

**Second Supplement dated 1 March 2018
to the Euro Medium Term Note Programme Base Prospectus dated 14 September 2017**



**HSBC France
€20,000,000,000
Euro Medium Term Note Programme**

This second supplement (the **Second Supplement**) is supplemental to, and should be read in conjunction with, the base prospectus dated 14 September 2017 which was granted the visa no. 17-485 on 14 September 2017 by the *Autorité des Marchés Financiers* (the **AMF**) (the **Base Prospectus**) as supplemented by the first supplement to the Base Prospectus dated 5 October 2017 (the **First Supplement**) granted visa no. 17-535 on 5 October 2017 by the AMF, which have been prepared by HSBC France (the **Issuer**) with respect to its €20,000,000,000 Euro Medium Term Note Programme of HSBC France (the **Programme**).

The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**).

Application has been made for approval of this Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive in France.

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

To the extent that there is any inconsistency between (i) any statement in this Second Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus, the statement referred to in (i) above will prevail.

This Second Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF's *Règlement Général*, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus, as supplemented.

This Second Supplement has been prepared for the purposes of:

1. updating the disclaimers;
2. updating the "Programme Summary" and the "*Résumé en Français du Programme*";
3. updating the "Risk Factors Relating to the Issuer" section;
4. updating the "Retail Cascades" section;
5. incorporating by reference the English translation of HSBC France's *Document de référence 2017* and inserting a related cross-reference table in the "Documents Incorporated by Reference" section of the Base Prospectus;
6. updating the "Taxation" section;
7. updating the Form of Final Terms;

8. updating the “Subscription and Sale” section of the Base Prospectus; and
9. updating sections 4, 5, 7 and 10 of the “General Information” section of the Base Prospectus.

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Notes to the public, investors who have already agreed to purchase or subscribe for Notes issued under the Programme before this Second Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date of publication of this Second Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 5 March 2018.

Copies of this Supplement (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours, (b) will be available on the website of the Issuer (<http://www.about.hsbc.fr/investor-relations/debt-issuance>), (c) will be available on the website of the AMF (www.amf-france.org) and (d) will be available for collection free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Paying Agent(s), during normal business hours so long as Notes may be issued under the Programme and so long as any Notes issued under the Programme are outstanding.

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DISCLAIMERS

The disclaimers of the Base Prospectus are amended as follows:

- on page 2 of the Base Prospectus, the following three paragraphs are inserted between the fourth and the fifth paragraphs:

“IMPORTANT - EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II) ; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

Amounts payable on Floating Rate Notes will be calculated by reference to LIBOR or EURIBOR or CMS Rate, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR and CMS Rate are not included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the Benchmarks Regulation).

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute, the administrator of EURIBOR and ICE Benchmark Administration, the administrator of LIBOR and CMS Rate are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). The relevant Final Terms will specify the administrator of any other benchmark used as a reference under the Floating Rate Notes and whether or not such administrator appears on the above mentioned register of administrators and benchmarks established and maintained by the ESMA.”

SUMMARY OF THE PROGRAMME

The “Summary of the Programme ” on pages 5 to 21 of the Base Prospectus is amended as follows:

- Element B.10 is deleted in its entirety and replaced with the following:

B.10	Qualifications in the auditors’ report	Not Applicable. The free English language translation of the Statutory Auditors’ report on the 2017 consolidated financial statements contains an emphasis of matter paragraph. The free English language translation of the Statutory Auditors’ report on the 2016 consolidated financial statements does not contain an emphasis of matter paragraph.
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- Element B.12 is deleted in its entirety and replaced with the following:

B.12	Selected historical key financial information	HSBC France group		
		<i>(in millions of euros)</i>	31/12/2017 Audited	31/12/2016 Audited
		Total operating income before loan impairment (charges)/releases and other credit risk provisions	1,907	2,317
		Loan impairment charges and other credit risk provisions	(81)	(73)
		Operating profit	219	432
		Profit attributable to shareholders of the parent company	177	310
		Shareholders’ funds of the parent company	5,676	5,842
		Loans and advances to customers	44,856	41,327
		Customer accounts	38,277	34,220
		Total assets	167,544	169,423
		Fully loaded Total Capital Ratio	14.1%	13.2%

			Fully loaded Common Equity Tier One ratio	13.1%	13.2%
			Cost efficiency ratio (<i>reported</i>)	84%	78.2%
			Liquidity Coverage Ratio (LCR)	149%	122%
			Consolidated cash flow table Audited		
			<i>(in millions of euros)</i>	31/12/2017	31/12/2016
			Cash and cash equivalents at 1 January	9,807	5,638
			Net cash from operating activities	7,069	3,224
			Net cash (used in)/from investing activities	5,392	1,103
			Net cash (used in)/from financing activities	(505)	(165)
			Effect of exchange rate changes on cash and cash equivalents	(32)	7
			Cash and cash equivalents at the end of the period	22,231	9,807
		There has been no material adverse change in the prospects of the Issuer since 31 December 2017 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2017.			

RESUME EN FRANÇAIS DU PROGRAMME

Le « *Résumé en français du Programme* » figurant aux pages 22 à 39 du Prospectus de Base est modifié comme suit :

- L'Elément B.10 est supprimé et entièrement remplacé par ce qui suit :

B.10	Réserves contenues dans le rapport des Commissaires aux comptes	Sans objet. La traduction anglaise libre du rapport des contrôleurs légaux sur les comptes consolidés 2017 contient une observation. La traduction anglaise libre du rapport des contrôleurs légaux sur les comptes consolidés 2016 ne contient pas d'observation.
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- L'Elément B.12 est supprimé et entièrement remplacé par ce qui suit :

B.12	Informations financières sélectionnées historiques clés	Informations financières sélectionnées concernant le Groupe HSBC France		
		(en millions d'euros)	31/12/2017	31/12/2016
			Audité	Audité
		Produit net bancaire avant dépréciation pour risque de crédit	1.907	2.317
		Dépréciations pour risque de crédit	(81)	(73)
		Résultat d'Exploitation	219	432
		Résultat net part du groupe	177	310
		Capitaux propres part du groupe	5.676	5.842
		Prêts et créances sur la clientèle	44.856	41.327
		Comptes créditeurs de la clientèle	38.277	34.220
		Total du bilan	167.544	169.423
Ratio total des fonds propres « plein »	14,1%	13,2%		

			Ratio Common Equity Tier 1 « plein »	13,1%	13,2%
			Coefficient d'exploitation (rapporté)	84%	78,2%
			Liquidity Coverage Ratio (LCR)	149%	122%
		Tableau des flux de trésorerie consolidé			
		Audité			
			<i>(en millions d'euros)</i>	31/12/2017	31/12/2016
			Trésorerie en début de période	9.807	5.638
			Flux nets de trésorerie provenant des activités opérationnelles	7.069	3.224
			Flux nets de trésorerie provenant des activités d'investissement	5.392	1.103
			Flux nets de trésorerie provenant des activités de financement	(505)	(165)
			Effet de change sur la trésorerie	(32)	7
			Trésorerie en fin de période	22.231	9.807
		Aucune détérioration significative n'a eu de répercussions sur les perspectives de l'Emetteur depuis le 31 décembre 2016 et il n'y a eu aucun changement significatif dans la situation financière ou commerciale de l'Emetteur depuis le 31 décembre 2016.			

RISK FACTORS

- Risks Relating to the Issuer

The paragraph under the heading “Risks Relating to the Issuer” and above the heading “Risk Factors Relating to the Notes” on page 40 of the Base Prospectus is deleted and replaced by the following:

“Risk factors in connection with the Issuer are set out in details on pages 62 and 121 of the English translation of the Issuer's 2017 Registration Document which is incorporated by reference in this Base Prospectus.”

- Risks Relating to the Notes

The two following risk factors shall be added under the heading “Risks Relating to the Issuer” at the end of paragraph “2. Risks related to the structure of a particular issue of Notes” on page 43 of the Base Prospectus:

“The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"”

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

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

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

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

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

RETAIL CASCADES

The “Retail Cascade” section of the Base Prospectus is amended as follows:

- On page 53 of the Base Prospectus, paragraph (2) (b) shall be amended as follows:

“(b) complies with the restrictions set out under "Subscription and Sale" in this Base Prospectus which would apply as if it were a Dealer and considers the relevant manufacturer’s target market assessment and distribution channels identified under the “MiFID II product governance” legend set out in the applicable Final Terms;”

DOCUMENTS INCORPORATED BY REFERENCE

The English translation of the Issuer's 2017 *Document de référence* has been filed with the AMF for the purposes of the Prospectus Directive and, by virtue of this Second Supplement, is incorporated in, and forms part of, the Base Prospectus.

The section “Documents incorporated by reference” in the Base Prospectus is updated accordingly as follows:

- On page 55 of the Base Prospectus, the paragraph corresponding to the first bullet point is deleted in its entirety and replaced by the following:
 - “– the English translation of the Issuer's 2017 *Document de référence* filed with the *Autorité des marchés financiers* on 22 February 2018 under No. D.18-0068 (the **2017 Registration Document**);”;
- The paragraph corresponding to the third bullet point is deleted in its entirety; and
- The table under the heading “CROSS REFERENCE LIST” on pages 55 to 58 of the Base Prospectus is deleted in its entirety and replaced by the following:

INFORMATION INCORPORATED BY REFERENCE	REFERENCE
Annex XI of the European Regulation 809/2004/EC	
3. RISK FACTORS	2017 Registration Document pages 62 to 121
4. INFORMATION ABOUT THE ISSUER	
<u>4.1. History and development of the Issuer</u>	2017 Registration Document page 239
<u>4.1.2. Place of registration of the Issuer and its registration number</u>	2017 Registration Document page 238
<u>4.1.3 Date of incorporation and the length of life of the issuer, except where indefinite</u>	2017 Registration Document page 238
<u>4.1.4 Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business of different from its registered office)</u>	2017 Registration Document page 238
<u>4.1.5. Recent Developments</u>	2017 Registration Document page 14
5. BUSINESS OVERVIEW	
<u>5.1. Principal activities:</u>	2017 Registration Document pages 3 to 14 and 198
<u>5.1.2. New product and/or activities:</u>	2017 Registration Document pages 3 to 14 and 198
<u>5.1.3. Principal markets:</u>	2017 Registration Document pages 3 to 14 and 198

INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC	REFERENCE
<u>5.1.4 Basis for any statement in the registration document made by the issuer regarding its competitive position.</u>	2017 Registration Document pages 3 to 14 and 198
6. ORGANISATIONAL STRUCTURE	
<u>6.1 Brief description of the group and of the issuer's position within it</u>	2017 Registration Document pages 2 to 15 and 226 and 232 to 234
<u>6.2 Issuer's dependence upon other entities within the group</u>	2017 Registration Document pages 233 to 240
7. TREND INFORMATION	2017 Registration Document page 14
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
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	2017 Registration Document pages 17 to 23
Conflict of Interest	2017 Registration Document page 25
10. MAJOR SHAREHOLDERS	
<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>	2017 Registration Document pages 23 and 240
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
<u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2016</u>	
- Balance sheet	2017 Registration Document page 129
- Income statement	2017 Registration Document page 127
- Cash flow statement	2017 Registration Document page 130
- Notes	2017 Registration Document pages 132 to 187

INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC	REFERENCE
- Auditors' report relating to the above	2017 Registration Document pages 188 to 192
- Consolidated statement of comprehensive income	2017 Registration Document page 128
- Consolidated statement of changes in equity	2017 Registration Document page 131
<u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2016</u>	
- Balance sheet	2016 Registration Document page 192
- Income statement	2016 Registration Document page 190
- Cash flow statement	2016 Registration Document page 193
- Notes	2016 Registration Document pages 196 to 287
- Auditors' report relating to the above	2016 Registration Document pages 288 and 289
- Consolidated statement of comprehensive income	2016 Registration Document pages 191
- Consolidated statement of changes in equity	2016 Registration Document pages 194 to 195
11.6 Legal and arbitration proceedings	2017 Registration Document pages 182 and 183
12. MATERIAL CONTRACTS	2017 Registration Document page 240

TAXATION

The section "**FRENCH TAXATION**" starting on page 101 of the Base Prospectus is updated as follows:

- the second paragraph under the sub-heading "(a) Notes which are not assimilated (*assimilables*) with Notes issued before 1 March 2010" on page 101 of the Base Prospectus is amended as follows:

“Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will not be 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 on an account opened in a financial institution established in such a Non-Cooperative State (the **Deductibility Exclusion**). 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 *Code général des impôts*, 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 *Code général des impôts*, at a rate of (i) 12.8% for payments benefiting individuals who are not French tax residents, (ii) 30% (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years starting from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 75% for payments made outside France in a Non-Cooperative State (subject to certain exceptions and the more favourable provisions of an applicable double tax treaty).”

- the paragraph "(c)" on page 102 of the Base Prospectus is amended as follows:

“Pursuant to Article 125 A I of the French *Code général des impôts*, where the paying agent (*établissement payeur*) is established in France and subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at a global rate of 17.2% on such interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.”

FORM OF FINAL TERMS

The “Form of Final Terms” section of the Base Prospectus is amended as follows:

- On top of page 115 of the Base Prospectus, the two following paragraphs (along with the footnotes included) shall be added under the section title “Form of Final Terms”:

“**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended (the **Prospectus Directive**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]¹

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]². Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]³

[MiFID II product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; **EITHER**⁴ [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **OR**⁵ [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]].

¹ Delete legend if the Notes do not constitute “packaged” products, in which case, insert “Not Applicable” in paragraph 8(ix) of Part B below. Include legend if the Notes may constitute “packaged” products and the Issuer intends to prohibit the Notes being offered, sold or otherwise made available to EEA retail investors. In this case insert “Applicable” in paragraph 8(ix) of Part B below.

² ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

³ Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

⁴ Include for bonds that are not ESMA complex.

⁵ Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

[Consider any negative target market]⁶. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]⁷.]⁸”

- On page 126 of the Base Prospectus, the following sentence shall be added at the end of item 6:

“6. Floating Rate Notes only - INFORMATION ON FLOATING RATE NOTES

[Not Applicable]⁹

[Details of historic [EURIBOR/LIBOR/CMS] rates can be obtained from [Reuters/other].

[Benchmark: Amounts payable under the Notes will be calculated by reference to [EURIBOR / LIBOR / CMS] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence)]¹⁰

- On page 127 of the Base Prospectus, the following item 8(ix) shall be added:

“Prohibition of Sales to EEA Retail Investors:

[Not applicable/Applicable]

(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified. For the purpose of the above, a “packaged” product shall designate a “packaged retail investment product” which means in accordance with Regulation (EU) No 1286/2014 of 26 November 2014 an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor)”

⁶ ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

⁷ Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

⁸ Legend to be included on front of the Final Terms if following the ICMA 2 approach.

⁹ Include where the Notes are not Floating Rate Notes.

¹⁰ Include where the Notes are Floating Rate Notes

SUBSCRIPTION AND SALE

The “Subscription and Sale” section of the Base Prospectus shall be amended as follows:

- On page 133 of the Base Prospectus, the following paragraph shall be added at the beginning of the section entitled “European Economic Area”:

“If the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”,”

- On page 134 of the Base Prospectus, the following paragraph shall be inserted after the section entitled “European Economic Area”:

“Prohibition of Sales to EEA retail investors

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.”

GENERAL INFORMATION

The section “General Information” in the Base Prospectus is amended as follows:

- the paragraph (4) on page 140 of the Base Prospectus is deleted in its entirety and replaced by the following:

“There has been no significant change in the financial position of the Issuer or the Group since 31 December 2017”;
- the paragraph (5) on page 140 of the Base Prospectus is deleted in its entirety and replaced by the following:

“There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2017”;
- the paragraph (7) on page 140 of the Base Prospectus is deleted in its entirety and replaced by the following:

“Except as disclosed on pages 182 and 183 of the 2017 Registration Document, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.”
- the paragraph (10) (ii) on page 141 of the Base Prospectus is deleted in its entirety and replaced by the following:

“(ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 2017;”.

RESPONSIBILITY STATEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case that, to the best of my knowledge, the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

HSBC France

103, avenue des Champs Elysées
75008 Paris
France

Represented by Mr. Xavier Boisseau
in charge of the *Banque de marchés (responsable à la Banque de marchés)*
Duly authorised

Dated 1 March 2018



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("AMF"), in particular Articles 211-1 to 216-1, the AMF has granted to this Second Supplement the visa n°18-069 on 1 March 2018. This Second Supplement has been prepared by HSBC France and its signatories assume responsibility for it. This Second Supplement and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.