity with the provisions of the Companies Acts 1963 to 2013 (as amended), the Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes or Certificates otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland (the "**Central Bank**"); and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes or Certificates, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

#### 14. Israel

No action has been or will be taken in Israel that would permit an offering of the Notes or Certificates or a distribution of the Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes or Certificates to the public in Israel. In particular, none of the Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes or Certificates has been approved by the Israel Securities Authority. Accordingly, each Dealer has agreed, and each further Dealer appointed under the Programme shall be required to agree, that it will not offer or sell the Notes or Certificates directly or indirectly, in Israel or to others for re-offering or re-sale, directly or indirectly, in Israel except to investors of the type listed in the First Schedule to Israel's Securities Law 5728-1968 (the "**First Schedule**"). Each Dealer is required, before each sale to an investor, to receive a written confirmation from the investor stating that he or it satisfies the conditions to be considered an investor of a type listed in the First Schedule and that he or it is aware of the implications of being classified as such an investor and consents to such classification. In addition, each Dealer is required to take reasonable measures to verify that such investor satisfies the conditions of the First Schedule.

#### 15. Belgium

The Offering Memorandum has not been submitted for approval to the Belgian Financial Services and Markets Authority. Accordingly, Notes that have a maturity of less than 12 months and qualify as money market instruments (and that therefore fall outside the scope of the Prospectus Directive) may not be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

The Notes are not intended to be sold to Belgian Consumers (as defined below). Accordingly, the Notes must not be offered or sold to Belgian Consumers, and the Offering Memorandum, the Pricing Supplement or any other offering material relating to the Notes must not be distributed to Belgian Consumers.

For these purposes, a "**Belgian Consumer**" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*), being any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

## **GENERAL INFORMATION**

### **1. Authorisations**

The issues of Notes were authorised in a resolution of the Issuer's Board of Directors on 26 July 2018. This authorisation is scheduled to expire at the latest on 26 July 2019.

### **2. Clearing of Notes and Certificates**

The Notes and Certificates issued under this Offering Memorandum have been accepted for clearing by Euroclear France. The purchase and sale of the Notes and Certificates can only be made based on book entries in accordance with Euroclear France's rules and operating procedures (or with those of any other clearing system).

The ISIN Code and Common Code of the Notes and Certificates of each issue are specified in the relevant Pricing Supplement.

### **3. Litigation and arbitration**

Except as disclosed on pages 182 to 183 of the 2017 Registration Document and pages 53 to 54 of the Update to the 2017 Registration Document, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

### **4. Significant changes**

Except as disclosed on pages 9 and 58 of the Update to the 2017 Registration Document, there has been no significant change in the financial or trading position of HSBC France since 30 June 2018.

### **5. Material adverse changes**

There has been no material adverse change in the prospects of HSBC France since 31 December 2017.

### **6. Significant agreements**

No agreement has been entered into by the Issuer (other than the agreements entered into in the normal course of its business) that could carry an entitlement or obligation that might have a significant impact on the Issuer's ability to fulfil its obligations in respect of the Notes and Certificates.

### **7. Documents available**

For as long as the Notes and the Certificates shall remain in circulation, copies of the following documents shall be available, free of charge in electronic form (or if any, in physical form), on simple request, *via* HSBC France's website (<http://www.about.hsbc.fr/investor-relations/debt-issuance>) or any other of the Issuer's websites that may replace it, during business hours, or from the Issuer's specified office and from the relevant Fiscal Agent:

- (a) the Issuer's Articles of Association;
- (b) the Agency Agreement;

- (c) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 2017;
- (d) the most recently published annual consolidated audited financial statements of the Issuer and the most recently published unaudited consolidated semi-annual financial statements of the Issuer; and
- (e) this Offering Memorandum, any applicable Supplements hereto and the Pricing Supplement of each issue.

The Issuer publishes interim and annual financial statements.

**8. Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is: F0HUI1NY1AZMJMD8LP67.

## **ISSUER**

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## **ARRANGER**

### **HSBC France**

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## **DEALERS**

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### **HSBC France**

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## **FISCAL AGENT AND PRINCIPAL PAYING AGENT**

### **BNP Paribas Securities Services**

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France

## **CALCULATION AGENT**

### **HSBC Bank plc**

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## **AUDITORS OF THE ISSUER**

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*(Compagnie Régionale des Commissaires aux comptes de  
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## **LEGAL ADVISERS TO THE ARRANGER AND THE DEALERS**

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