

**SECOND SUPPLEMENT DATED 11 MARCH 2010
TO THE BASE PROSPECTUS DATED 5 OCTOBER 2009**



HSBC France

€ 20,000,000,000

Euro Medium Term Note Programme

This second supplement (the "**Supplement**") is supplemental to and should be read in conjunction with the Base Prospectus dated 5 October 2009 as supplemented by the first supplement thereto dated 24 December 2009 (together the "**Base Prospectus**") prepared in relation to the €20,000,000,000 Euro Medium Term Note Programme of HSBC France (the "**Issuer**") and approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and Article 8.4 of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (the "**Luxembourg Law**").

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement.

This Supplement constitutes a Supplement to the Base Prospectus for the purposes of Article 13 of chapter 1 of Part II of the Luxembourg Law for the purposes of updating certain information contained in the Base Prospectus as described below.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any statement in the Base Prospectus, the statements in (a) above will prevail.

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances.

This Supplement has been prepared for the purpose of making certain modifications to the summary, the French translation of the summary (*résumé*), the general description of the Programme, the terms and conditions of Notes issued under the Programme after the date hereof and the description of the taxation regime applicable thereto to take into account of Article 22 of the French *loi de finances rectificative pour 2009* no.3 (n°2009-1674 dated 30 December 2009) and the ruling (*rescrit*) n° 2010/11 of the *Direction générale des impôts* dated 22 February 2010.

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement will be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

SUMMARY

The section entitled "Taxation" in the "Summary (English Version)" included on page 10 of the Base Prospectus is deleted in its entirety and replaced with the following:

"Taxation

1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and 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.

2. Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code (the "**French General Tax Code**") fall under the new French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009 no. 3* (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the "**Law**"). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 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* of the French General Tax Code, at a rate of 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) no2010/11 (FP et FE) of the *Direction générale des impôts* published on 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the 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 depository or operator is not located in a Non-Cooperative State.

3. Interest and other revenues on Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues paid by the Issuer on Notes issued after 1 March 2010 and which are to be assimilated (*assimilées*) will not be subject to the withholding tax

set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State."

RÉSUMÉ

La section intitulée "Fiscalité" dans la Traduction en Français du Résumé incluse à la page 19 du Prospectus de Base est supprimée dans son intégralité et remplacée par ce qui suit:

" Fiscalité

1. Tous les paiements d'intérêts ou remboursements du principal effectués par l'Emetteur, ou au nom de celui-ci, doivent être effectués libres et nets de tout prélèvement ou retenue à la source au titre d'un quelconque impôt, droit, charge ou taxe de quelque nature que ce soit qui serait imposé, prélevé, collecté ou retenu en France, ou par la France, ou bien encore par toute autre autorité disposant de prérogatives en matière fiscale, sauf si ledit prélèvement ou ladite retenue à la source est requise par la loi.

2. Les Titres émis au 1^{er} mars 2010 ou ultérieurement (à l'exception des Titres émis au 1^{er} mars 2010 ou ultérieurement et qui sont assimilés ainsi que les Titres émis antérieurement au 1^{er} mars 2010 bénéficiant de l'article 131 *quater* du Code Général des Impôts (le "**Code Général des Impôts**") entrent dans le champ d'application du nouveau régime français de retenue à la source en vertu de la loi de finances rectificative pour 2009 n°3 (n°2009-1674, en date du 30 décembre 2009), entrant en application à compter du 1^{er} mars 2010 (la "**Loi**"). Les paiements d'intérêts et d'autres revenus effectués par l'Emetteur au titre desdits Titres ne seront pas soumis à la retenue à la source prévue par l'article 125A III du Code Général des Impôts, sauf si lesdits paiements sont effectués hors de France dans un Etat ou territoire non-coopératif au sens de l'article 238-0 A du Code Général des Impôts (un "**Etat Non-Coopératif**"). Si lesdits paiements au titre des Titres sont effectués dans un Etat Non-Coopératif, une retenue à la source de 50% sera applicable (sous réserve de certaines exceptions décrites ci-dessous et des dispositions plus favorables de tout traité de non double imposition) en application de l'article 125 A III du Code Général des Impôts.

En outre, les intérêts et autres revenus versés au titre desdits Titres ne seront désormais plus déductibles des revenus imposables de l'Emetteur à compter des exercices fiscaux débutant au 1^{er} janvier 2011 ou ultérieurement, dès lors qu'ils sont versés ou à verser à des personnes établies dans un Etat Non-Coopératif ou payés dans un Etat Non-Coopératif. Lorsque certaines conditions sont réunies, toute somme non-déductible versée à titre d'intérêts ou de revenus pourrait être requalifiée en revenus réputés distribués en application de l'article 109 du Code Général des Impôts. Dans un tel cas, les sommes non-déductibles versées à titre d'intérêts ou de revenus pourraient être soumises à la retenue à la source prévue par l'article 119 *bis* du Code Général des Impôts, laquelle s'élève à un taux de 25% ou de 50%.

Nonobstant ce qui précède, la Loi énonce que tant la retenue à la source de 50% que la non-déductibilité ne s'appliqueront pas à une émission de Titres donnée dès lors que l'Emetteur démontre que l'émission en question a principalement un objet et un effet autres que de permettre que soient effectués des paiements d'intérêts ou d'autres revenus dans un Etat Non-Coopératif ("**Exception**"). Conformément au rescrit n°2010/11 (FP et FE) émis par la Direction Générale des Impôts le 22 février 2010, il est admis que les trois catégories de titres suivantes bénéficient de l'Exception sans que le l'Emetteur ait à apporter la preuve tenant à l'objet et à l'effet de l'émission de Titres en question, si lesdits Titres sont :

(i) distribués par voie d'offre au public au sens de l'article L.411-1 du Code Monétaire et Financier ou par voie d'une offre équivalente dans un Etat autre qu'un Etat Non-Coopératif. A cette fin, une "offre équivalente" signifie ici toute offre nécessitant l'enregistrement ou le dépôt d'un document d'offre auprès d'une autorité de marchés financiers étrangère ; ou

(ii) admis à la négociation sur un marché réglementé ou sur un système multilatéral de négociation français ou étranger, sous réserve que ledit marché ou système ne soit pas situé dans un Etat Non-Coopératif, et que la négociation sur ledit marché soit effectuée par un opérateur de marché ou un prestataire de services d'investissement, ou par toute autre entité étrangère similaire, sous réserve que ledit opérateur de marché, prestataire de services d'investissement ou entité ne soit pas situé dans un Etat Non-Coopératif ; ou

(iii) admis, à la date de leur émission, aux opérations d'un dépositaire central ou d'un gestionnaire de systèmes de règlement et de livraison d'instruments financiers au sens de l'article L.561-2 du Code Monétaire et Financier français, ou bien encore d'un ou plusieurs dépositaires ou gestionnaires étrangers, sous réserve que ledit opérateur ou gestionnaire ne soit pas situé dans un Etat Non-Coopératif.

3. En application de l'article 131 *quater* du Code Général des Impôts, les intérêts et revenus issus des Titres émis (ou présumés émis) hors de France après le 1^{er} mars 2010 et qui sont assimilés avec des Titres émis avant le 1^{er} mars 2010 continueront à être exonérés de la retenue à la source prévue par l'article 125 A III du Code Général des Impôts.

De plus, les intérêts et autre revenus payés par l'Emetteur au titre des Titres émis après le 1^{er} mars 2010 et qui sont assimilés avec des Titres émis avant le 1 mars 2010 ne seront pas soumis à la retenue à la source prévue par l'article 119 *bis* du code Générale des Impôts du seul fait qu'ils sont payés dans un Etat Non-Coopératif ou bien payés ou à payer à une personne établie ou domiciliée dans un Etat Non-Coopératif."

GENERAL DESCRIPTION OF THE PROGRAMME

The section entitled "Taxation" in the "General description of the Programme" included on page 38 of the Base Prospectus is deleted in its entirety and replaced with the following:

"Taxation

1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and 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.

2. Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code (the "**French General Tax Code**")) fall under the new French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009 no.3* (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the "**Law**"). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 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* of the French General Tax Code, at a rate of 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) no2010/11 (FP and FE) of the *Direction générale des impôts* published on 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the 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 (as mentioned in the relevant Ruling). 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 depository or operator is not located in a Non-Cooperative State.

3. Interest and other revenues on Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues paid by the Issuer on Notes issued after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010

will not be subject to the withholding tax set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State."

TERMS AND CONDITIONS OF THE NOTES

In respect of Notes issued on or after 1 March 2010 or related Coupons or Receipts and which are not to be assimilated (*assimilées*) with Notes issued before 1 March 2010, Condition 9(a) of the Terms and Conditions of the Notes as set forth on pages 67 and 68 of the Base Prospectus is deemed to be deleted in its entirety and replaced with the following:

"All payments of principal, interest and other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and 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."

For the avoidance of doubt, Condition 9(a) of the Terms and Conditions of the Notes as set forth on pages 67 and 68 of the Base Prospectus will continue to apply in respect of Notes issued on or after 1 March 2010 and which are assimilated (*assimilées*) with Notes issued before 1 March 2010.

TAXATION

The third and fourth paragraphs of the section entitled "Taxation – French Withholding Tax" on page 108 of the Base Prospectus are deleted in their entirety and replaced with the following:

"Notes issued as from 1 March 2010

Following the introduction of the French *loi de finances rectificative pour 2009 no. 3* (n° 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to Notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilées*) with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) 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 50 % withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 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* of the French General Tax Code, at a rate of 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) n°2010/11 (FP and FE) of the *Direction générale des impôts* dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the 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 made in a State or territory 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 depository or operator is not located in a Non-Cooperative State.

Notes issued as from 1 March 2010 which are assimilated (*assimilées*) with Notes issued before 1 March 2010

Payments of interest and other revenues to be made by the Issuer to Non-French tax resident with respect to Notes which are assimilated (*assimilées*) with Notes issued before 1 March 2010, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP) of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside France for the purpose of Article 131 *quater* of the French General Tax Code, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes issued on or after 1 March 2010 and which are to be assimilated (*assimilées*) with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State."