



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 listing particulars for the purposes of listing on the Irish Stock Exchange's Official List 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 2004/39/EC 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 to the Irish Stock Exchange.

An application may be made, at the Issuer's option, for the Notes and Certificates to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market (the "**Irish Stock Exchange'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 Credit Market Services Europe Limited, A2 by Moody's Investors Services Limited and AA- by Fitch France S.A.S.

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.

**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**") 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 section and which are included in the relevant sections below 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 financial instrument in question.

The Pricing Supplement and, where relevant, one or more Supplements will complete the terms and conditions 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 [162] for the Certificates and on page [184] 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, and, as the case may be, the preference share to which 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, Luxembourg, 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. Under U.S. law, neither the Notes nor the Certificates, or any rights over them, may at any time be offered, sold, resold, traded or delivered directly or indirectly in the United States or to, or on behalf of or for the benefit of, U.S. Persons and any offer, sale, resale, trading or delivery carried out directly or indirectly in the United States, or to, or on behalf of or for the benefit of, U.S. Persons, will be null and void. For a description of certain further restrictions on the offering and sale of the Notes 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 "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 Notes and Certificates are issued by HSBC France, whose sole activity is the raising and borrowing of funds through the issuance of financial and other securities. The Notes and Certificates issued by HSBC France under the Programme are not currently rated. The Issuer has, and will not have any other assets other than its issued, paid-up capital, the fees due to it in connection with the issuance of financial securities and the associated hedging transactions.

The value of the Notes 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's securities already in issue by the various ratings agencies such as Fitch France S.A.S., Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited. 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.

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, market risk, interest rate risk/structural foreign exchange risk/liquidity risk); and
- b) other operational risks (legal risk, tax risk and IT risk, continuity of the business, human resources, non-compliance and accounting risk),

they are detailed on pages 81 to 109 and 193 to 217 of the 2014 Registration Document and on pages 7 to 11 of the Update to the 2014 Registration Document (all as defined in Section "Documents Incorporated by Reference"), which are incorporated by reference in this Offering Memorandum.

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

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

The following paragraphs describe the principal risk factors that the Issuer considers material to the Notes to be listed and/or admitted to trading in order to assess the market risks associated with these Notes. Potential investors should also read the detailed information set out elsewhere in this 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 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. 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.

### **4. 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.

### **5. 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.

## **6. 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**"). If the performance of the Preference Share Underlying is negative, the performance of the preference shares will be negative and thus 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

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 (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 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.

## 7. 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.

## 8. 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 Relevant Currency and Reference Currencies 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***

Investors in the Notes should be aware that, following the occurrence of a FX Disruption (as defined in Condition 19.1 of the Terms and Conditions of the Notes), the Calculation Agent may delay the determination of the Underlying Currency Pair Exchange Rate and/or Conversion Rate (as applicable) until such rate can be obtained by reference to the Underlying Currency Pair Fixing Page or Conversion Fixing Page (as applicable) provided that if the FX Disruption continues for five days following the original fixing date the Calculation Agent may determine 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. Also, if the Notes are redeemed early investors will forego any future appreciation or depreciation in the underlying 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.

## **9. 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.

**10. 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.

**11. 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.

**12. 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.

**13. 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.

**14. 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.

**15. 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.

**16. Illegality**

The Noteholders are subject to the risk that if the Calculation Agent determines in its sole and absolute discretion acting in good faith 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).

**17. 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.

**18. 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.

**19. 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.

**20. 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.

**21. 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.

**22. 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.

**23. 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.

**24. 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.

**25. 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.

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

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

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

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

## **27. 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.

## **28. Modification of the Terms and Conditions**

Except as otherwise provided in the Pricing Supplement, the 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 13, and a General Meeting can be held. The Terms and Conditions permit in certain cases defined majorities to bind all Noteholders including those who did not attend or were represented at the relevant General Meeting and those who voted in a manner contrary to the majority. The General Meeting may also deliberate on any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to challenged rights or rights that had been the subject of judicial decisions, as more fully described in Condition 13.

## **29. 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.

## **30. EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information

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

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

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

### **31. 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**").

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. The issuance and subscription of Notes should, however, be exempt.

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.

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

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

Directive 2014/59/EU of the European Parliament and of the Council establishes an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**").

The implementation of the BRRD in France was made by two main texts of legislative nature. Firstly, 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*) (as modified by the ordonnance dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the "**Banking Law**") had anticipated the implementation of the BRRD. Secondly, Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance no 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, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, have been published on 20 September 2015 to mostly implement the BRRD in France. The ultimate precise changes which will be made by these decree(s) and order(s) remain unknown at this stage.

The impact of the BRRD and its implementing provisions on credit institutions, including the Issuer, is currently unclear but its implementation or the taking of any action under it could materially affect the value of any Notes.

The aim of the BRRD is to provide resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' contributions to bank bail-outs and/or exposure to losses. The powers provided to authorities (the ACPR or the Single Resolution Board if the case may be in France depending on the competent supervisory authority regarding the Single Supervision Mechanism) in the BRRD are divided into three categories: (i) preparatory steps and plans to minimize 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) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganize or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

Moreover, 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 has established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities.

The BRRD currently contains four resolution tools and powers:

- 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;
- bridge institution: enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a public controlled entity holding such business or part of business with a view of reselling it);
- asset separation: enables resolution authorities to transfer impaired or problem assets to a asset management vehicles to allow such assets to be managed and worked out over time; and
- 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 to equity (the "**general bail-in tool**"), which equity could also be subject to any future write-down by application of the general bail-in tool.

The French *Code monétaire et financier*, as amended by the Ordinance 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, in particular where: (a) it is not possible to bail-in that liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate 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 a serious disturbance to the economy of a Member State or of the Union; or (d) the application of the general bail-in tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in. Consequently, where the relevant resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities, the level of write down or conversion applied to other eligible liabilities - as the holders of the Notes as the case may be - when not excluded, may be increased to take account of such exclusions. Subsequently, if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the French "Resolution and Deposits Guarantee Fund" (*Fonds de garantie des dépôts et de résolution*) or any other equivalent arrangement from a Member State, may make a contribution to the institution under resolution, under certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (i) 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 (ii) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The last step - if there are losses left - would be an 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. 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 provisions of the French *Code monétaire et financier*, as amended by the Ordinance currently apply, except for the general bail-in tool which is to be applied from 1 January 2016. The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. In particular, holders of Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The powers currently set out in the BRRD and its implementation in the *French Code monétaire et financier* will probably impact how credit institutions and large investment firms (those which are required to hold initial capital of € 730,000 by the fourth Capital Requirements Directive ("**CRD**") are managed as well as, in certain circumstances, the rights of creditors. For Member States participating in the Banking Union, the Single Resolution Mechanism fully harmonises the range of available tools but Member States are authorized 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.

Starting on 1 January 2015, the Single Resolution Board works in close cooperation with the ACPR, in particular in relation to the elaboration of resolution planning, and will assume full resolution powers, on 1 January 2016 provided that the conditions for the transfer of contributions to the Single Resolution Fund are met by that date. It is not yet possible to assess the full impact of the BRRD and the French law provisions implementing the BRRD on the Issuer and there can be no assurance that its implementation or the taking of any actions currently contemplated in 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.

### **33. 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.

#### **34. 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 13. 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.

#### **35. 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.

**36. 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.

**37. 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.

**38. 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.

**39. Foreign Account Tax Compliance Act withholding may affect payments on the Notes**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within Euroclear and Clearstream, Luxembourg (together, the "ICSDs") or cleared through Euroclear France, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs or Euroclear France. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the ICSDs or Euroclear France, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs, Euroclear France and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an

intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to the section "*Taxation – Notes – United States of America – Foreign Account Tax Compliance Act.*"

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

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE 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.*"

**41. 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 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 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. 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.

### **4. 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.



## 5. **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.

## 6. **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.

## 7. 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 Relevant Currency and Reference Currencies may result in a decrease in the value of interest payments or the principal payable on the Certificates at expiry or exercise. As a consequence, the market value of the Certificates may also fall.

### *FX Disruption*

Investors in the Certificates should be aware that, following the occurrence of a FX Disruption (as defined in Condition 16.1 of the Terms and Conditions of the Certificates), the Calculation Agent may delay the determination of the Underlying Currency Pair Exchange Rate and/or Conversion Rate (as applicable) until such rate can be obtained by reference to the Underlying Currency Pair Fixing Page or Conversion Fixing Page (as applicable) provided that if the FX Disruption continues for five days following the original fixing date the Calculation Agent may determine 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. Also, if the Certificates are terminated early investors will forego any future appreciation or depreciation in the underlying 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.

## 8. 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.

**9. 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.

**10. 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.

**11. 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.

**12. 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.

**13. 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.

**14. 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.

**15. 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.

**16. Illegality**

The Certificateholders are subject to the risk that if the Calculation Agent determines in its sole and absolute discretion acting in good faith 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 Note 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).

**17. 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.

**18. 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.

**19. 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.

**20. 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.

**21. 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.

**22. 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.

**23. 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.

**24. 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.

**25. 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.

**26. 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.

**27. 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.

**28. 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.

## 29. EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

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

## 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**").

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. The issuance and subscription of Certificates could, however, be exempt.

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.

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

### 31. EU Resolution and Recovery Directive

Directive 2014/59/EU of the European Parliament and of the Council establishes an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**").

The implementation of the BRRD in France was made by two main texts of legislative nature. Firstly, 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*) (as modified by the ordonnance dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the "**Banking Law**") had anticipated the implementation of the BRRD. Secondly, Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance no 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, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, have been published on 20 September 2015 to mostly implement the BRRD in France. The ultimate precise changes which will be made by these decree(s) and order(s) remain unknown at this stage.

The impact of the BRRD and its implementing provisions on credit institutions, including the Issuer, is currently unclear but its implementation or the taking of any action under it could materially affect the value of any Certificates.

The aim of the BRRD is to provide resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' contributions to bank bail-outs and/or exposure to losses. The powers provided to authorities (the ACPR or the Single Resolution Board if the case may be in France depending on the competent supervisory authority regarding the Single Supervision Mechanism) in the BRRD are divided into three categories: (i) preparatory steps and plans to minimize 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) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganize or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

Moreover, 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 has established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities.

The BRRD currently contains four resolution tools and powers:

- 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;
- bridge institution: enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a public controlled entity holding such business or part of business with a view of reselling it);



- asset separation: enables resolution authorities to transfer impaired or problem assets to a asset management vehicles to allow such assets to be managed and worked out over time; and
- 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 to equity (the "**general bail-in tool**"), which equity could also be subject to any future write-down by application of the general bail-in tool.

The French *Code monétaire et financier*, as amended by the Ordinance 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, in particular where: (a) it is not possible to bail-in that liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate 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 a serious disturbance to the economy of a Member State or of the Union; or (d) the application of the general bail-in tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in. Consequently, where the relevant resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities, the level of write down or conversion applied to other eligible liabilities - as the holders of the Certificates as the case may be - when not excluded, may be increased to take account of such exclusions. Subsequently, if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the French "Resolution and Deposits Guarantee Fund" (*Fonds de garantie des dépôts et de résolution*) or any other equivalent arrangement from a Member State, may make a contribution to the institution under resolution, under certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (i) 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 (ii) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The last step - if there are losses left - would be an 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. 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 provisions of the French *Code monétaire et financier*, as amended by the Ordinance currently apply, except for the general bail-in tool which is to be applied from 1 January 2016. The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. In particular, holders of Certificates may be subject to write-down or conversion into equity on any application of the general bail-in tool. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the holders of the Certificates, the price or value of their investment in any Certificates and/or the ability of the Issuer to satisfy its obligations under any Certificates.

The powers currently set out in the BRRD and its implementation in the *French Code monétaire et financier* will probably impact how credit institutions and large investment firms (those which are required to hold initial capital of € 730,000 by the fourth Capital Requirements Directive ("**CRD**")) are managed as well as, in certain circumstances, the rights of creditors. For Member States participating in the Banking Union, the Single Resolution Mechanism fully harmonises the range of available tools but Member States are authorized 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.

Starting on 1 January 2015, the Single Resolution Board works in close cooperation with the ACPR, in particular in relation to the elaboration of resolution planning, and will assume full resolution powers, on 1

January 2016 provided that the conditions for the transfer of contributions to the Single Resolution Fund are met by that date. It is not yet possible to assess the full impact of the BRRD and the French law provisions implementing the BRRD on the Issuer and there can be no assurance that its implementation or the taking of any actions currently contemplated in 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.

**32. 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.

**33. 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.

**34. 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.

**35. 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.

**36. 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.

**37. 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 Noteholders.

**38. U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Certificates**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Certificates are held within the ICSDs or cleared through Euroclear France, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs or Euroclear France. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Certificates are discharged once it has made payment to, or to the order of, the ICSDs or Euroclear France, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs, Euroclear France and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to the section "*Taxation – Certificates – United States of America - Foreign Account Tax Compliance Act.*"

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

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE 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*".

#### **40. 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 version of the update to the 2014 Registration Document filed with the AMF on 5 August 2015 under number D.15-0095-A01 and which includes, inter alia, the unaudited condensed consolidated financial statements of the Issuer at 30 June 2015 and the related statutory auditors' review report (the "**Update to the 2014 Registration Document**") excluding the third paragraph of the responsibility statement of the Update to the 2014 Registration Document referring, inter alia, to the *lettre de fins de travaux* of the auditors of the Issuer;
- (b) the English version of the 2014 Registration Document filed with the AMF on 2 March 2015 under No. D.15-0095 and which includes, inter alia, the audited consolidated financial statements of the Issuer for the year ended 31 December 2014 and the related statutory auditors' report (the "**2014 Registration Document**") excluding the third paragraph of the responsibility statement of the Registration Document referring, inter alia, to the *lettre de fins de travaux* of the auditors of the Issuer; and
- (c) the English version of the 2013 Registration Document filed with the AMF on 3 March 2014 under No. D. 14-0103 and which includes, inter alia, the audited consolidated financial statements of the Issuer for the year ended 31 December 2013 and the related statutory auditors' report (the "**2013 Registration Document**") excluding the third paragraph of the responsibility statement of the 2013 Registration Document referring, inter alia, to the *lettre de fins de travaux* of the auditors of the Issuer.

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 2013 Registration Document, the 2014 Registration Document or the Update to the 2014 Registration Document does 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, ("**Clearstream, Luxembourg**"), 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 ADR/GDR Basket-Linked Redemption Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the price of the ADR/GDR or the value of the ADR/GDR Basket and/or a formula), ETF Linked Notes or ETF Basket-Linked Notes (including "**ETF Linked Coupon Notes and ETF Basket-Linked Coupon Notes**" in respect of which amounts of interest shall be calculated by reference to the value of the ETF Unit or the value of the ETF Basket and/or a formula and "**ETF Linked Redemption Notes and ETF Basket-Linked Redemption**



**Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the value of the ETF Unit or the value of the ETF Basket and/or a formula) 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 17 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a Member State of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC"), as amended (the "Treaty")) or events have occurred which have substantially the same effects (in either case, the "EMU"), redenominate all, but not some only, of the Notes of each Series into euros and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant 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 17. Any balance with a value of more than EUR 0.01 remaining from the redenomination shall be paid by way of cash adjustment rounded to the nearest one-hundredth of a euro (with EUR 0.005 being rounded up to the nearest one-hundredth of a euro). Such cash adjustment shall be payable in euros on the Redenomination Date in the manner notified by the Issuer to the holders of any Notes.
- (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 16.2, 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 14 (including, but not limited to, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest calculation basis or benchmark), taking into account market practice in respect of Euromarket debt obligations denominated in euros and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of any Notes, Receipts, Coupons and Talons and shall be notified to the holders of any Notes in accordance with Condition 17 as soon as practicable thereafter.
- (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, unsubordinated and unsecured obligations of the Issuer (subject to Condition 4) and rank and shall rank *pari passu* without any preference among themselves and (subject to such exceptions as are mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

## 4. 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:

"**Benchmark**" means the Reference Rate as set out in the relevant Pricing Supplement.

"**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 =

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

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:

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

- (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:

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

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.

"**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 Benchmark (which, if EURIBOR or EONIA is the relevant Benchmark, shall be the euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

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

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

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the financial centre as may be specified as such in the relevant 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 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 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.

## 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 and Preference Share Linked Notes

### (a) Interest Payment Dates

Each 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 and Preference Share Linked Notes 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 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 sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction (*Echange*) in the relevant Specified Currency incorporating the FBF Definitions and under which:

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

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.

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:

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

**(d) Rate of Interest on Index Linked Notes, Index Basket-Linked Notes, 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 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 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.

**(e) Zero Coupon Notes**

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is redeemable prior to its Maturity Date pursuant to the exercise of an Issuer's Option or, if so specified in the relevant 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)).

**(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) 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.

**(h) Accrual of Interest**

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

**(i) 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.

**(j) 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.

**(k) 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) shall (in the absence of manifest error) be final and binding upon all parties.

**(l) 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 17.

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

### **6.1 Final Redemption**

Unless previously redeemed, repurchased or cancelled as provided below or its maturity is extended pursuant to the exercise of any Issuer's option in accordance with Condition 6.3 or any Noteholder's option in accordance with Condition 6.4, 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, Exercise of Issuer's Options 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 17 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. 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 17 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 may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a given Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full, or applying the option to, some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that shall be fully redeemed or in respect of which such Option shall be exercised and those Dematerialised Notes that shall not be redeemed or in respect of which such Option shall not be exercised shall be made in accordance with Article R.213-16 of the French Monetary and Financial Code and the provisions of the relevant Pricing Supplement, 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 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 6.6 or

6.10 or upon it becoming due and payable as provided in Condition 11, shall be equal to the Amortised Nominal Amount (calculated as provided below) of such Note unless specified otherwise in the relevant Pricing Supplement.

- (ii) Subject to the provisions of sub-paragraph 6.5(a)(iii) below, the Amortised Nominal Amount of any Note shall be equal to the Final Redemption Amount of such Note on the Maturity Date, discounted at a rate per annum (expressed as a percentage) equal to the Rate of Yield (which, unless specified otherwise in the relevant 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**").
- (iii) If the Amortised Nominal Amount payable in respect of each Note upon its redemption pursuant to Condition 6.6, 6.7 or 6.10 or upon its early redemption as provided in Condition 11 is not paid when due, the Early Redemption Amount payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph 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 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 11, shall be equal to the Final Redemption Amount plus all interest accrued to the date fixed for redemption 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 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 17, 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 without being required to withhold or deduct French taxes.
- (b) If the Issuer, on the next redemption of principal or payment of interest 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 17, 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 unmaturing 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 Article L.213-1 A of the French Monetary and Financial Code for the purpose of improving the liquidity of the Notes.

#### **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 unmaturing 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 unmaturing 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 17, redeem all, but not some only, of the Notes at their Early Redemption Amount plus any interest accrued to the date set for redemption.

## 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).
- (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 12) or, if later, before the expiry of a period of five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(c) Payments in the United States

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

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

(d) Payments subject to tax laws

All payments shall be, but without prejudice to the provisions of Condition 8, subject to (i) any laws, regulations and directives, including in relation to tax laws and (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. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the 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 Materialised Notes, a Paying Agent having its office in an EU Member State that shall not require it to withhold or deduct tax pursuant to Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or in accordance with any law implementing or complying with, or introduced in order to comply with, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent and (vi) any other agents as may be required by the rules of any other 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 17.

(f) Talons

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

(g) Business Days for payment

If any payment date in respect of any Note or Coupon is not a business day, the Noteholder, Receiptholder or Couponholder shall not be entitled to any payment until the following business day unless specified otherwise in the relevant 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.

## 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 at source for any taxes or duties of any kind imposed, levied or collected by or on behalf of France or any of its authorities having power to levy tax, unless such withholding or deduction at source is required by law.

### 8.2 Additional amounts

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

(a) *Other connection*

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

(c) *Payment to individuals*

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

(d) *Payment by another Paying Agent*

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

References in these Terms and Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 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**" 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. **Supply of information**

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

## 11. **Events of Defaults**

If any of the following events occurs (each an "**Event of Default**"), (i) the Representative (as defined in Condition 13) 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 13), 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.

## 12. Prescription

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

## 13. Representation of Noteholders

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

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

### (a) Legal personality

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

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

### (b) Representative

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

- (i) the Issuer, the members of its Board of Directors (*Conseil d'Administration*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (ii) companies guaranteeing all or some of the obligations of the Issuer, their respective managers (*gérants*), general managers, members of their Board of Directors, Executive

Board or Supervisory Board, their statutory auditors, employees and their ascendants, descendants and spouses; or

- (iii) companies holding 10 per cent or more of the Issuer's share capital or companies having 10 per cent or more of their share capital held by the Issuer; or
- (iv) persons prohibited from working as bankers or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

The Representative shall be entitled to such remuneration in connection with its functions and duties as set out in the relevant Pricing Supplement, if any is specified.

In the event of the death, dissolution, resignation or removal from office of the Representative, such Representative shall be replaced by the alternate Representative. In the event of the death, dissolution, resignation or removal from office of the alternate Representative, another alternate shall be elected by the General Meeting.

All interested parties shall at all times have the right to obtain the names and addresses of the Representative and the alternate Representative from the Issuer at its address and from the specified offices of any of the Paying Agents.

(c) Representative's Powers

The Representative shall (in the absence of any decision to the contrary by the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Holders or initiated by them should be brought by or against the Representative.

The Representative may not be involved in the management of the Issuer's affairs.

(d) General Meeting

A General Meeting may be held at any time, when convened by either the Issuer or the Representative. One or more Holders, holding together at least one-thirtieth of the nominal amount of the Notes outstanding, may address to the Issuer and the Representative a request for a General Meeting to be convened. If such General Meeting has not been convened within two (2) months after such request, the Holders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) to convene the General Meeting.

Notice of the date, time, place and agenda of any General Meeting shall be published as provided under Condition 17.

Each Holder has the right to participate in General Meetings in person, by proxy, correspondence or, if the Issuer's articles of association (*statuts*) so specify, videoconference or any other means of telecommunication facilitating the identification of the participating Holders. Each Note gives the Holder the right to one vote or, in the case of Notes issued with several Specified Denominations, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.



In accordance with Article R.228-71 of the French Commercial Code, the rights of each Holder to participate in General Meetings shall be evidenced by registration in an account held with the relevant Account Holder in the name of such Holder at midnight (Paris time) on the second Paris business day preceding the date set for the relevant General Meeting.

(e) General Meeting's powers

The General Meeting is empowered to deliberate on the removal from office and replacement of the Representative and the alternate Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue to or derive from the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may in addition deliberate on any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to contested rights or which was the subject of a judicial decision, it being specified, however, that the General Meeting may not increase amounts payable by Holders, nor establish any unequal treatment between the Holders.

General Meetings may deliberate validly on first convocation only if the Holders present or represented hold at least one-fifth of the nominal amount of the Notes then outstanding. On second convocation, a quorum shall not be required. Decisions at meetings shall be taken by a two-thirds majority of the votes cast by Holders attending such General Meetings, whether in person or by proxy.

Decisions of General Meetings shall be published in accordance with the provisions set forth in Condition 17.

(f) Information to Noteholders

Each Noteholder or representative thereof shall have the right, during the period of fifteen (15) calendar days preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which shall be available for inspection by the relevant Holders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) Expenses

The Issuer shall pay all expenses relating to the operation of the Masse, including expenses relating to the convening and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be deducted from interest payable under the Notes.

(h) Single Masse

The Noteholders of a given Series or Tranche, and the Noteholders of any other Series or Tranche which have been assimilated (*assimilables* for the purpose of French Law) with the Notes of such aforementioned Tranche or Series in accordance with Condition 16.1, shall, for the defence of their common interests, be grouped into a single Masse. The Representative appointed in respect of the first Tranche of a Series or Tranche of Notes shall be the Representative of the single Masse of such Series.

In respect of each Tranche of Notes issued or deemed to be issued outside France, this Condition 13 may, if so specified in the relevant Pricing Supplement, be amended, supplemented or waived and, in

respect of any Tranche issued inside France, this Condition 13 shall be waived in its entirety and replaced by the full provisions of the Code relating to the Masse.

**14. Modifications**

These Terms and Conditions may be amended or modified in relation to any Series of Notes by the terms of the relevant Pricing Supplement relating to such Series.

**15. Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons**

In the case of Materialised Notes, any Definitive Materialised Note, Receipt, Coupon or Talon that is lost, stolen, mutilated, defaced or destroyed, in whole or in part, may be replaced, subject to compliance with the applicable legislation, regulations and rules of the relevant 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.

**16. Further issues and consolidation**

**16.1 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.

**16.2 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 17, without the consent of the Noteholders or Couponholders, to consolidate the Notes of one Series denominated in euros with the Notes of one or more other Series issued by it, whether or not such Notes were originally issued in one of the European national currencies or in euros, provided such other Notes have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

**17. Notices**

17.1 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.

- 17.2 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.
- 17.3 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.
- 17.4 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, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 17.1, 17.2 and 17.3 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.

## **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**

### **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 19.9;

"**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;

**"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 below);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);

- (g) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;
- (h) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that the ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant 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;

**"FX Disruption"** means the occurrence and/or existence of any of the following circumstances:

- (a) the occurrence and/or existence as determined by the Calculation Agent, acting in a commercially reasonable manner, of an event on any day with respect to the Reference Currency or Relevant Currency (as applicable) that has the effect of preventing or delaying the Issuer or any of its affiliates acting as its hedge counterparty for the Notes directly or indirectly from: (i) converting the Reference Currency into the Relevant Currency through customary legal channels, (ii) converting the Reference Currency into the Relevant Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Currency Jurisdiction, (iii) delivering the Relevant Currency from accounts inside the Reference Currency Jurisdiction to accounts outside the Reference Currency Jurisdiction; (iv) delivering the Reference Currency between accounts inside the Reference Currency Jurisdiction or to a party that is a non-resident of the Reference Currency Jurisdiction or delivering the Specified Currency between accounts inside the Specified Currency Jurisdiction or to a party that is a non-resident of the Specified Currency Jurisdiction, or (v) effectively realising the value of its underlying hedge in the Relevant Currency at any time;
- (b) the government of the Specified Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) imposing, or giving public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of the Specified Currency or Reference Currency (as applicable) denominated assets in the Specified Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its affiliates acting as its hedge counterparty for the Notes to hedge its position under the Notes or to unwind such hedge;

**"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;

**"Index"** means, in relation to a Series of Notes, the 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"** has the meaning ascribed to it in the applicable Pricing Supplement;

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

**"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;

**"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 in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant 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;

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

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

**"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;

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

**"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, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Pricing Supplement, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 19.2 or, (b) in any other case, and unless otherwise specified in the relevant Pricing Supplement, the

date specified as such in the relevant Pricing Supplement, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in Condition 5.3(b)) is specified in the relevant Pricing Supplement. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 19.2(b);

**"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 19.6(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, Luxembourg, and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, (A) to debit the Noteholder's account with such

Notes on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;

- (e) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the Clearing System to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Noteholder with Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Pricing Supplement and, if the Notes are ADR/GDR Linked Notes, each of the Depository and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 19.8;

**"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);

**"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) as determined by the Calculation Agent in good faith and published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Underlying Currency Pair Exchange Rate Fall-Back is 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, or 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 its sole and absolute discretion, acting in good faith;

**"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 immediate 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, 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;

**"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/GDR 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, Luxembourg, and/or any other relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (ii) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received

conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.

- (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 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 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 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 19.6(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 Adjustments to Indices

This Condition 19.6 is applicable only in relation to Index-Linked Notes other than Inflation Rate-Linked Notes in relation to which Condition 19.7 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, 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 the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (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 17;
- (ii) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 17 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, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:
  - (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 17, specifying the early redemption amount and early redemption date, and the entitlements of the relevant Noteholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Notes immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"**Substitute Index**" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(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.

#### 19.7 Adjustments to Indices for Inflation Rate-Linked Notes

With respect to Inflation Rate-Linked Notes, the following provisions shall apply in lieu of Condition 19.6 (*Adjustments to Indices*):

(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 (acting in its sole and absolute discretion) 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 in its sole and absolute discretion 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 (such opinion to be made in its sole and absolute discretion) 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.

## 19.8 Adjustments and Events affecting Securities

This Condition 19.8 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 19.11(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 19.11(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 19.11(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 19.11(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 terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

### (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 19.11(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.

## 19.9 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 19.11(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 19.11(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 terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant 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 in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Notes, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (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.

#### **19.10 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 19.11(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, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

#### **19.11 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 19.11(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;



$$R \text{ factor} = \frac{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[ \frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[ 1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**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 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

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"**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 19.11(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 19.11(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.

#### 19.12 Adjustments where the Security is an ETF Unit

Where the Security is specified in the relevant Pricing Supplement as being an ETF Unit, 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 cancelled, then the Notes shall be cancelled as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the cancellation of the Notes.
- (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)19.13(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

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{Bonus Security \%})} \right)$$

**"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 19.12(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 19.12(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 19.12 "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

### **19.13 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);

$$R \text{ factor} = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

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 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 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

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{Bonus Security \%})} \right)$$

**"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 19.13(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 19.13(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 in its sole and absolute discretion that (x) it will, or there is a substantial likelihood that it will, with the passing of time or 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 in its sole and absolute discretion;

**"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 17.

## **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.

## 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.

"**ADR/GDR Basket**" means a basket of ADR/GDR issued by more than one Depository, 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.

"**American Depositary Receipt(s)**" or "**ADR(s)**" refers to a security issued by the relevant Depository and representing an Equity.

"**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.

"**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, société anonyme ("**Clearstream, Luxembourg**").

The Certificates may be "**Fixed Rate Certificates**", "**Floating Rate Certificates**", "**Index or Index Basket Linked Certificates**" (including "**Index or Index Basket Linked Coupon Certificates**" in respect of which amounts of interest shall be calculated by reference to an index or index basket and/or formula, and "**Index or Index Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to an index, a basket of indices and/or formula), 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 are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and shall rank *pari passu* without any preference among themselves (subject to exceptions under French law) with all other present or future unsecured and unsubordinated obligations of the Issuer.

### **4. Settlement**

The Certificates shall be redeemed at the Settlement Date, except in the cases of early redemption provided for in Conditions 7 and 16 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, Luxembourg, to Euroclear or Clearstream, Luxembourg 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, Luxembourg, 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:

"**Benchmark**" means the Reference Rate as set out in the relevant Pricing Supplement.

**"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:

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

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 =

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

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:

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

- (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:

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

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.

**"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 Benchmark (which, if EURIBOR or EONIA is the relevant Benchmark, shall be the euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

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

**"Relevant Date"** means, in respect of any 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 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.

## 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 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 sub-paragraph (i), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction (*Echange*) in the relevant Specified Currency incorporating the FBF Definitions and under which:

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

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.

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:

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

**(d) Rate of Interest on Index Linked 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.

**(e) 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)).

**(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) 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.

**(h) 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 5 to the Relevant Date.

**(i) 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.

**(j) 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.

**(k) 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 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 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) shall (in the absence of manifest error) be final and binding upon all parties.

**(l) 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.

## **7. Redemption, repurchase and options**

### **7.1 Final redemption**

Unless previously redeemed, purchased and cancelled as provided for below or its maturity is extended pursuant to the exercise of any Issuer's option in accordance with Condition 7.3 or any Certificateholder's option in accordance with Condition 7.4, 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, Exercise of Issuer's Options 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. 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 may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Certificates in a given Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full, or applying the option to, some only of such Certificates and, in such latter case, the choice between those Certificates that shall be fully redeemed or in respect of which such Option shall be exercised and those Certificates that shall not be redeemed or in respect of which such Option shall not be exercised shall be made in accordance with Article R.213-16 of the French Monetary and Financial Code and the provisions of the relevant Pricing Supplement, 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 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 7.9 or upon it becoming due and payable as provided in Condition 9, shall be equal to the Amortised Nominal Amount (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 Amortised Nominal Amount of any Certificate shall be 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**").

- (iii) If the Amortised Nominal Amount payable in respect of each Certificate upon its redemption pursuant to Condition 7.9 or upon its early redemption as provided in Condition 9 is not paid when due, the Early Redemption Amount payable in respect of such Certificate shall be the Amortised Nominal Amount 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 Note becomes payable is the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount payable shall be the scheduled Final Redemption Amount of such 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 (upon redemption of such Certificate in accordance with Condition 7.9 or upon it becoming due and payable as provided in Condition 9 shall be equal to the Final Redemption Amount together with interest accrued to the date fixed for redemption 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 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 without being required to withhold or deduct French taxes.
- (ii) If the Issuer, on the next redemption of principal or payment of interest 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 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 and (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. Commission or expenses shall not be charged to the Certificateholders in respect of such payments.

## 8.3 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.

## 8.4 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.

## 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 withholding or deduction for any taxes, duties, assessments or governmental charges of

whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

## **9.2 Additional amounts**

If French law should require that payments of principal or interest in respect of any Certificate be subject to withholding or deduction in respect of any present or future taxes or duties of any kind, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts in such a way that the Certificateholders receive the amounts that they would receive had no such withholding or deduction been required, it being specified that no such additional amounts shall be payable in respect of any Certificate in the following cases:

### **(a) Other connection**

Where the Certificateholder, or third party acting on its behalf, is liable to such taxes or duties for any other reason than the mere holding of the Certificate; or

### **(b) Payment to individuals**

Where such withholding or deduction is required to be made pursuant to Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in these Terms and Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Certificates, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

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

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 Noteholders in accordance with Condition 14, without the consent of the Certificateholders, consolidate the Certificates of one Series denominated in euros with the Certificates of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euros, provided such other Certificates have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Certificates.

### **14. Notices**

- 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, Luxembourg 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 17.1, 17.2 and 17.3 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. Governing Law and jurisdiction**

#### **15.1 Governing law**

The Certificates are governed by, and shall be construed in accordance with, French law.

## 15.2 Jurisdiction

Any claim against the Issuer in connection with the Certificates must be brought before the competent court in Paris.

## 16. Additional terms relating to Equity-Linked Certificates or Equity Basket-Linked Certificates, 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

### 16.1 Definitions

As used in this Condition 16, 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 16.9;

"**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 16.5 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 16.5;

**"Cash Settlement"** means, in relation to a Series of Certificates, that the relevant Holder of Certificates is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Pricing Supplement in the Specified Currency;

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

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

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

**"Delivery Disruption Event"** means, as determined by the Calculation Agent, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Certificate due to illiquidity in the market for such Securities;

**"Deposit Agreement"** means, in relation to each ADR/GRD, the agreement(s) or other instrument(s) constituting such ADR/GRD, as from time to time amended or supplemented;

**"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.

**"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;

**"FX Disruption"** means the occurrence and/or existence of any of the following circumstances:

- (a) the occurrence and/or existence as determined by the Calculation Agent, acting in a commercially reasonable manner, of an event on any day with respect to the Reference Currency or Specified Currency (as applicable) that has the effect of preventing or delaying the Issuer or any of its affiliates acting as its hedge counterparty for the Certificates directly or indirectly from: (i) converting the Reference Currency into the Relevant Currency through customary legal channels, (ii) converting the Reference Currency into the Relevant Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Currency Jurisdiction, (iii) delivering the Relevant Currency from accounts inside the Reference Currency Jurisdiction to accounts outside the Reference Currency Jurisdiction, (iv) delivering the Reference Currency between accounts inside the Reference Currency Jurisdiction or to a party that is a non-resident of the Reference Currency Jurisdiction or delivering the Specified Currency between accounts inside the Specified Currency Jurisdiction or to a party that is a non-resident of the Specified Currency Jurisdiction, or (v) effectively realising the value of its underlying hedge in the Relevant Currency (as applicable) at any time;
- (b) the government of the Specified Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) imposing, or giving public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of the Specified Currency or Reference Currency (as applicable) denominated assets in the Specified Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its affiliates acting as its hedge counterparty for the Certificates to hedge its position under the Certificates or to unwind such hedge;

**"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;

**"Index"** means, in relation to a Series of Certificates, the index to which such Certificates relates, as specified in the relevant Pricing Supplement, subject to adjustment pursuant to this Condition 16, and **"Indices"** shall be construed accordingly;

**"Index-Linked Certificate"** means a Series of Certificates in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Pricing Supplement);

**"Index Rules"** has the meaning ascribed to it in the applicable Pricing Supplement;

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

**"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;

**"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 16.5(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 16.5(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 in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant 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;

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

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

**"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 proviso below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant 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;

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

**"Residual Amount"** means, in relation to a Holder of Certificates and a Certificate, the fraction of a Security rounded down pursuant to Condition 16.2, 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 16, 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, in relation to Securities to be delivered in respect of an Equity-Linked Certificate (a) in the case of Equity-Linked Certificates which relate to equity securities and unless otherwise specified in the relevant Pricing Supplement, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 16.2 or (b), in any other case, and unless otherwise specified in the relevant Pricing Supplement, the date specified as such in the relevant Pricing Supplement, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in Condition 8.4) is specified in the relevant Pricing Supplement. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 16.2(b);

**"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 16.6(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 Holder of Certificate;
- (c) specify the number of the Holder of Certificate's account at Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, to be debited with such Certificates;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, (A) to debit the Holder of Certificate's account with such Certificates on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Certificates specified in the Transfer Notice may be made;
- (e) contain a representation and warranty from the Holder of Certificate to the effect that the Certificates to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the Clearing System to be credited with the Certificates if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Holder of Certificate with Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant 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 16.8;

**"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);

**"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) as determined by the Calculation Agent in good faith and published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Underlying Currency Pair Exchange Rate Fall-Back is 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, or 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 its sole and absolute discretion, acting in good faith;

**"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 immediate 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, 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;

**"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 16.5; 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.

## 16.2 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 Holder of Certificate shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system to perform their respective obligations in relation to the Certificates and notify to the Paying Agents and the Certificateholders) send to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (ii) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Certificateholder may not transfer any Certificate which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Certificates which are the subject of the Transfer Notice.
- (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 Holder of Certificate is at the relevant Holder of Certificate's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
- (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 Holder of Certificate is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount provided, however, that if a Certificateholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Certificateholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.

- (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 Holder of Certificate shall be required as a condition of its entitlement to delivery of Securities in respect of any Certificates to pay all Transfer Expenses in respect of such Certificates.
  - (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, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Certificateholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount; or
  - (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 16.2(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.

### **16.3 Automatic Early Redemption**

This Condition 16.3 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 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.

### **16.4 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).

### **16.5 Consequences of Disrupted Days**

For the purposes of this Condition 16.5 "**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 16.5(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 16.5(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 16.5(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 16.5(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 16.5(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 16.5(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 16.5(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 16.5(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 16.6(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).

## 16.6 Adjustments to Indices

This Condition 16.6 is applicable only in relation to Index Linked Certificates other than Inflation Rate-Linked Certificates in relation to which Condition 16.7 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, 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 the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (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, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 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, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Certificates shall continue and:

- (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 immediate 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.

## 16.7 Adjustments to Indices for Inflation Rate-Linked Certificates

With respect to Inflation Rate-Linked Certificates, the following provisions shall apply in lieu of Condition 16.6 (*Adjustments to Indices*):

### (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:

Substitute Index Level = Base Level x (Latest Level / 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 (acting in its sole and absolute discretion) 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 in its sole and absolute discretion 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 (such opinion to be made in its sole and absolute discretion) 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.

## 16.8 **Adjustments and Events affecting Securities**

This Condition 16.8 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 16.11(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 terminated, then the Certificates shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

(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.

**16.9 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 terminated, then the Certificates shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

For the purposes any Series of Certificates, "**Additional Disruption Event**" means any event specified as such in the relevant 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 in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Certificates, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Certificates, or in relation to the Issuer's hedging activities in connection with the Certificates, (ii) stock loan transactions in relation to such Certificates or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Certificates or (z) the Issuer will incur a materially increased cost in performing its obligations under the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (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) "**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
- (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 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.

#### **16.10 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, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

### 16.11 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);

$$"R \text{ factor}" = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

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 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

$$"R \text{ factor}" = \left( \frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"**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 16.11(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 16.11(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.

#### **16.12 Adjustments where the Securities is an ETF Unit**

Where the Securities is specified in the relevant Pricing Supplement as being an ETF Unit, 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 16 or:

- (a) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 16 would produce a commercially reasonable result:
  - (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

$$\text{"R factor"} = \left( \frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

**"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 procedures, the Calculation Agent (after consultation with an independent expert named by HSBC France in the conditions provided for in paragraph 16.12(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 16.11(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 16.12 "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

### 16.13 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);

$$"R \text{ factor}" = \frac{\text{Number of Old Securities}}{\text{Number of New Securities}}$$

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 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

$$"R \text{ factor}" = \left( \frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"**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 16.13 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 16.13(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.

## DESCRIPTION OF THE ISSUER

The Issuer's description is included in the 2014 Registration Document and in the Update to the 2014 Registration Document which are incorporated by reference into this Offering Memorandum.

### CROSS REFERENCE LIST

	<b>REFERENCE</b>
<b>4. INFORMATION ABOUT THE ISSUER</b>	
<p><b><u>History and development of the issuer</u></b></p> <p><b><u>(a) the legal and commercial name of the issuer;</u></b></p> <p><b><u>(b) the place of registration of the issuer and its registration number;</u></b></p> <p><b><u>(c) the date of incorporation and the length of life of the issuer, except where indefinite;</u></b></p> <p><b><u>(d) the 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 if different from its registered office); and</u></b></p> <p><b><u>(e) any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.</u></b></p>	<p>2014 Registration Document page 292.</p> <p>2014 Registration Document page 292.</p> <p>2014 Registration Document page 292.</p> <p>2014 Registration Document page 292.</p> <p>Update to the 2014 Registration Document, page 51. 2014 Registration Document page 295.</p>
<b>5. BUSINESS OVERVIEW</b>	
<p><b><u>Principal activities</u></b></p> <p><b><u>(a) A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.</u></b></p> <p><b><u>(b) The basis for any statements in the listing particulars made by the issuer regarding its competitive position.</u></b></p>	<p>Update to the 2014 Registration Document pages 3 to 16.</p> <p>2014 Registration Document pages 2 to 11 and 246.</p> <p>Update to the 2014 Registration Document pages 2 to 11 and 246.</p>
<b>6. ORGANISATIONAL STRUCTURE</b>	
<b><u>6.1 Brief description of the group and of the issuer's position within it</u></b>	2014 Registration Document pages 2 to 11, 240 to 243 and 280 to 283
<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>	2014 Registration Document pages 12 to 24.

<b>Conflict of Interest</b>	2014 Registration Document page 43
<b>10. MAJOR SHAREHOLDERS</b>	
<b><u>10.1 To the extent know 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>	2014 Registration Document pages 25 and 294.

For further information, please see the Section entitled "Documents incorporated by Reference" in the Offering Memorandum.

## **RECENT DEVELOPMENTS**

### **FINANCIAL LIABILITIES**

As of 30 November 2015, there was no increase in excess of €500 million in the nominal amount of financial liabilities designated at fair value (“*passifs financiers à la juste valeur*”) as compared with the amount shown in the unaudited interim condensed consolidated financial statements of the Issuer as at 30 June 2015.

### **PILLAR 2 DISCLOSURE – MINIMUM CAPITAL REQUIREMENTS**

As a result of the Supervisory Review and Evaluation Process (**SREP**), the European Central Bank (**ECB**) has set the minimum Common Equity Tier 1 (**CET1**) requirement under Pillar 2 for HSBC France.

HSBC France will be required to meet a minimum consolidated phased-in CET1 ratio (including the Pillar 1 and conservation buffer requirements) of at least 10%, as of 1st January 2016.

HSBC France consolidated phased-in CET1 ratio was 14.5% as at 30 June 2015 (fully loaded ratio at 14.6%).

**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**

**Pricing Supplement dated [ ● ]**

**[LOGO, if document is printed]**

**HSBC France**

**Issue of [Brief description and amount of Certificates]**

**[(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 the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 11 January 2016 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 2004/39/EC 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).**

*[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:                     | [ ● ]  |
|    |  | <i>(If the Series is fungible with an existing Series, indicate the details of that Series, including the date on which the Certificates become fungible.)</i> |
| 3. | <b>Specified Currency or Currencies:</b> | [ ● ]  |
| 4. | <b>Aggregate Nominal Amount:</b>         | [ ● ]  |
|    | (a) [Series:]                            | [ ● ]  |
|    | (b) [Tranche:                            | [ ● ]]   |
| 5. | <b>Issue Price:</b>                      | [ ● ]% of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] (if applicable)]   |
| 6. | <b>Specified Denomination(s):</b>        | [ ● ] <sup>1</sup>   |

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<sup>1</sup> Certificates [(including Certificates denominated in Sterling) in respect of which the issue proceeds must be accepted by



7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [*Specify*/Issue Date/Not Applicable]
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]
- [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]

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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).

[other option: *(further particulars indicated below)*]

[Not Applicable]

14. (a) Status of Certificates: [Non Subordinated]

(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 Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)*)
- (ii) Floating Rate Determination Date: [●]
- (iii) FBF definitions (if different from those set out in the Terms and Conditions): [●] (explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions)
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Benchmark: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)*)
- (ii) Relevant Time: [●]
- (iii) Interest Determination Date(s): [●]
- (iv) Primary Source for Floating Rate: [*Specify Screen Page or "Reference Banks"*]

- (v) Reference Banks (if Primary Source is "Reference Banks"): *[Indicate four banks]*
- (vi) Relevant Financial Centre: *[The financial centre closest to the benchmark - specify if not Paris]*
- (vii) Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
- (viii) Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
- (ix) Specified Duration: *[Specify quotation period if duration is different from Interest Accrual Period]*
- (x) Screen Page: *[●] (in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (l) Margin(s): *[+/-] [●] % per annum*
- (m) Minimum Interest Rate: *[Not Applicable/[●] % per annum]*
- (n) Maximum Interest Rate: *[Not Applicable/[●] % per annum]*
- (o) Day Count Fraction: *[●]*
- (p) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Certificates, if different from those set out in the Terms and Conditions: *[●]*
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 *[Specify (in an appendix if necessary)]*

Basket, ETF unit, ETF Basket,  
ADR/GDR, ADR/GDR  
Basket/formula/other variable:

- (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 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 the Coupon when calculation by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, a formula or other variable is impossible or impracticable: [●] *[Include a description of Potential Adjustment Events, 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 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): [●]

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(l):** [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. **Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 8.4:** [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates]

31. **Provisions relating to Partly Paid Certificates: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Certificates and interest due on late payment:** [Not Applicable/give details]

32. **Provisions relating to Instalment Certificates: amount of each instalment, date on which each payment is to be made:** [Not Applicable/give details]

33. **Provisions relating to consolidation:** [Not Applicable/The provisions [in Condition 13] [attached to these Pricing Supplement] apply]

34. **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

35. **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.*

36. **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: [●]
- (g) Related Exchange: [●]
- (h) Securities Transfer Amount: [●]
- (i) Settlement Date: [Condition 16 [applies/does not apply]/[●]]
- (j) Settlement Disruption Event: [Condition 16 [applies/does not apply]/[●]]
- (k) Disruption Period (if other than as specified in Condition 16.2(b): [●]
- (l) Potential Adjustment Event: [Condition 16 [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]
37. **Additional Provisions relating to Equity Linked Certificates:** [Not Applicable/specify]
38. **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]
39. **Valuation Date(s):**
40. **Valuation Time:**
41. **Averaging Dates:**
- Averaging Date in the event of Market Disruption: [Omission/Postponement/Modified Postponement/Not Applicable/Other (specify)]
42. **Reference Prices:** [Yes/No. *If yes, specify*]
43. **Other provisions relating to Index-Linked Certificates, Equity Linked Certificates and ETF Linked Certificates:** [Not Applicable/Specify]
44. **Provisions relating to Currency-Linked Certificates:** [Applicable in respect of [[interest payments under the Certificates] [Final Redemption Amount]] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Underlying Currency Pair Exchange Rate:
  - (b) Reference Currenc(y)(ies): [in respect of [interest payments under the Certificates] [Final Redemption Amount]  [and ]]
  - (c) Reference Currency Jurisdiction(s): [in respect of [interest payments under the Certificates] [Final Redemption Amount]  [and ]]

- (d) Relevant Currenc(y)(ies): [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●] [and [●]]]
- (e) Underlying Currency Pair Business Days: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●] [Condition 16.1 applies]
- (f) Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]]
- (g) Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]] [Condition 16.1 applies]
- (h) Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Certificates] [Final Redemption Amount] [●]]
- (i) Underlying Currency Pair Exchange Rate Fall-Back provisions: [●] [Condition 16.1 applies]
- (j) FX Disruption: [Applicable] [Not Applicable]
45. **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**

46. **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.) ]
47. (a) **Date of [Subscription] Agreement:** [●]
- (b) **Stabilising Manager(s) (if any):** [●]
- If not syndicated, name [and address] of Dealer:** [●]
48. **Total Commission and concession:** [●]% of the Aggregate Nominal Amount
49. **Additional selling restrictions:** [Not Applicable/specify]

50. **U.S. Selling Restrictions:** The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.
- [TEFRA C rules/ TEFRA D rules/ TEFRA rules not applicable] (*TEFRA rules are not applicable to Dematerialised Certificates*)
51. **U.S. Tax Considerations:** [The Certificates will be treated as Specified Securities (as defined in the Offering Memorandum) for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.][Not applicable.][*Not applicable if the Certificates do not reference underlying U.S. securities. If the Certificates do reference underlying U.S. securities, this language should only be included if it is determined that withholding under Section 871(m) will apply to the Certificates.*]
52. **Additional Selling Restrictions:** [*specify any modifications of, or additions to, selling restrictions contained in the Dealer Agreement*]

53. **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 [will be/has been] made to admit the Certificates to listing on the Official List of Irish Stock Exchange [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 [will be/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.)*

(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 Credit Market Services Europe Limited ("**S&P**"), an A2 rating by Moody's Investors Service Limited ("**Moody's**") and an AA- rating by Fitch France S.A.S. ("**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>2</sup>

#### 6. **[Fixed Rate Certificates only – Yield**

Yield: [ ● ].

Calculated as [*include summarised description of calculation method*] on the Issue Date.]<sup>3</sup>

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<sup>2</sup> Include only if reasons for the offer and use of proceeds are disclosed.

<sup>3</sup> Include only where the Certificates are Fixed Rate Certificates.



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>4</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>5</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>6</sup>

11. **[INFORMATION CONCERNING THE UNDERLYING**

Strike price or final reference price of the  underlying:

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indicate where the information about the  past and the future performance of the underlying and its volatility can be obtained:
- where the underlying is a transferable  security: [Applicable/Not Applicable]
- Name of the issuer of the security:

ISIN (International Security Identification  Number) or other such security identification

<sup>4</sup> Include only where the Certificates are Index Linked or Other Variable-Linked Certificates

<sup>5</sup> Include only where the Certificates are Dual Currency Certificates.

<sup>6</sup> Include only where Derivatives instruments.

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>7</sup>

#### **OTHER**

Name and address of Calculation Agent: [●]

[Information on taxes on the income from the Certificates withheld at source in the country where admission to trading (other than in Luxembourg and France) is sought): [●]]

#### 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>8</sup>

#### 13. **OPERATIONAL INFORMATION**

ISIN Code: [●]

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<sup>7</sup> Include only where Derivatives instruments.

<sup>8</sup> Include only where Derivatives instruments.

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central Depository: [Yes/No]

(b) Common Depository for Euroclear Bank and Clearstream Banking, *société anonyme*: [Yes/No]

Any clearing system(s) other than Euroclear Bank and Clearstream Banking, *société anonyme* and the corresponding identification number(s): [Not Applicable/give name(s), number(s) and addresses]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents designated for the Certificates: **BNP Paribas Securities Services**  
Les Grands Moulins de Pantin  
9 rue du Débarcadère  
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/PREFERENCE SHARE LINKED NOTES**

**Pricing Supplement dated [ ● ]**

**[LOGO, if document is printed]**

**HSBC France**

**Issue of [Brief description and amount of Notes]**

**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 Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 11 January 2016 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 2004/39/EC 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).**

*[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:                     | [ ● ]   |
|    |  | <i>(If the Series is fungible with an existing Series, indicate the details of that Series, including the date on which the Notes become fungible.)</i> |
| 3. | <b>Specified Currency or Currencies:</b> | [ ● ]   |
| 4. | <b>Aggregate Nominal Amount:</b>         | [ ● ]   |
|    | (a) [Series:]                            | [ ● ]   |
|    | (b) [Tranche:                            | [ ● ]]  |
| 5. | <b>Issue Price:</b>                      | [ ● ] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]                                       |
| 6. | <b>Specified Denomination(s):</b>        | [ ● ] <sup>9</sup> ( <i>one Nominal Amount only for Dematerialised</i>  |

<sup>9</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

Notes))

7. (a) Issue date: [●]
- (b) Interest Commencement Date (if different from the Issue Date): [●] [*Specify/Issue Date/Not Applicable*]
8. **Minimum Trading Size:** [●]
9. **Maturity Date:** [*specify date or (for Floating Rate Notes) Coupon Payment Date closest to the relevant month and year*]
10. **Interest Basis:** [[●] per cent. Fixed Rate]
- [[*EURIBOR, EONIA, LIBOR, CMS, TEC or other*] +/- [●]% Floating Rate]
- [Note linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, Preference Share]
- [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, Preference Share]
- [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*]
13. **Put/Call Options:** [Condition 6.3, 6.4 will apply as specified below]
- [[Holder Put]

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minimum redemption value of £100,000 (or its equivalent in other currencies)

[Issuer's Call]

[other option: *(further particulars indicated below)*]

[Not Applicable]

14. (a) Status of Notes: [Non-subordinated]
- (b) Date of Board approval for issuance of Notes [●]
- (c) [Date of issuance authorisations]: [Board of Directors' decision dated [●]]
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 cent. 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 Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months*) (*other information if necessary*)
- (ii) Floating Rate Determination Date: [ ● ]
- (iii) FBF definitions (if different from those of the Terms and Conditions): [ ● ] (*explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions*)
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: [ ● ]
- (ii) Designated Maturity: [ ● ]
- (iii) Reset Date: [ ● ]
- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Benchmark: [ ● ] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3*)

months]) (other information if necessary)

- (ii) Relevant Time: [ ● ]
  - (iii) Interest Determination Date(s): [ ● ]
  - (iv) Primary Source for Floating Rate: [Specify Screen Page or "Reference Banks"]
  - (v) Reference Banks (if primary source is "Reference Banks"): [Indicate four banks]
  - (vi) Relevant Financial Centre: [The financial centre closest to the benchmark - specify if not Paris]
  - (vii) Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - (viii) Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
  - (ix) Specified Duration: [Specify quotation period if duration is different from Interest Accrual Period]
  - (x) Screen Page: [ ● ] (in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
  - (l) Margin(s): [ +/- ] [ ● ] per cent. per annum
  - (m) Minimum Interest Rate: [Not Applicable/[ ● ]% per annum]
  - (n) Maximum Interest Rate: [Not Applicable/[ ● ]% per annum]
  - (o) Day Count Fraction: [ ● ]
  - (p) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: [ ● ]
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) Day Count Fraction: [●]
- (c) 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) Interest Determination Date(s): [●]
- (e) Provisions for determining the Coupon when calculation by reference to an Index, formula or other variable is impossible or impracticable: [●]  
*[Include a description of market disruption or settlement disruption events and the adjustment provisions]*
- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]
- (h) Business Day Convention: ["Floating Rate" Business Day Convention/ "Following" Business Day Convention/"Modified Following" Business Day Convention/"Preceding" Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (l) Day Count Fraction: [●]

20. **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: [●]

21. **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
- (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 6.3)*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Amounts[of each Note and, if relevant, the method of calculating such *[specify – if not par, and also specify details of any formula]*

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:

23. **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:

24. **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:

25. **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 Preference Share:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Final Redemption Amount of each Note:

[[Specified Denomination]

$$x \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$$

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.

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]

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 Preference Share:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

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 *[specify currency of payment]* 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 *[two]* Business Days before the due date for early redemption of the Notes.]



Other redemption provisions:  per Specified Denomination (*specify – if not par, also specify details of any formula*) / 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 5.3(l):**  [Not Applicable/*state name*]

#### GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

29. **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]

30. Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 7(g):  [Not Applicable/*Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates*]

31. Talons for future Coupons or Receipts to be attached to Definitive Materialised  [Yes/No/Not Applicable. *If yes, give details*] (*Only applicable to Materialised Notes*)

Notes (and dates on which such Talons mature):

32. Provisions relating to Partly Paid Notes: [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 Notes and interest due on late payment:
33. Provisions relating to Instalment Notes: [Not Applicable/Give details]  
amount of each instalment, date on which each payment is to be made:
34. Redenomination, redenominisation and reconventioning provisions: [Not Applicable/Application of provisions [of Condition 1.4] [attached to these Pricing Supplement]]
35. Provisions relating to consolidation: [Not Applicable/Application of provisions [of Condition 16] [attached to these Pricing Supplement]]
36. Masse  
The Notes are issued outside France and Condition 13 applies/The Notes are not issued outside France and Condition 13 is replaced by the full provisions of French Code of Commerce relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes not issued outside France, Condition 13 must be waived in its entirety and replaced by the full provisions of French Code de Commerce relating to the Masse. If Condition 13 (as it may be amended or supplemented) applies or if the full provisions of French Code de Commerce relating to the Masse apply, insert details of Representative and Alternative Representative and remuneration, if any).*
37. 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 AND PREFERENCE SHARE**

38. **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.
39. **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: [●]
  - (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): [●]
  - (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]
40. **Additional provisions relating to Equity Linked Notes:** [Not Applicable/specify]
41. **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]

42. **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]

43. **Valuation Date(s)** [●] / *(in case of Preference Share-Linked Notes)* [means the [eighth] Business Day following the Preference Share Valuation Date]

44. **Valuation Time:** [●]

45. **Averaging Dates:** [●]

Averaging Date in the event of Market [Omission/Postponement/Modified Postponement/Not

- Disruption: Applicable/Other (*specify*)
46. **Reference Prices:** [Yes/No. *If yes, specify*]
47. **Other Provisions relating to Index-Linked Notes, Equity Linked Notes, ETF Linked Notes and Preference Share Notes:** [Not applicable/*Specify*]
48. **Provisions relating to Currency-Linked Notes:** [Applicable in respect of [[interest payments under the Notes] [Final Redemption Amount]] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Underlying Currency Pair Exchange Rate: [●]
- (b) Reference Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (c) Reference Currency Jurisdiction(s): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (d) Relevant Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [and [●]]]
- (e) Underlying Currency Pair Business Days: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●] [Condition 19.1 applies]]
- (f) Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]]
- (g) Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]] [Condition 19.1 applies]
- (h) Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Notes] [Final Redemption Amount] [●]]
- (i) Underlying Currency Pair Exchange Rate Fall-Back provisions: [●] [Condition 19.1 applies]
- (j) FX Disruption: [Applicable] [Not Applicable]
49. **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

50. **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.) ]
51. **Total Commission and concession:** [ ● ] per cent. of the Aggregate Nominal Amount
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 United States Securities Act of 1933, as amended.  
  
[TEFRA C rules/ TEFRA D rules/ TEFRA rules not applicable] (*TEFRA rules are not applicable to Dematerialised Notes*)
54. **U.S. Tax Considerations:** [The Notes will be treated as Specified Securities (as defined in the Offering Memorandum) for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.][Not applicable.][*Not applicable if the Notes do not reference underlying U.S. securities. If the Notes do reference underlying U.S. securities, this language should only be included if it is determined that withholding under Section 871(m) will apply to the Notes.*]
55. **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 these 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: [The Official List of the Irish Stock Exchange] / [Not Applicable]

(b) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Global Exchange Market] with effect from [●].] [Application is due to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Global Exchange Market] with effect from [●].] / [Not Applicable]

*(In the case of a fungible issue, indicate that the original Notes are already admitted to trading.)*

(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 Credit Market Services Europe Limited ("**S&P**"), an A2 rating by Moody's Investors Service Limited ("**Moody's**") and an AA- rating by Fitch France S.A.S. ("**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>10</sup>

6. **[Fixed Rate Notes only – Yield**

Yield: [●]

Calculated as [include summarised description of calculation method] on the Issue Date.]<sup>11</sup>

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>12</sup>

8. **[Dual Currency Notes only – PERFORMANCE OF EXCHANGE RATE[S] AND EXPLANATION OF**

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<sup>10</sup> Include only if reasons for the offer and use of proceeds are disclosed.

<sup>11</sup> Include only where the Notes are Fixed Rate Notes.

<sup>12</sup> Include only where the Notes are Index-Linked or Other Variable-Linked Notes.

## 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>13</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.*

### 11. **YIELD ON DERIVATIVE INSTRUMENTS**

Yield on derivative instruments: *[Indicate the terms and conditions relating to returns on derivative instruments.*

Payment or delivery date: **[●]**

Calculation method: **[●]**<sup>14</sup>

### 12. **[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: **[●]**

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<sup>13</sup> Include only where the Notes are Dual Currency Notes.

<sup>14</sup> Include only where Derivatives instruments.

- 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>15</sup>

#### **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): [●]

### 13. **[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>16</sup>

### 14. **OPERATIONAL INFORMATION**

<sup>15</sup> Include only where Derivatives instruments.

<sup>16</sup> Include only where Derivatives instruments.

ISIN Code: [●]

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central Depository: [Yes/No]

(b) Common Depository for Euroclear Bank and Clearstream Banking, *société anonyme*: [Yes/No]

Any clearing system(s) other than Euroclear Bank and Clearstream Banking, *société anonyme* and the corresponding identification number(s): [Not Applicable//give name(s), number(s) and address(es)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents designated for the Notes: **BNP Paribas Securities Services**  
Les Grands Moulins de Pantin  
9 rue du Débarcadère  
93500 Pantin  
France

Names and addresses of additional Paying Agent(s) (if any): [●]

15. **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>17</sup>

16. **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 [●]

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<sup>17</sup> Include only where Preference Share Linked Notes.

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: [●]

17. **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. [●]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [●]

18. **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: [●]

19. **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 [Not Applicable]/[●]

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:

When the underwriting agreement has been or will be reached.

[Not Applicable]/[●]

Name and address of a calculation agent.

[Not Applicable]/[●]

## TAXATION – CERTIFICATES

*The following is a summary limited to certain tax considerations relating to the holding of the Certificates. This summary 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.*

### **EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

### **France**

#### ***Implementation of the Savings Directive in France***

The Savings Directive has been implemented into French law under Article 242 *ter* of the French General Tax Code (the "**French General Tax Code**"), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### ***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 issued on or after 1 March 2010 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 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.

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 opened in a financial institution located in a Non-Cooperative State (the "**Non-Deductibility**"). 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 30% or 75% (subject to 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 a particular 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 or 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 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°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 regulated market or on a French or foreign 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 by such 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 clearing and delivery and payments 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 of the French General Tax Code, subject to certain limited exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% 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 tax at an aggregate rate of 15.5% 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 any 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 30% or 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 certain listed shares issued by a company whose registered office is located in France (or certain assimilated securities).*

The financial transaction tax provided under Article 235 *ter* ZD of the French General Tax Code is applicable, subject to certain exceptions, at a rate of 0.2% to any acquisition of equity securities (*titres de capital*) or certain assimilated equity securities, provided that they are listed on a regulated market and that they are issued by an issuer 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 acquisition.

If the financial transaction tax 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**

Sections 1471 through 1474 of the Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Certificates characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which (A) with respect to Certificates that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Certificates that give rise to a dividend equivalent pursuant to section 871(m) of the Code is the date that is six months after the date on which obligations of their type are first treated as

giving rise to dividend equivalents, or which are materially modified on or after the grandfathering date and (ii) any Certificates characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Certificates are issued on or before the grandfathering date, and additional Certificates of the same series are issued after that date, the additional Certificates may not be treated as grandfathered, which may have negative consequences for the existing Certificates, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have entered into an agreement (the "**U.S.-France IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-France IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Certificates are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Certificate is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst any Certificates are held within the ICSDs or cleared through Euroclear France, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, such Certificates by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs and Euroclear France is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Certificates.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Certificates.**

#### **United States of America – Hiring Incentives to Restore Employment Act**

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Code which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Recently published final U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") will, when effective, require withholding on certain non-U.S. holders of the Certificates with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Certificate that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Certificate's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such security a "**Specified Security**"). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. 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.

The Section 871(m) Regulations generally apply to (i) Specified Securities issued in 2016, but only for dividend equivalent payments made in 2018 or later, and (ii) Specified Securities issued beginning in 2017, for all dividend equivalent payments. If the terms of a Certificate are subject to a "significant modification" such that the Certificate is treated as retired and reissued, it could lose its "grandfathered" status and might become a Specified Security based on economic conditions in effect at that time.

Upon the issuance of a series of Certificates, the Issuer will state in the Pricing Supplement if it has determined that they are Specified Securities, in which case a non-U.S. holder of the Certificates should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Certificates. The Issuer's determination is binding on non-U.S. holders of the Certificates, but it is not binding on the IRS. 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 Certificates may be uncertain.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Certificates.

## TAXATION – NOTES

*The following is a summary limited to certain tax considerations relating to the holding of Notes. This summary 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.*

### **EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

### **France**

#### ***Implementation of the Savings Directive in France***

The Savings Directive has been implemented into French law under Article 242 *ter* of the French General Tax Code (the "**French General Tax Code**"), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### ***Withholding tax***

*The following is an overview of certain 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 issued on or after 1 March 2010 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 in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code.

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 opened in a financial institution located in a Non-Cooperative State (the "**Non-Deductibility**"). 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 30% or 75% (subject to 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 a particular 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 or 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 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°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 regulated market or on a French or foreign 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 by such 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 clearing and delivery and payments 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 of the French General Tax Code, subject to certain limited exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% 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 tax at an aggregate rate of 15.5% 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 certain listed shares issued by a company whose registered office is located in France (or certain assimilated securities).*

The financial transaction tax provided under Article 235 *ter* ZD of the French General Tax Code is applicable, subject to certain exceptions, at a rate of 0.2% to any acquisitions of equity securities (*titres de capital*) or certain assimilated

equity securities, provided that they are listed on a regulated market and that they are issued by an issuer 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 acquisition.

If the financial transaction tax 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**

Sections 1471 through 1474 of the Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which (A) with respect to Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Notes that give rise to a dividend equivalent pursuant to section 871(m) of the Code is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or which are materially modified on or after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have entered into an agreement (the "**U.S.-France IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-France IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are held within the ICSDs or cleared through Euroclear France, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that

each of the entities in the payment chain between the Issuer and the participants in the ICSDs and Euroclear France is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

### **United States of America – Hiring Incentives to Restore Employment Act**

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Code which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Recently published final U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") will, when effective, require withholding on certain non-U.S. holders of the Notes with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Note's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such security a "**Specified Security**"). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. 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.

The Section 871(m) Regulations generally apply to (i) Specified Securities issued in 2016, but only for dividend equivalent payments made in 2018 or later, and (ii) Specified Securities issued beginning in 2017, for all dividend equivalent payments. If the terms of a Note are subject to a "significant modification" such that the Note is treated as retired and reissued, it could lose its "grandfathered" status and might become a Specified Security based on economic conditions in effect at that time.

Upon the issuance of a series of Notes, the Issuer will state in the Pricing Supplement if it has determined that they are Specified Securities, in which case a non-U.S. holder of the Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Issuer's determination is binding on non-U.S. holders of the Notes, but it is not binding on the IRS. 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 Notes may be uncertain.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

## 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

With regard to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each subsequent Dealer appointed under the Programme shall be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and shall not make an offer of Notes 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 that Relevant Member State, subject to the exception that it may, with effect from the Relevant Implementation Date, make an offer of such Notes or Certificates to the public in that Relevant Member State:

- (a) if the Pricing Supplement of 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 that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by Pricing Supplement that provide for such Non-exempt Offer, in



accordance with the Prospectus Directive, during the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable;

- (b) at any time to qualified investors as defined in 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 appointed by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within the scope of Article 3(2) of the Prospectus Directive,

provided that no such offer referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes or Certificates to the public**" in relation to any Notes or Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Certificates to be offered to enable an investor to decide to purchase or subscribe the Notes or Certificates, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC as amended and includes any implementing measure in each Relevant Member State.

### 3. **United States**

The Notes or Certificates have not been and shall 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 the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in Regulation S.

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 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 breach the registration requirements of the United States 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.

#### 4. **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 communicated or caused to be communicated and will communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes or Certificates only in circumstances in which Section 21(1) of the FSMA does not or shall not apply to the Issuer; and
- (c) it has complied and shall comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes or Certificates in, from or otherwise involving the United Kingdom.

#### 5. **Japan**

The Notes or Certificates have not been and shall not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended: the "FIEA"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes 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 No. 228 of 1949, as amended), or to others for re-offering or re-sale, directly or indirectly, in Japan, or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

#### 6. **France**

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and shall not offer or sell, directly or indirectly, any Notes or Certificates to the public in France and has not distributed or caused to be distributed and shall not distribute or cause to be distributed to the public in France, the Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes or Certificates and such offers, sales and distributions have been and shall be made in France only to (a) providers of third-party portfolio management services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals investing for their own account 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.

## 7. 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) must be published. A provisional version of such Simplified Prospectus including indicative information must be made available free of charge to any interested person prior to subscribing the 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.

## 8. 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).

## 9. 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 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) 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 Securities and Futures Ordinance and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (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 Securities and Futures Ordinance and any rules made under that Ordinance."

## 10. 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.

## 11. Ireland

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes or Certificates which are the subject of the offering contemplated by the Offering Memorandum as completed by the Pricing Supplement in relation thereto, to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes or Certificates to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Notes or the 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 offering memorandum 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 and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in 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 (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 Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Notes or the Certificates, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended, and includes any relevant implementing measure in the Relevant Member State.

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.

## **12. 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.



## GENERAL INFORMATION

### 1. Authorisations

The issues of Notes were authorised in a resolution of the Issuer's Board of Directors on 22 July 2015. This authorisation is scheduled to expire at the latest on 22 July 2016.

### 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 Pricing Supplement.

### 3. Litigation and arbitration

Except as disclosed on pages 101 to 102 of the 2014 Registration Document and on pages 47 to 48 of the Update to the 2014 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

There has been no significant change in the financial or trading position of HSBC France since 30 June 2015.

### 5. Material adverse changes

There has been no material adverse change in the prospects of HSBC France since 31 December 2014.

### 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, 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 2013 and 2014;

- (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.

**ISSUER**

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**HSBC France**

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**AUDITORS OF THE ISSUER**

**for the years ended 31 December 2014 and 31 December 2013**

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**AUDITORS OF THE ISSUER**

**as from 1 January 2015**

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