



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

Under the Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), HSBC France (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed € 20,000,000,000 (or its equivalent in other currencies at the date of issue).

This Base Prospectus replaces and supersedes the base prospectus dated 5 October 2009 prepared in connection with the Programme as supplemented by the supplements dated 24 December 2009, 11 March 2010, 28 May 2010 and 6 September 2010. It shall be updated annually as from the date hereof.

This Base Prospectus (together with all supplements thereto from time to time) contains the base terms and conditions of the Notes to be issued under the Programme, constitutes a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"). The terms and conditions applicable to each Tranche (as defined in "General Description of the Programme") not contained herein will be determined by the Issuer and the relevant Dealer(s) at the time of the issue on the basis of the then prevailing market conditions and will be set out in the relevant final terms (the "**Final Terms**") (a form of which is contained herein).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") for approval of this Base Prospectus in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 implementing the Prospectus Directive in Luxembourg. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC dated 21 April 2004 (each such market being a "**Regulated Market**"). Notes issued under the Programme may also be listed and admitted to trading on any other Regulated Market in such Member State of the European Economic Area ("**EEA**") and/or offered to the public in any Member State of the EEA, in each case in accordance with the Prospectus Directive, or may be listed on an unregulated stock exchange or market, or may be unlisted.

The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and/or offered to the public and, if so, the relevant Regulated Market(s) where the Notes will be listed and admitted to trading and/or the Member State(s) in the EEA where the Notes will be offered to the public.

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 *et seq.* of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be (i) in bearer form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), or (ii) in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholder.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in relation to Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes with, where applicable, coupons for interest or talons attached (the "**Definitive Materialised Notes**"), on or after a date expected to be on or about the 40<sup>th</sup> day after the issue date of the Notes (subject to postponement as described in "Temporary Global Certificate in respect of Materialised Notes") upon certification as to non-U.S. beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository for Euroclear and Clearstream, Luxembourg, or (b) in the case of a Tranche (as defined in "Terms and Conditions of the Notes") intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the Relevant Dealer (as defined below).

Notes issued under the Programme may, or may not, be rated. The rating (if any) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

**Prospective investors should consider the factors described under the section "Risk Factors" for certain information relevant to an investment in the Notes.**

Arranger  
**HSBC**

Dealers

**HSBC France**

**HSBC**

This Base Prospectus (together with all supplements thereto from time to time) contains all relevant information concerning the Issuer and the Issuer and its consolidated subsidiaries taken as a whole (the "Group") which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as the base terms and conditions of the Notes to be issued under the Programme. The terms and conditions applicable to each Tranche (as defined in "Terms and Conditions of the Notes") not contained herein (including, without limitation, the aggregate nominal amount, the issue price, the redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.

This Base Prospectus is to be read in conjunction with any document and/or information which is or may be incorporated herein by reference in accordance with Article 15 of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 implementing the Prospectus Directive in Luxembourg and Article 28 of the European Commission Regulation N°809/2004 dated 29 April 2004 (see "Documents incorporated by Reference" below).

No person is or has been authorised to give any information or to make any representation other than those contained or incorporated by reference in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers (as defined in "Summary of the Base Prospectus"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. For a description of these and certain further restrictions on offers, sales and transfers of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Materialised Notes in bearer form, delivered within the United States or to, or for the account or benefit of, United States persons as defined in Regulation S under the Securities Act ("Regulation S") or, in the case of certain Materialised Notes in bearer form, the U.S. Internal Revenue Code of 1986 and regulations thereunder. The Notes are being offered and sold outside the United States of America to non-U.S. Persons in reliance on Regulation S.

This Base Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained or incorporated by reference in this Base Prospectus. Neither the Arranger nor any of the Dealers (except HSBC France in its capacity as Issuer, and then only to the extent set out under "Person responsible for the information given in the Base Prospectus") makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the Programme (including any information incorporated by reference therein) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other information

supplied in connection with the Programme (including any information incorporated by reference therein) should purchase the Notes. Each prospective investor should determine for itself the relevance of the information contained or incorporated by reference in this Base Prospectus and its investment in the Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche and sixty (60) days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" and "EUR" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, references to "£", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "US dollars" are to the lawful currency of the United States of America, references to "¥", "JPY" and "Yen" are to the lawful currency of Japan and references to "CHF" and "Swiss Francs" are to the lawful currency of Switzerland.

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**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

*HSBC France (the "**Responsible Person**") accepts responsibility for the information contained or incorporated by reference in this document. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.*

*The Responsible Person furthermore declares that, any translation contained in this Base Prospectus is, to the best of its knowledge, a fair and true translation of the original version.*

**HSBC France**  
103, avenue des Champs Elysées  
75008 Paris  
France

## SUMMARY OF THE BASE PROSPECTUS

*This summary must be read as an introduction to this Base Prospectus and any decision by any investor to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any document incorporated by reference, any supplement from time to time and the relevant Final Terms. No civil action may be brought in liability against the Issuer solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary.*

*The Notes will be issued on such terms as shall be agreed between the Issuer and the Relevant Dealer(s) and, subject to completion in accordance with the provisions of the relevant Final Terms, will be subject to the Terms and Conditions set out on pages 47 to 108.*

**Issuer:** HSBC France.

### PRESENTATION OF THE ISSUER

HSBC France is incorporated under French law and was founded in 1894 under the name Banque Suisse et Française (BSF). In 1917, BSF, Maison Aynard et Fils and Caisse de Crédit de Nice merged to create CCF. In 1982, CCF's share capital came under full state control and returned to the public in 1987 through a public offering. CCF joined the HSBC Group in July 2000.

CCF adopted the HSBC brand name on 1 November 2005 and became HSBC France.

Headquartered in London, HSBC is one of the largest banking and financial services organisations in the world. Its international network comprises some 8,000 offices in 87 countries and territories in Europe, Hong-Kong, rest of Asia-Pacific region, the Middle East, North America and Latin America.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc ("**HSBC Holdings**") are held by over 220,000 shareholders in 124 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depository Receipts.

In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to publish certain financial information with the offices of the Securities and Exchange Commission.

### BUSINESS LINES

HSBC France is a universal bank serving both personal and business customers, capitalising on the HSBC Group's first-class international presence, financial robustness, and banking and technological innovation.

HSBC France's activity is focused on (i) Personal Financial Services, (ii) Commercial Banking, (iii) Global Banking and Markets and Asset management and (iv) Private Banking.

**Personal Financial Services:** supported by its increasingly strong brand recognition since the 2005 rebranding, HSBC France has continued its drive to expand in its target segments, i.e. wealth management and international customers, for whom it has continued to improve its products and services. The development of a commercial brand strategy, based on HSBC Premier, is supported by a totally unique international offering and the expertise of HSBC Premier Relationship Managers in wealth and financial management. This development is supported by growth in the number of outlets specifically dedicated to this customer segment, with 20 HSBC Premier Centres and the creation of an innovative direct banking service for HSBC Premier international customers, which can be accessed online and by phone, with English-speaking advisors.

**Commercial Banking:** the Commercial Banking division offers an extensive range of products and services including Cash Management, Trade and Supply Chain, International Banking Center (which supports French companies operating abroad) and Factoring. The range has been strengthened with the creation of 10 Corporate Banking Centres (CBCs) for businesses with sales of over €30 million, and 51 *Centres d'Affaires Entreprises (CAEs)* for small and medium-sized enterprises. The new generation of CAEs features technological innovations that are typical of the new HSBC Business service.

**Global Banking and Markets and Asset Management:** the HSBC Group's global scale and local presence make it an ideal partner for large corporations and institutional investors. HSBC's corporate and investment banking teams are able to handle complex transactions and support companies in their expansion plans in France and worldwide. The Global Banking and Markets business has strengthened their strategic positions, particularly in fixed-income markets (new issues and fixed-income products), financing and equity issues. Supported by its solid financial position and its well-known brand, HSBC France ranks second in euro-denominated public-sector issues and is the fourth-ranked bookrunner for capital increases. In M&A, HSBC France ranks eighth in terms of announced transactions.

In **Asset Management**, HSBC Global Asset Management is the HSBC Group's specialist provider of investment solutions. With over 2,200 asset management professionals located in 30 countries, HSBC Global Asset Management is built around a unique model of multi-specialists focused on specific investment strategies: active fundamental asset management (Halbis), treasury management (HSBC Liquidity), multi-management investment (HSBC Multimanager) and quantitative management (Sinopia). With a long-standing presence in the Asian and South American markets, HSBC Global Asset Management has become one of the major players in emerging markets. With assets under management of close to \$89.5 billion, a team of more than 200 dedicated professionals working at 18 key offices provides a unique perspective and recognised local expertise. In addition, HSBC Global Asset Management is one of the world's leading distributors of mutual funds, notably through its Luxembourg-based platform HSBC Global Investment Funds (HGIF). This range, which comprises more than 50 funds distributed in 38 countries, currently boasts close to \$20 billion in assets under management. These funds cover the principal asset categories and various management styles, and provide unique access to HSBC's global expertise. In France, HSBC Global Asset Management also develops and distributes employee savings solutions for businesses. These solutions draw on the financial

expertise of HSBC Global Asset Management and on HSBC Epargne Entreprise for registrar and custody services.

**Private Banking:** HSBC Private Bank France is one of France's leading specialists in wealth management, and enjoys the strength and backing of a major world bank. It offers a broad range of customised solutions to meet the needs of resident and international high-net-worth individuals, as well as business-to-business customers and financial intermediaries, by drawing on the expertise of its discretionary management and advisory management teams and the open architecture know-how of HSBC Private Wealth Managers. HSBC is continuing to develop its Private Banking business, based on four main underlying strengths:

- complementary teams with recognised skills in their area of expertise (private banking, advisory and discretionary management, investment engineering and asset management) and focusing entirely on wealth management;
- its management company, recognised for its asset management (equities and fixed-income), asset selection (securities and funds), investment strategy design and asset allocation capabilities;
- strong synergies arising from the universal banking model, particularly with investment banking and HSBC Premier;
- a first-class international network encompassing skills and expertise available in 91 private banking locations in 39 countries.

**Arranger:** HSBC Bank plc.

**Dealers:** HSBC Bank plc.  
HSBC France.

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a Member State of the European Union ("EU") and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such Member State may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

**Description:** Euro Medium Term Note Programme.

**Programme Limit:** Up to € 20,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

**Fiscal Agent and Principal Paying Agent:** HSBC Bank plc.

**Paris Paying Agent:** HSBC France.

**Luxembourg Paying Agent :** BNP Paribas Securities Services, Luxembourg Branch

- Method of Issue:** The Notes may be offered to the public or not and/or listed and admitted to trading or not, and in each case may be issued on a syndicated or non-syndicated basis.
- The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.
- Maturities:** Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month from the date of original issue as specified in the relevant Final Terms except (i) in the case of Subordinated Notes whose proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(c) of *Règlement* no. 90-02 dated 23 February 1990, as amended, of the *Comité de la réglementation bancaire et financière* (the "**CRBF Regulation**") ("**Upper Tier 2 Capital**") which will have no maturity, (ii) in the case of Subordinated Notes whose proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation ("**Lower Tier 2 Capital**") which minimum maturity will be of five years and one day, (iii) in the case of Subordinated Notes whose proceeds constitute *fonds propres surcomplémentaires* within the meaning of Article 5 *ter* III of the CRBF Regulation ("**Tier 3 Capital**") which minimum maturity will be of two years and one day, or (iv) in any case such other minimum maturity as may be required by the applicable legal and/or regulatory requirements.
- Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Japanese yen, Swiss Francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealer(s).
- Denomination(s):** Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that all Notes which are to be listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 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 denomination only.
- Status of the Unsubordinated Notes:** Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.
- Status of the Subordinated Notes:** Subordinated Notes (which term shall include both Subordinated Notes with a specified maturity date ("**Dated Subordinated Notes**") and Subordinated Notes without a specified maturity date ("**Undated**")

**Subordinated Notes**")) will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future unsecured and subordinated obligations of the Issuer with the exceptions of the *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer.

The relevant Final Terms may state that Subordinated Notes will be eligible as Upper Tier 2, Lower Tier 2 or Tier 3 Capital.

If so specified in the relevant Final Terms, the payment of interest in respect of Undated Subordinated Notes may be deferred in accordance with the provisions of Condition 6(i).

<b>Events of Default:</b>	The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Condition 11(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 11(b).
<b>Redemption Amount:</b>	Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.
<b>Optional Redemption:</b>	The Final Terms issued in respect of each issue of each Tranche will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.
<b>Redemption by Instalments:</b>	The Final Terms issued in respect of each Tranche that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Early Redemption:</b>	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons and, in respect of Subordinated Notes, subject to the approval of the <i>Autorité de Contrôle Prudentiel</i> (" <b>ACP</b> ") and the prior notification of the UK Financial Services Authority (" <b>FSA</b> ").
<b>Taxation:</b>	<ol style="list-style-type: none"> <li>1. All payments of principal, interest and other revenues 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.</li> <li>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 consolidated (<i>assimilables</i> for the purpose of French law) and form a single series with Notes issued before 1 March 2010 having the benefit of Article 131 <i>quater</i> of the French <i>Code général des impôts</i>) fall under the new French withholding tax regime pursuant to the French <i>loi de finances rectificative pour 2009 no. 3</i> (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the "<b>Law</b>"). 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 <i>Code général des impôts</i> unless such payments are made outside France in a non-cooperative State or territory (<i>Etat ou territoire non coopératif</i>) within the meaning of Article 238-0 A of the French <i>Code général des impôts</i> (a "<b>Non-Cooperative State</b>"). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be</li> </ol>

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 *Code général des impôts*.

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 domiciled or 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 *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* of the French *Code général des impôts*, 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*) no. 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 *Code monétaire et financier* 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 *Code monétaire et financier*, 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 that are issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France before 1 March 2010 with the benefit of Article 131 *quater* of the French *Code général des impôts* will be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

In addition, interest and other revenues paid by the Issuer on Notes issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France before 1 March

2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* 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.

<b>Interest Periods and Interest Rates:</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by the 2007 FBF Master Agreement, as published by the <i>Fédération Bancaire Française</i>, or</li> <li>(ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or</li> <li>(iii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, EURIBOR, EONIA, LIBOR, CMS or TEC), or</li> <li>(iv) on such other basis or benchmark as may be specified in the applicable Final Terms,</li> </ul> <p>in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate Notes may also have a maximum rate of interest, a minimum rate of interest or both.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms. " <b>Index Linked Redemption Notes</b> ", which may not be Subordinated Notes constituting <i>fonds propres complémentaires</i> or <i>fonds propres surcomplémentaires</i> , are Notes in respect of which amounts of principal shall be calculated by reference to an index and/or formula, and " <b>Index Linked Interest Notes</b> " (together with Index Linked Redemption Notes, " <b>Index Linked Notes</b> ") are Notes in respect of which amounts of interest shall be calculated by reference to an index and/or formula.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency

Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

**Redenomination:** Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in Condition 1 (d).

**Consolidation:** Notes of one Series may be consolidated with Notes of another Series as more fully provided in Condition 15 (b).

**Form of Notes:** Notes may be issued in either dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").

Dematerialised Notes may, at the option of the Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either fully registered form (*au nominatif pur*) or administered registered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes See "Terms and Conditions of the Notes - Form, Denomination, Title and Redomination".

Materialised Notes will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.

**Governing Law:** French law.

**Clearing Systems:** Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Initial Delivery of Dematerialised Notes:** One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *Lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

**Initial Delivery of Materialised Notes:** On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Listing and admission to trading:** Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may be admitted to trading on any other Regulated Market in the EEA in accordance with the Prospectus Directive or on an unregulated stock exchange or market, as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted and not admitted to trading.

**Offer to the public:** The Notes may be offered to the public in any Member State of the EEA only if so specified in the relevant Final Terms and in accordance with any applicable laws and regulations.

**Rating:** Notes issued under the Programme may, or may not, be rated. The rating (if any) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:** There are restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes which are not in bearer form for US tax purposes do not require compliance with the TEFRA Rules.

**Risk factors:** **Risk factors relating to the Issuer and its activities**

There are a number of factors which could cause the Issuer's actual results to differ, in some instances materially, from those anticipated. The factors set out below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties which face the Issuer's businesses.

Changes in general economic conditions in the markets in which the Issuer operates, include changes in foreign exchange rates, volatility in interest rates (including *inter alia*, the sovereign debt crisis), volatility in equity markets, lack of liquidity in wholesale funding markets in periods of economic or political crisis, illiquidity and downward price pressure in France and eurozone real estate markets, particularly consumer-owned real estate markets, recessions and employment fluctuations and consumer perception as to the continuing availability of credit, and price competition in the market segments served by the Issuer.

The three main structural risks in relation to interest rate, exchange rate and liquidity exposure (excluding trading exposure) are structural foreign exchange exposure, structural liquidity exposure, and structural interest rate exposure.

Changes in governmental policy and regulation are described in the Risk Factors.

Factors specific to the Issuer include the success of the Issuer in adequately

identifying the risks it faces, such as the incidence of loan losses or delinquency, and managing those risks. Effective risk management depends on, among other things, the Issuer's ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses.

#### **Risk factors relating to the Notes**

There are certain additional factors which are material for the purpose of assessing the risks related to the Notes issued under the Programme including the following:

- (i) Investment risks. The Notes may not be a suitable investment for all investors. Prospective investors should understand the risks of investing in any type of Note before they make their investment decision.
- (ii) Risks related to the structure of a particular issue of Notes.
- (iii) Risks related to the Notes generally.
- (iv) Risks related to the market generally including liquidity risk, exchange rate risk, interest rate risk and credit risk.

Please see "Risk Factors" below for further details.

#### **Available information:**

So long as Notes are capable of being issued under the Programme, copies of documents relating to the Issuer (notably *statuts* and financial statements), this Base Prospectus together with all supplements thereto from time to time and the Final Terms related to Notes listed and admitted to trading on a Regulated Market of the EEA and/or offered to the public in a Member State of the EEA, in each case in accordance with the Prospectus Directive, and the Agency Agreement will, when published, be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s).

The Base Prospectus together with all supplements thereto from time to time and the Final Terms related to Notes listed and admitted to trading on a Regulated Market of the EEA and/or offered to the public in a Member State of the EEA, in each case in accordance with the Prospectus Directive will be available on the website of the Issuer ([www.hsbc.fr](http://www.hsbc.fr)) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **RESUME EN FRANÇAIS**

*Ce résumé doit être lu comme une introduction au Prospectus de Base, et toute décision d'investir dans les Titres doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. Aucune action en responsabilité ne peut être intentée contre l'Émetteur sur le fondement du seul résumé ou de sa traduction, à moins que le contenu du résumé ou de sa traduction ne soit jugé trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, le plaignant peut, selon la législation nationale de l'État Membre concerné, avoir à supporter les frais de traduction du présent Prospectus de Base avant le début de la procédure judiciaire.*

*Les termes et expressions définis dans la section "Terms and Conditions" (Modalités) ci-après auront la même signification dans le présent résumé.*

*Les Titres seront émis conformément aux modalités qui seront convenues entre l'Émetteur et les Agents Placeurs concernés, et ils devront obéir aux "Terms and Conditions" (Modalités) prévus aux pages 47 à 108, tels que complétés par les dispositions des "Final Terms" (Conditions Définitives) concernés.*

**Émetteur :** *HSBC France.*

### **PRÉSENTATION DE L'ÉMETTEUR**

*HSBC France est une société de droit français fondée en 1894 sous le nom de Banque Suisse et Française. En 1917, BSF, Maison Aynard et fils, et Caisse de Crédit de Nice fusionnèrent pour créer le CCF. En 1982 le CCF fut nationalisé puis privatisé en 1987. Le CCF a intégré le Groupe HSBC en juillet 2000.*

*Le CCF a adopté la marque HSBC le 1<sup>er</sup> novembre 2005 et est devenu HSBC France.*

*HSBC, dont le siège social est situé à Londres, est l'un des plus importants groupes de services bancaires et financiers au monde. Son réseau international se compose d'environ 8 000 implantations réparties dans 87 pays et territoires en Europe, à Hong-Kong, dans le reste de la région Asie-Pacifique, au Moyen-Orient et en Amérique du Nord et du Sud..*

*Cotées sur les Bourses de Londres, Hong Kong, New York, Paris et des Bermudes, les actions HSBC Holdings plc ("**HSBC Holdings**") sont détenues par plus de 220 000 actionnaires dans 124 pays et territoires. Les actions sont négociées sur la Bourse de New York sous la forme d'American Depository Receipts.*

*Par ailleurs, HSBC Holdings est un émetteur enregistré conformément à la réglementation américaine sur les valeurs mobilières et est tenu, selon cette réglementation, de publier certaines informations financières auprès de la Securities and Exchange Commission.*

### **SECTEURS D'ACTIVITÉ**

*HSBC France développe des activités de banque universelle auprès de clientèles de particuliers et d'entreprises, en capitalisant sur les atouts du Groupe HSBC : présence internationale de tout premier plan, solidité financière, innovation bancaire et technologique. L'activité de HSBC France est orientée vers (i) la Banque de particuliers, (ii) la Banque d'entreprises, (iii) la Banque de financement, d'investissement et de marchés et la Gestion d'actifs et (iv) la Banque privée.*

*La **Banque de particuliers** : forte d'une marque dont la notoriété n'a cessé de croître depuis son déploiement en 2005, HSBC France a poursuivi sa*

politique de conquête sur ses segments cibles, à savoir les clientèles patrimoniales et internationales pour lesquelles elle a continué à enrichir son offre. Le déploiement, autour de HSBC Premier, d'une véritable stratégie de marque commerciale, s'appuie sur une offre internationale réellement unique et sur l'expertise des conseillers HSBC Premier en gestion patrimoniale et financière. Il s'accompagne de l'extension du nombre de points de vente spécialement dédiés à cette clientèle avec 20 Centres HSBC Premier et avec la création d'une agence directe innovante (internet, téléphone et conseillers anglophones) dédiée à la clientèle internationale HSBC Premier.

**La Banque d'entreprises** : l'activité de la Banque d'entreprises offre une gamme élargie de produits et services (Cash management, Trade and Supply Chain, International Banking Center permettant l'accompagnement des entreprises françaises à l'étranger, affacturage) renforcée avec des centres spécifiques pour les entreprises, avec 10 CBC (Corporate Banking Centres) pour les entreprises de plus de 30 millions d'euros de chiffre d'affaires et, pour les petites et moyennes entreprises, 51 CAE (Centres d'Affaires Entreprises) dont la nouvelle génération de CAE incluant une innovation technologique qui incarne la nouvelle proposition HSBC Business.

**La Banque de financement, d'investissement et de marchés et Gestion d'actifs** : en matière de Banque de financement, d'investissement et de marchés, la dimension à la fois locale et globale du Groupe HSBC en fait un partenaire de référence pour accompagner les grandes entreprises et les institutionnels dans leurs projets et permet ainsi aux équipes de HSBC de traiter des opérations complexes et d'accompagner les entreprises dans leurs projets en France, et dans le monde. La Banque de financement, d'investissement et de marchés a renforcé sa position stratégique, notamment dans les marchés de taux (émissions et produits de taux), les activités de financement et les émissions d'actions. Bénéficiant de sa solidité financière et de la notoriété de sa marque, HSBC France s'est classé 2<sup>ème</sup> sur les émissions du secteur public en Euro et 4<sup>ème</sup> en teneur de livres sur les augmentations de capital. En fusion et acquisitions, HSBC France s'est classé 8<sup>ème</sup> sur le critère des transactions annoncées.

**En Gestion d'actifs**, HSBC Global Asset Management est l'expert en solutions d'investissement du Groupe HSBC. Avec plus de 2 200 professionnels de la gestion d'actifs implantés dans 30 pays, HSBC Global Asset Management s'appuie sur un modèle multispécialistes unique, concentré sur des stratégies d'investissement spécifiques : gestion fondamentale active (Halbis), gestion de trésorerie (HSBC Liquidity), multigestion (HSBC Multimanager) et gestion quantitative (Sinopia). Bénéficiant d'une présence historique sur les marchés asiatiques et sud-américains, HSBC Global Asset Management est devenu un des acteurs majeurs sur les marchés émergents. Assurant la gestion de près de 89,5 milliards de dollars d'actifs, une équipe de plus de 200 professionnels dédiés, implantés au sein de 18 bureaux clés, offre une perspective unique et un savoir-faire local reconnu. Par ailleurs, HSBC Global Asset Management est l'un des distributeurs d'OPCVM les plus actifs au monde, notamment au travers de sa plate-forme luxembourgeoise HSBC Global Investment Funds (HGIF). Cette gamme, qui compte plus de 50 fonds distribués dans 38 pays, totalise aujourd'hui près de 20 milliards de dollars d'actifs sous gestion. Ces fonds couvrent les principales classes d'actifs, différents styles de gestion et offrent un accès unique à notre expertise globale. En France, HSBC Global Asset Management conçoit et distribue également des solutions d'épargne salariale à destination des entreprises. Elles s'appuient, pour la gestion financière, sur l'ensemble des expertises proposées par HSBC Global Asset Management et, pour la tenue des

comptes et la conservation des parts, sur HSBC Epargne Entreprise.

La **Banque privée** : s'appuyant sur la puissance de son réseau mondial, HSBC Private Bank France est l'un des premiers spécialistes français de la banque privée. HSBC Private Bank France propose un large éventail de solutions personnalisées destinées à répondre aux attentes d'une clientèle privée haut de gamme résidente et internationale et d'une clientèle Business to Business et Intermédiaires Financiers, fort de l'expertise de ses équipes de gestion discrétionnaire et conseillée et du savoir-faire en architecture ouverte de sa société de gestion HSBC Private Wealth Managers. Le développement des activités de la banque privée se poursuit, s'appuyant sur ces principaux éléments :

- l'association des équipes complémentaires, experts reconnus dans leur domaine respectif (banquiers privés, gérants conseillés, gérants sous mandat, ingénieurs patrimoniaux, gérants d'actifs) et entièrement dédiés à la gestion de fortune ;
- sa société de gestion, reconnue en matière de gestion d'actifs (actions et taux), de sélection (titres et fonds), d'élaboration de stratégie d'investissement et d'allocation d'actifs ;
- les fortes synergies créées avec la banque universelle et notamment avec la Banque d'investissement et HSBC Premier ;
- un réseau international de qualité qui regroupe les compétences et les expertises disponibles au travers des 91 implantations de la Banque privée réparties dans 39 pays.

**Arrangeur:** HSBC Bank plc.

**Agent placeur:** HSBC Bank plc.  
HSBC France.

L'Emetteur pourra à tout moment révoquer tout Agent Placeur dans le cadre du Programme ou désigner des Agents Placeurs supplémentaires soit pour une ou plusieurs Tranches, soit pour l'ensemble du Programme. Toute référence faite dans le présent Document de Base aux "**Agents Placeurs Permanents**" renvoie aux personnes nommées ci-dessus en qualité d'Agents Placeurs ainsi qu'à toute autre personne qui aurait été désignée comme Agent Placeur pour l'ensemble du Programme (et qui n'auraient pas été révoquées) et toute référence faite aux "**Agents Placeurs**" désigne tout Agent Placeur Permanent et toute autre personne désignée comme Agent Placeur pour une ou plusieurs Tranches.

A la date du présent Document de Base, seuls les établissements de crédit et les entreprises d'investissement constitués dans un Etat Membre de l'Union Européenne (l'"UE") qui sont autorisés par l'autorité compétente de cet Etat Membre à diriger des émissions de titres dans cet Etat Membre peuvent intervenir (a) en qualité d'Agent Placeur pour des émissions non-syndiquées de Titres libellés en euros et (b) en qualité de chef de file pour des émissions syndiquées de Titres libellés en euros.

**Description:** Programme d'émission de titres (Euro Medium Term Note).

**Montant Maximum du Programme:** Le montant total nominal des Titres en circulation ne pourra, à aucun moment, excéder la somme de 20.000.000.000 euros (ou la contre-valeur de ce montant dans toute autre devise, calculée à la date d'émission).

**Agent Financier et Agent Payeur Principal :** HSBC Bank plc.

- Agent Payeur à Paris :** *HSBC France.*
- Agent Payeur à Luxembourg :** *BNP Paribas Securities Services, Luxembourg Branch*
- Méthode d'émission :** *Les Titres, pourront être offerts ou non au public et/ou cotés et admis ou non aux négociations, et seront dans tous les cas émis dans le cadre d'émissions syndiquées ou non-syndiquées.*
- Les modalités spécifiques de chaque Tranche (y compris notamment, le montant global, le prix d'émission, le prix de remboursement, et leurs intérêts, le cas échéant), seront déterminées par l'Emetteur et le(s) Agent(s) Placeur(s) concernés lors de l'émission de ladite Tranche et figureront dans les Conditions Définitives concernées.*
- Maturité :** *Sous réserve de toutes les lois, règlements et directives applicables, les Titres auront une maturité d'un mois minimum à compter de la date d'émission initiale tel qu'indiqué dans les Conditions Définitives concernées sauf (i) dans le cas de Titres Subordonnés dont les produits constituent des fonds propres complémentaires au sens de l'article 2 du Règlement n° 90-02 du 23 février 1990, tel que modifié, du Comité de la Réglementation Bancaire et Financière (le "**Règlement CRBF**") ("**Fonds Propres Upper Tier 2**") qui n'auront pas de date de maturité, (ii) dans le cas de Titres Subordonnés dont les produits constituent des fonds propres complémentaires au sens de l'article 4(d) du Règlement CRBF ("**Fonds Propres Lower Tier 2**") qui auront une maturité minimale de 5 ans et un jour, (iii) dans le cas de Titres Subordonnés dont les produits constituent des fonds propres surcomplémentaires au sens de l'article 5 ter III du Règlement CRBF ("**Fonds Propres Tier 3**") qui auront une maturité minimale de 2 ans et un jour ou (iv) dans tous les cas où une autre date de maturité minimale serait requise par les conditions légales ou réglementaires applicables.*
- Devises :** *Sous réserve du respect de toutes les lois, règlements et directives applicables, les Titres pourront être émis en euros, en dollars américains, en yens japonais, en francs suisses, en livres sterling et en toute autre devise convenue entre l'Emetteur et les Agents Placeurs concernés.*
- Valeur(s) Nominale(s) :** *Les Titres auront les Valeurs Nominales prévues dans les Conditions Définitives concernées. Toutefois la Valeur Nominale minimale des Titres faisant l'objet d'une admission aux négociations sur un Marché Réglementé et/ou offerts au public dans un Etat Membre de l'Espace Economique Européen ("**EEE**") dans des circonstances qui requièrent la publication d'un prospectus conformément à la Directive Prospectus sera égale à 1.000 € (ou sa contre-valeur dans toute autre devise) ou à tout autre montant plus élevé tel que permis ou requis à tout moment par les lois et règlements applicables à la Devise Concernée. Les Titres ayant une échéance de moins d'un an constitueront des dépôts aux fins des dispositions interdisant l'acceptation de dépôts énoncées à la section 19 du Financial Services and Markets Act de 2000, à moins qu'ils ne soient émis à l'intention d'un cercle restreint d'investisseurs professionnels et que leur valeur nominale soit d'au moins 100 000 livres sterling ou sa contre-valeur.*
- Les Titres Dématérialisés seront émis dans une seule valeur nominale.*
- Rang de créance des Titres Non Subordonnés :** *Les Titres Non Subordonnés, et le cas échéant, les Coupons et Reçus y afférents, constitueront des engagements directs, inconditionnels et non subordonnés et non assortis de sûretés de l'Emetteur, et viendront au même*

*rang entre eux sans préférence, et (sous réserve des exceptions impératives du droit français) au même rang que tous les autres engagements chirographaires et non subordonnés, présents ou futurs, de l'Emetteur.*

**Rang de créance des Titres Subordonnés :**

*Les Titres Subordonnés (qui prendront la forme de Titres Subordonnés remboursables (les "**Titres Subordonnés Remboursables**") ou de Titres Subordonnés à durée indéterminée (les "**Titres Subordonnés à Durée Indéterminée**") constitueront des engagements directs, inconditionnels, subordonnés et non assortis de sûretés de l'Emetteur, et viendront au même rang entre eux sans préférence, et au même rang que tous les autres engagements subordonnés et non assortis de sûretés, présents ou futurs, de l'Emetteur à l'exception des prêts participatifs consentis à l'Emetteur et des titres participatifs émis par l'Emetteur.*

*Les Conditions Définitives concernées pourront prévoir que les produits des Titres Subordonnés constitueront des Fonds Propres Upper Tier 2, Lower Tier 2 ou Tier 3.*

*Les Conditions Définitives concernées pourront spécifier si les paiements des intérêts relatifs aux Titres Subordonnés à Durée Indéterminée pourront être différés conformément aux dispositions de l'Article 6(i).*

**Cas d'Exigibilité Anticipée :**

*Les modalités des Titres contiendront des cas d'exigibilité anticipée tels que décrits à l'Article 11(a) et uniquement des cas limités d'exigibilité anticipée pour les Titres Subordonnés, tels que prévus par l'Article 11(b).*

**Montant de Remboursement :**

*Sous réserve du respect des lois et règlements applicables, les Conditions Définitives concernées indiqueront la base de calcul des montants de remboursements dus.*

**Remboursement Optionnel :**

*Les Conditions Définitives concernées pour une Tranche pourront prévoir le remboursement anticipé des Titres au gré de l'Emetteur (en totalité ou en partie) et/ou des porteurs et, dans ce cas, les termes applicables à tel remboursement anticipé optionnel.*

**Remboursement par Versement Echelonné :**

*Les Conditions Définitives concernées pour une Tranche pourront prévoir une émission de Titres remboursables en deux ou plusieurs fois et, dans ce cas, indiqueront les dates de remboursement et les montants à rembourser.*

**Remboursement Anticipé :**

*Sauf dans les cas indiqués au paragraphe "Remboursement Optionnel" ci-dessous, le remboursement anticipé des Titres au gré de l'Emetteur sera possible pour des raisons fiscales uniquement, et en ce qui concerne les Titres Subordonnés, après agrément de l'ACP et notification préalable à la FSA.*

**Fiscalité :**

*1. Tous les paiements de principal, d'intérêts ou d'autres produits effectués par ou pour le compte de l'Emetteur au titre des Titres seront effectués sans aucune retenue à la source ou prélèvement au titre de tout impôt ou taxe de toute nature, imposés, levés ou recouverts par ou pour le compte de la France, ou de l'une de ses autorités ayant le pouvoir de lever l'impôt, à moins que cette retenue à la source ou ce prélèvement ne soit exigé par la loi.*

*2. Les Titres émis à compter du 1<sup>er</sup> mars 2010 inclus (à l'exception des Titres émis à compter du 1<sup>er</sup> mars 2010 inclus assimilables à des Titres émis avant le 1<sup>er</sup> mars 2010 et bénéficiant des dispositions de l'article 131 quater du Code général des impôts) sont soumis au nouveau*

*régime français de retenue à la source conformément à la troisième loi de finances rectificative pour 2009 (n° 2009-1674 en date du 30 décembre 2009) (la "Loi"). Les paiements d'intérêts ou d'autres produits effectués par l'Emetteur au titre des Titres ne seront pas soumis à la retenue à la source prévue à l'article 125 A III du Code général des impôts sauf si les paiements s'effectuent 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"). En application de l'article 125 A III du Code général des impôts, si les paiements au titre des Titres s'effectuent dans un Etat Non Coopératif, une retenue à la source de 50% sera applicable (sous réserve de certaines exceptions et des dispositions plus favorables de tout traité de double imposition qui serait applicable).*

*En outre, pour les exercices fiscaux ouverts à compter du 1<sup>er</sup> janvier 2011, les intérêts et autres produits versés au titre des Titres cesseront d'être déductibles du revenu imposable de l'Emetteur s'ils sont payés ou dus à des personnes domiciliées ou établies dans un Etat Non Coopératif ou payés dans un Etat Non Coopératif. Dans certains cas, les intérêts et autres produits non déductibles pourraient être requalifiés en dividendes en application de l'article 109 du Code général des impôts, auquel cas ces intérêts et autres produits non déductibles pourraient être soumis à la retenue à la source, de 25% ou 50%, prévue à l'article 119 bis du Code général des impôts.*

*Nonobstant ce qui précède, la Loi dispose que ni la retenue à la source de 50% ni la non-déductibilité ne s'appliqueront à une émission de Titres donnée si l'Emetteur démontre que cette émission a principalement un objet et un effet autres que de permettre la localisation des intérêts et autres produits dans un Etat Non Coopératif (l' "Exception"). Conformément au rescrit n° 2010/11 (FP et FE) de l'administration fiscale française en date du 22 février 2010, l'Exception s'applique sans que l'Emetteur ait à apporter la preuve tenant à l'objet et à l'effet d'une émission de Titres donnée si les Titres concernés sont :*

- (i) offerts par voie d'offre au public de titres financiers au sens de l'article L.411-1 du Code monétaire et financier ou d'une offre équivalente réalisée dans un Etat autre qu'un Etat Non Coopératif. Une "offre équivalente" s'entend de celle rendant obligatoire l'enregistrement ou le dépôt d'un document d'information auprès d'une autorité de marché étrangère ; ou*
- (ii) admis aux négociations sur un marché réglementé ou un système multilatéral de négociation d'instruments financiers français ou étranger, sous réserve que ce marché ou système ne soit pas situé dans un Etat Non Coopératif, et que le fonctionnement du marché soit assuré par une entreprise de marché ou un prestataire de service d'investissement ou tout autre organisme similaire étranger, sous réserve que cette entreprise, prestataire ou organisme ne soit pas situé dans un Etat Non Coopératif ; ou*
- (iii) admis, lors de leur émission, aux opérations d'un depositaire central ou à celles 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, ou d'un ou plusieurs depositaires ou gestionnaires similaires étrangers, sous réserve que le depositaire 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 autres produits versés au titre des Titres émis (ou réputés émis) hors de France au sens de cet article avant le 1<sup>er</sup> mars 2010 (ou les Titres émis à compter du 1<sup>er</sup> mars 2010 inclus assimilables à de tels Titres) continueront d'être exonérés de la retenue à la source prévue à*

*l'article 125 A III du Code général des impôts.*

*En outre, les intérêts et autres produits versés par l'Emetteur au titre des Titres émis à compter du 1<sup>er</sup> mars 2010 inclus assimilables à des Titres émis avant le 1<sup>er</sup> mars 2010 et bénéficiant des dispositions de l'article 131 quater du Code général des impôts, ne seront pas soumis à la retenue à la source prévue à l'article 119 bis du Code général de impôts du seul fait qu'ils sont dus ou payés à des personnes établies dans un Etat Non Coopératif ou qu'ils sont payés dans un Etat Non Coopératif.*

**Périodes d'Intérêts et Taux d'Intérêts :**

*Pour chaque Souche, la durée des périodes d'intérêts des Titres, le taux d'intérêt applicable ainsi que sa méthode de calcul pourront varier ou rester identiques, selon le cas. Les Titres pourront comporter un taux d'intérêt maximum, un taux d'intérêt minimum ou les deux à la fois. Les Titres pourront porter intérêt à différents taux au cours de la même période d'intérêts grâce à l'utilisation de périodes d'intérêts courus. Toutes ces informations figureront dans les Conditions Définitives concernées.*

**Titres à Taux Fixe :**

*Les intérêts fixes seront payables à terme échu à la date ou aux dates pour chaque année indiquées dans les Conditions Définitives concernées.*

**Titres à Taux Variable :**

*Les Titres à Taux Variable porteront intérêt au taux déterminé pour chaque Souche de la façon suivante :*

- (i) sur la même base que le taux variable applicable à une opération d'échange de taux d'intérêt notionnel dans la Devise Prévues concernée, conformément à la Convention Cadre FBF de 2007 telle que publiée par la Fédération Bancaire Française, ou*
- (ii) sur la même base que le taux variable applicable à une opération d'échange de taux d'intérêt notionnel dans la Devise Prévues concernée, conformément à une convention incluant les Définitions ISDA 2006 telles que publiées par l'International Swap and Derivatives Association, Inc., ou*
- (iii) sur la base d'un taux de référence apparaissant sur une page écran convenue d'un service de cotation commercial (incluant mais non limité à l'EURIBOR, l'EONIA, le LIBOR, le CMS ou le TEC), ou*
- (iv) sur tout autre base ou référentiel tel que spécifié par les Conditions Définitives concernées,*

*dans chaque cas augmenté ou diminué de la marge éventuellement applicable, et calculé et payable conformément aux Conditions Définitives concernées. Les Titres à Taux Variable pourront aussi avoir un taux d'intérêt maximum, un taux d'intérêt minimum, ou les deux.*

**Titres à Coupon Zéro :**

*Les Titres à Coupon Zéro pourront être émis au pair ou en dessous du pair et ne porteront pas intérêt.*

**Titres Libellés en Deux Devises :**

*Les paiements relatifs aux Titres Libellés en Deux Devises (que ce soit en principal ou intérêts, à échéance ou autrement) seront effectués selon les taux de conversion et dans les devises prévus dans les Conditions Définitives concernées.*

**Titres Référencés sur un Indice :**

*Les paiements en principal de Titres à Remboursement Référencé sur un Indice ou les paiements d'intérêts relatifs aux Titres à Coupon Référencé sur*

un Indice seront calculés par référence à l'indice et/ou à la formule décrits dans les Conditions Définitives concernées. Les "**Titres à Remboursement Référencé sur un Indice**", qui ne peuvent constituer des Titres Subordonnés entrant dans la composition des fonds propres complémentaires ou surcomplémentaires, sont des titres dont le remboursement de principal sera calculé par référence à un indice et/ou une formule et les "**Titres à Coupon Référencé sur un Indice**" (avec les Titres à Remboursement Référencé sur un Indice, les "**Titres Référencés sur un Indice**") sont des titres dont les intérêts seront calculés par référence à un indice et/ou une formule.

- Autres Titres :** Les modalités des Titres à taux d'intérêt élevé, à faible taux d'intérêt, à taux d'intérêt croissant ou décroissant, les Titres libellés en deux devises inversées, les Titres libellés en deux devises optionnelles, les Titres partiellement libérés ou tout autre type de Titres que l'Emetteur et tout(s) Agent(s) Placeur(s) conviendrait(en)t d'émettre dans le cadre du présent Programme seront détaillées dans les Conditions Définitives concernées.
- Redénomination:** Les Titres libellés dans une devise de l'un quelconque des Etats Membres de l'UE participant à la troisième phase (ou toute phase ultérieure) de l'Union économique et monétaire pourront être relibellés en euros, tel que décrit plus amplement au paragraphe 1(d) des "Termes et Conditions".
- Consolidation :** Les Titres d'une Série pourront être consolidés avec des Titres d'une autre Série selon les modalités décrites plus amplement au paragraphe 15 (b) des "Termes et Conditions".
- Forme des Titres :** Les Titres peuvent être émis soit sous forme de titres dématérialisés ("Titres Dématérialisés"), soit sous forme de titres matérialisés ("Titres Matérialisés").
- Les Titres Dématérialisés pourront, au gré de l'Emetteur, être émis au porteur ou au nominatif et, dans ce dernier cas, au gré du titulaire concerné, soit au nominatif pur soit au nominatif administré. Aucun document matérialisant la propriété des Titres Dématérialisés ne sera émis. Se reporter aux "Modalités des Titres - Forme, valeur nominale, propriété et redénomination".
- Les Titres Matérialisés seront uniquement émis au porteur. Un Certificat Global Temporaire relatif à chaque Tranche de Titres Matérialisés sera initialement émis. Les Titres Matérialisés pourront être émis hors de France uniquement.
- Droit Applicable :** Droit français.
- Systèmes de compensation :** Euroclear France en qualité de dépositaire central pour les Titres Dématérialisés et, pour les Titres Matérialisés, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation que l'Emetteur, l'Agent Financier et l'Agent Placeur concerné conviendraient de désigner.
- Création des Titres Dématérialisés :** La Lettre Comptable relative à chaque Tranche de Titres Dématérialisés devra être déposée auprès d'Euroclear France en sa qualité de dépositaire central un jour ouvrable à Paris avant la date d'émission de cette Tranche.
- Création des Titres Matérialisés :** Au plus tard à la date d'émission de chaque Tranche de Titres Matérialisés, le Certificat Global Temporaire relatif à cette Tranche devra être déposé auprès d'un dépositaire commun à Euroclear et Clearstream, Luxembourg, ou auprès de tout autre système de compensation, ou encore pourra être remis en dehors de tout

système de compensation sous réserve qu'un tel procédé ait fait l'objet d'un accord préalable entre l'Emetteur, l'Agent Financier et l'(les) Agent(s) Placeur(s) concerné(s).

**Prix d'Emission :** Les Titres pourront être émis au pair, en dessous du pair ou assortis d'une prime d'émission. Des Titres Partiellement Libérés pourront également être émis, dans ce cas le Prix d'émission sera payable en deux ou plusieurs versements.

**Cotation et admission aux négociations :** Une demande d'admission aux négociations sur le Marché Réglementé de la Bourse de Luxembourg et à la cotation sur la Liste Officielle de la Bourse de Luxembourg concernant les Titres à émettre dans le cadre du Programme, a été déposée auprès de la Bourse de Luxembourg. Les Titres pourront faire l'objet d'une admission aux négociations sur tout autre marché réglementé de l'EEE au sens de la Directive Prospectus ou tout autre marché non réglementé, tel qu'indiqué dans les Conditions Définitives concernées. Les Conditions Définitives concernées pourront prévoir qu'une Souche de Titres ne fera l'objet d'aucune admission aux négociations et cotation.

**Offre au public:** Les Titres pourront être offerts au public dans tout Etat membre de l'Espace Economique Européen, seulement lorsque cela sera indiqué dans les Conditions Définitives concernées et conformément aux lois et règlements applicables.

**Notation :** Les Titres émis dans le cadre de ce Programme pourront faire l'objet d'une notation. La notation, s'il y en a une, sera précisée dans les Conditions Définitives concernées. Une notation ne représente pas une recommandation d'acheter, de vendre ou de détenir les valeurs mobilières concernées et peut, à tout moment, être suspendue, modifiée ou retirée par l'agence de notation concernée.

**Restrictions de Vente :** Il existe des restrictions concernant l'offre et la vente des Titres ainsi que la diffusion des documents d'offre dans différents pays. Se reporter à la section "Souscription et Vente". Dans le cadre de l'offre et la vente d'une Tranche donnée, des restrictions de vente supplémentaires peuvent être imposées et seront alors indiquées dans les Conditions Définitives concernées.

L'Emetteur relève de la Catégorie 2 pour les besoins de la Réglementation S de la Loi Américaine sur les Valeurs Mobilières de 1933 (Regulation S under the United States Securities Act of 1933), telle que modifiée (la "Loi Américaine sur les Valeurs Mobilières").

Les Titres Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (U.S. Treas. Reg.) §1.163-5(c)(2)(i)(D) (les "**Règles D**") sauf dans le cas où (i) les Conditions Définitives concernées stipulent que ces Titres Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (U.S. Treas. Reg.) §1.163-5(c)(2)(i)(C) (les "**Règles C**"), et dans le cas où (ii) ces Titres Matérialisés ne sont pas émis en conformité avec les Règles C ou les Règles D mais dans des conditions telles qu'ils ne constituent pas des obligations dont l'enregistrement est requis par la loi américaine de 1982 sur l'équité d'imposition et la responsabilité fiscale (United States Tax Equity and Fiscal Responsibility Act of 1982) ("**TEFRA**"), auquel cas les Conditions Définitives concernées préciseront que les règles TEFRA ne s'appliquent pas à l'opération.

Les règles TEFRA ne s'appliquent pas aux Titres Dématérialisés qui ne constituent pas des titres au porteur pour les besoins de la réglementation fiscale américaine .

**Facteurs de risque :****Facteurs de risque liés à l'Emetteur et à ses activités**

*Un certain nombre de facteurs pourrait modifier parfois substantiellement les résultats réels par rapport à ceux anticipés. Les facteurs suivants ne doivent pas être regardés comme un état complet et exhaustif de tous les risques potentiels et de toutes les incertitudes auxquels pourraient faire face les activités de l'Emetteur.*

*Changement des conditions économiques générales dans les marchés dans lesquels l'Emetteur opère tels que les changements dans les taux de change, la volatilité des taux d'intérêt (incluant notamment la crise financière relative à la dette souveraine), la volatilité dans les marchés actions, un manque de liquidité sur le marché monétaire en période de crise politique ou économique, une absence de liquidité et une pression à la baisse des prix sur les marchés immobiliers français et de la zone euro, particulièrement sur le marché immobilier des particuliers, des récessions et des fluctuations du taux de chômage et tendance consumériste à recourir au crédit, et concurrence sur les prix dans les segments de marché où l'Emetteur intervient.*

*Les trois principaux risques structurels à savoir les risques de taux d'intérêt, de taux de change et de liquidité (à l'exclusion des cas de trading), sont l'exposition de l'Emetteur aux risques de change internationaux, l'exposition de la liquidité de l'Emetteur et l'exposition de l'Emetteur sur les taux d'intérêt.*

*Les changements dans la réglementation et la politique du gouvernement sont décrits dans les Facteurs de Risques.*

*Facteurs spécifiques à l'Emetteur : la capacité de l'Emetteur à identifier précisément les risques auxquels il doit faire face, tels que l'incidence de pertes ou de délits au titre de prêts et de gérer ces risques. La gestion effective des risques dépend entre autres de la capacité de l'Emetteur grâce à des tests de simulation et à d'autres techniques à se préparer à des événements qui ne peuvent pas être appréhendés par des modèles statistiques qu'il utilise.*

**Facteurs de risque liés aux Titres**

*Certains facteurs sont significatifs pour évaluer les risques liés aux Titres émis dans le cadre du Programme, notamment:*

- *les risques liés à l'investissement : les Titres pourraient ne pas être adaptés à tous les investisseurs. Les investisseurs potentiels doivent être conscients des risques liés à l'investissement dans tout Titre avant de prendre leur décision d'investissement ;*
- *les risques liés à la structure de certaines émissions de Titres ;*
- *les risques généraux liés aux Titres ;*
- *les risques généraux relatifs aux marchés (risque de liquidité, risques de change, risque de taux et de crédit).*

*Pour une description détaillée des facteurs de risques, se reporter à la section "Facteurs de Risques" ci-après.*

**Documents accessibles au public :**

*Tant que des Titres pourront être émis dans le cadre du Programme, des copies des documents relatifs à l'Emetteur (notamment les statuts et les états financiers), du présent Prospectus de Base, de tout supplément au Prospectus de Base, des Conditions Définitives des Titres cotés et admis aux négociations sur un Marché Réglementé de l'EEE et/ou offerts au public*

*dans un Etat Membre de l'EEE conformément à la Directive Prospectus, et du Contrat de Service Financier seront, une fois publiés, disponibles aux heures habituelles d'ouverture des bureaux, un quelconque jour de la semaine (à l'exception des samedis, dimanches et des jours fériés) au siège social de l'Emetteur et dans les bureaux désignés de l'(des) Agent(s) Payeur(s).*

*Le Prospectus de Base, tout supplément au Prospectus de Base et les Conditions Définitives des Titres cotés et admis à la négociation sur un Marché Réglementé de l'EEE et/ou offerts au public dans un Etat Membre de l'EEE seront également disponibles sur le site de l'Emetteur ([www.hsbc.fr](http://www.hsbc.fr)) et de la Bourse de Luxembourg ([www.bourse.lu](http://www.bourse.lu)).*

## RISK FACTORS

### RISK FACTORS RELATING TO THE ISSUER

Risk factors in connection with the Issuer are set out in details on pages 57 to 62 and 128 to 150 of the English translation of the Issuer's 2009 *Document de Référence* and on pages 4, 20 to 31 of the English translation of the Issuer's *Actualisation du Document de Référence 2009* which are incorporated by reference in this Base Prospectus.

### RISK FACTORS RELATING TO THE NOTES

*The following paragraphs describe the principal risk factors that the Issuer believes material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and consult their own financial and legal advisers about risks associated with investments in a particular Series of Notes and the suitability of investing in the Notes in light of their particular situation. These risk factors may be supplemented in the Final Terms 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 must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) 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 Base Prospectus or any applicable supplement to this Base Prospectus and the relevant Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (iii) 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 where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) 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.

#### 2. Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

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

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

The redeemed face amount of the Notes may be lower than the purchase price for 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. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed, and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Fixed Rate Notes*

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

#### *Floating Rate Notes*

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base 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 Final Terms) 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.

#### *Equity Linked Notes and ADR Linked Notes*

Equity Linked Notes and ADR Linked Notes differ from ordinary debt securities in that the amount of principal and/or interest payable by the relevant Issuer upon redemption (whether at maturity or earlier) will be linked to the market value of the underlying security(ies) at such time and may be less than the full amount of investors' initial investment and result in investors not receiving repayment of all or any of their initial investment in Equity Linked Notes and/or ADR Linked Notes.

#### *Equity Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon the price of, or changes in the price of, share(s) or a basket of shares or where, depending on the price of or change in the price of shares or the basket of shares, on redemption the Issuer's obligation is to deliver specified assets (Equity Linked Notes).

Potential investors in any such Notes should be aware that depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the share or basket of shares may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share(s) 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 price of the share(s), the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share(s) on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share(s), the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share(s) as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares may be traded.

*Index Linked Notes, Dual Currency Notes and other Notes the performance of which is linked to a Relevant Factor*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates, indices or other factors (each, a "**Relevant Factor**"). In addition, 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. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified;
- (vii) the timing of changes in a Relevant Factor 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 Factor, the greater the effect on yield; and
- (viii) if a Relevant Factor is subject to a barrier or target or its operation is limited to a specified range, its effect on the value of the Notes maybe accordingly limited, possibly preventing an increase in such value which would otherwise apply.

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. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in the light of its particular circumstances.

*Fluctuations in the value of the Underlying*

Fluctuations in the price, value and/or level of Relevant Assets and Relevant Factors will affect the value of Notes. Also, due to the character of the particular markets on which Reference Assets may be traded, the absence of last sale information and the limited availability of quotations for such Reference Assets may make it difficult for many investors to obtain timely, accurate data for the price or yield of such Reference Assets. Purchasers of Notes risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

*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.

*Certain Considerations Regarding Hedging*

Prospective 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 liquidate securities in a portfolio at the prices used to calculate the value of any relevant Reference Asset.

#### *Potential Conflicts of Interest*

The Issuer or affiliates of the Issuer may from time to time 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 other 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 Notes 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, certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of holders of Notes.

#### *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 valuation provided in any Notes may have an adverse effect on the value of such Notes.

#### *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 includes 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 Asset 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.

#### *The volatility of the Reference Assets or Relevant Factors*

If the volatility of 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.

#### *Partly-Paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of his investment.

#### *Variable Rate Notes with a multiplier or other leverage factor*

Notes 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.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than 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.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes 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 will 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 on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may 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 then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *The Issuer's obligations under Subordinated Notes are subordinated*

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated creditors. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment in the event of voluntary liquidation or judicial liquidation (*liquidation judiciaire*) of the Issuer.

### *Subordinated Notes issued under the Programme may be Undated*

Undated Subordinated Notes have no fixed redemption or maturity date. Nevertheless, the Notes may, in certain circumstances, be redeemed in whole or in part for certain tax reasons or in other circumstances as specified in the Final Terms.

### *Structured Notes*

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Notes.

The prices at which Zero Coupon Notes, as well as other Notes issued at a substantial discount from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do the prices for conventional interest-bearing securities of comparable maturities.

## **3. Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

### *Modification of the Conditions*

Except as otherwise provided by the relevant Final Terms, 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 Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority. The General Meeting may deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 13.

### *EU Savings Directive*

On 3 June 2003, the Council of the European Union adopted the Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member, as from 1 July 2005, to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under certain circumstances to the benefit of) an individual resident in another Member State, except that Belgium, Luxembourg and Austria are instead required to operate a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information. Nevertheless, since 1 January 2010, Belgium no longer applies the levy on interest payments to beneficial owners who are residents of another Member State, but applies the automatic exchange of information under the Directive.

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

The rate of such withholding tax was initially 15% (fifteen per cent.) until 30 June 2008, increasing steadily to 20% (twenty per cent.) as from 1 July 2008 and to 35% (thirty-five per cent.) as from 1 July 2011 until the end of a transitional period, which will end if and when the European Union enters into agreements on exchange of information upon request with a number of third countries and territories (including, inter alia, the United States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

If a payment were to be made or collected through a 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. If a withholding tax is imposed on payment made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirements described above.

### *Change of law*

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus.

### *French Insolvency Law*

Except as otherwise provided by the relevant Final Terms, holders of Notes 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 as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no. 2009-160 dated 12 February 2009, 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*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened 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 (such as the Programme) and regardless of their governing law.

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

- increase the liabilities (charges) of holders of debt securities (including the Noteholders) by rescheduling payments which are due and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders which have cast a vote at such Assembly). No quorum is required to hold the Assembly. No quorum is required to convoke of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus and, if applicable, the relevant Final Terms will only be applicable to the extent they do not conflict with compulsory insolvency law provisions that apply in these circumstances.

#### **4. Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *Market value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and 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 an index, or the dividend on the securities taken up in the index, market interest and yield rates 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 taken up in the index, or the index are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of the reference assets or an index should not be taken as an indication of the reference assets' or an index's future performance during the term of any Note.

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in 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 significantly change (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 applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*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 structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

*Legal investment considerations may restrict certain investments*

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

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously published and filed with the CSSF and which are incorporated in, and shall be deemed to form part of, this Base Prospectus:

- the English translation of the Issuer's 2009 *Document de référence* filed with the *Autorité des marchés financiers* on 29 April 2010 under No. D. 10-0367 (the "**2009 Registration Document**");
- the English translation of the *Actualisation du Document de référence* 2009 filed with the *Autorité des marchés financiers* on 31 August 2010 under No. D. 10-0367-A01 (the "**2010 Update to the Registration Document**"); and
- the English translation of the Issuer's 2008 *Document de référence* filed with the *Autorité des marchés financiers* on 29 April 2009 under No D. 09-0344 (the "**2008 Registration Document**")

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

All documents incorporated by reference in this Base Prospectus may be obtained, without charge on request, at the principal office of the Issuer and the Paying Agent set out at the end of this Base Prospectus during normal business hours so long as any of the Notes are outstanding. In addition such documents will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

### CROSS REFERENCE LIST

INFORMATION INCORPORATED BY REFERENCE Annex XI of the European Regulation 809/2004/EC	REFERENCE
<b>2. STATUTORY AUDITORS</b>	2010 Update to the Registration Document page 40. 2009 Registration Document page 200. 2008 Registration Document page 184.
<b>3. RISK FACTORS</b>	2010 Update to the Registration Document pages 20-31. 2009 Registration Document pages 57 to 62, 128 to 150.
<b>4. INFORMATION ABOUT THE ISSUER</b>	
<b><u>4.1. History and development of the Issuer</u></b>	2009 Registration Document page 181, 179.
<b><u>4.1.2. Place of registration of the Issuer and its registration number</u></b>	2009 Registration Document page 179.

<b><u>4.1.5. Recent Developments</u></b>	2009 Registration Document page 198. Page 38 of the Base Prospectus.
<b>5. BUSINESS OVERVIEW</b>	
<b><u>5.1. Principal activities:</u></b>	2010 Update to the Registration Document pages 3 to 6. 2009 Registration Document pages 2 to 7.
<b><u>5.1.2. New product and/or activities:</u></b>	2010 Update to the Registration Document page 3 to 6.
<b><u>5.1.3. Principal markets:</u></b>	2010 Update to the Registration Document pages 3 to 6. 2009 Registration Document pages 2 to 7.
<b>6. ORGANISATIONAL STRUCTURE</b>	2009 Registration Document pages 2 to 7, 162 to 170.
<b>7. TREND INFORMATION</b>	2010 Update to the Registration Document page 38. 2009 Registration Document pages 198 to 199.
<b>9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>	2009 Registration Document pages 8 to 19.
<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>	2009 Registration Document pages 8 to 19.
<b>10. MAJOR SHAREHOLDERS</b>	2009 Registration Document pages 20, 184.
<b>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
<b><u>Interim and other financial information for the period ended 30 June 2010</u></b>	
<b>- Balance sheet</b>	2010 Update to the Registration Document page 9.
<b>- Income statement</b>	2010 Update to the Registration Document page 7.
<b>- Cash flow statement</b>	2010 Update to the Registration Document page 12.
<b>- Notes</b>	2010 Update to the Registration Document pages 13 to 36.
<b>- Auditors' review report relating to the above</b>	2010 Update to the Registration Document page 37.
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2009</u></b>	
<b>- Balance sheet</b>	2009 Registration Document page 66.
<b>- Income statement</b>	2009 Registration Document page 64, 65.
<b>- Cash flow statement</b>	2009 Registration Document page 68.

- Notes	2009 Registration Document pages 69 to 155.
- Auditors' report relating to the above	2009 Registration Document pages 156 to 157.
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2008</u></b>	
- Balance sheet	2008 Registration Document page 60.
- Income statement	2008 Registration Document page 59.
- Cash flow statement	2008 Registration Document page 62.
- Notes	2008 Registration Document pages 63 - 141.
- Auditors' report relating to the above	2008 Registration Document page 142-143.
<b>12. MATERIAL CONTRACTS</b>	2009 Registration Document page 181.

## RECENTS DEVELOPMENTS

As from the date of this Base Prospectus, the following persons are no longer part of the Executive Committee:

Caroline Brousse

Philippe Duban

Philippe Henry

Chantal Nedjib

and the following persons have joined the Executive Committee, with the following functions:

Alan Beattie: Head of Strategy

Jonathan Mullen: Head of Communication

Laurent Tignard: Head of Asset Management.

The abovementioned persons are located at the same business address and are subject to the same conflicts of interest as the other members of the Executive Committee.

## SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to the provisions of Article 13 of the *loi relative aux prospectus pour valeurs mobilières* in Luxembourg implementing Article 16 of the Prospectus Directive, following the occurrence of a new factor, a material mistake or inaccuracy or omission relating to the information included in this Base Prospectus (including the "Terms and Conditions" of the Notes) which is capable of affecting the assessment of any notes whose inclusion would reasonably be required by investors and their professional advisers, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be admitted to trading on the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange or on a Regulated Market of a Member State of the EEA or to be offered to the public in Luxembourg or in any Member State of the EEA, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Final Terms, will be subject to the "Terms and Conditions of the Notes" set out on pages 47 to 108.*

*Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this general description.*

**Issuer:** HSBC France.

**Arranger:** HSBC Bank plc.

**Dealers:** HSBC Bank plc.  
HSBC France.

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a Member State of the European Union ("EU") and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such Member State may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

**Description:** Euro Medium Term Note Programme.

**Programme Limit:** Up to € 20,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

**Fiscal Agent and Principal Paying Agent:** HSBC Bank plc.

**Paris Paying Agent:** HSBC France.

**Luxembourg Paying Agent :** BNP Paribas Securities Services, Luxembourg Branch

**Method of Issue:** The Notes may be offered to the public or not and/or listed and admitted to trading or not, and in each case may be issued on a syndicated or non-syndicated basis.

The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.

**Maturities:** Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month from the date of original issue as specified in the relevant Final Terms except (i) in the case of

Subordinated Notes whose proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(c) of *Règlement* no. 90-02 dated 23 February 1990, as amended, of the *Comité de la réglementation bancaire et financière* (the "**CRBF Regulation**") ("**Upper Tier 2 Capital**") which will have no maturity, (ii) in the case of Subordinated Notes whose proceeds constitute *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation ("**Lower Tier 2 Capital**") which minimum maturity will be of five years and one day, (iii) in the case of Subordinated Notes whose proceeds constitute *fonds propres surcomplémentaires* within the meaning of Article 5 *ter* III of the CRBF Regulation ("**Tier 3 Capital**") which minimum maturity will be of two years and one day, or (iv) in any case such other minimum maturity as may be required by the applicable legal and/or regulatory requirements.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, US dollars, Japanese yen, Swiss Francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealer(s).

**Denomination:**

Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that all Notes which are to be listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 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 denomination only.

**Status of the Unsubordinated Notes:**

Unsubordinated Notes and, where applicable, any relative Coupons and Receipts, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

**Status of the Subordinated Notes:**

Subordinated Notes (which term shall include both Subordinated Notes with a specified maturity date ("**Dated Subordinated Notes**") and Subordinated Notes without a specified maturity date ("**Undated Subordinated Notes**")) will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future unsecured and subordinated obligations of the Issuer with the exceptions of the *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer.

The relevant Final Terms may state that Subordinated Notes will be eligible as Upper Tier 2, Lower Tier 2 or Tier 3 Capital.

If so specified in the relevant Final Terms, the payment of interest in respect of Undated Subordinated Notes may be deferred in accordance with the provisions of Condition 6(i).

- Events of Default:** The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Condition 11(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 11(b).
- Redemption Amount:** Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.
- Optional Redemption:** The Final Terms issued in respect of each issue of each Tranche will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.
- Redemption by Instalments:** The Final Terms issued in respect of each Tranche that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
- Early Redemption:** Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons and, in respect of Subordinated Notes, subject to the approval of the ACP and the prior notification of the FSA.
- Taxation:**
1. All payments of principal, interest and other revenues 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 consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des impôts*) 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 *Code général des impôts* 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 *Code général des impôts* (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 *Code général des impôts*.
- 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 domiciled or 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 *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* of the French *Code général des impôts*, 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*) no. 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 *Code monétaire et financier* 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 *Code monétaire et financier*, 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 that are issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France before 1 March 2010 with the benefit of Article 131 *quater* of the French *Code général des impôts* will be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

In addition, interest and other revenues paid by the Issuer on Notes issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* 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.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by the 2007 FBF Master Agreement, as published by the <i>Fédération Bancaire Française</i>, or</li> <li>(ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or</li> <li>(iii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, EURIBOR, EONIA, LIBOR, CMS or TEC), or</li> <li>(iv) on such other basis or benchmark as may be specified in the applicable Final Terms,</li> </ul> <p>in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate Notes may also have a maximum rate of interest, a minimum rate of interest or both.</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
<b>Dual Currency Notes:</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.</p>
<b>Index Linked Notes:</b>	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms. "<b>Index Linked Redemption Notes</b>", which may not be Subordinated Notes constituting <i>fonds propres complémentaires</i> or <i>fonds propres surcomplémentaires</i>, are Notes in respect of which amounts of principal shall be calculated by reference to an index and/or formula, and "<b>Index Linked Interest Notes</b>" (together with Index Linked Redemption Notes, "<b>Index Linked Notes</b>") are Notes in respect of which amounts of interest shall be calculated by reference to an index and/or formula.</p>
<b>Other Notes:</b>	<p>Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.</p>
<b>Redenomination:</b>	<p>Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in Condition 1 (d).</p>
<b>Consolidation:</b>	<p>Notes of one Series may be consolidated with Notes of another Series as more fully provided in Condition 15 (b).</p>
<b>Form of Notes:</b>	<p>Notes may be issued in either dematerialised form ("<b>Dematerialised Notes</b>") or in materialised form ("<b>Materialised Notes</b>").</p> <p>Dematerialised Notes may, at the option of the Issuer, be issued in bearer form (<i>au porteur</i>) or in registered form (<i>au nominatif</i>) and, in such latter case, at the</p>

option of the relevant holder, in either fully registered form (*au nominatif pur*) or administered registered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes See "Terms and Conditions of the Notes - Form, Denomination, Title and Redomination".

Materialised Notes will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.

<b>Governing Law:</b>	French law.
<b>Clearing Systems:</b>	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
<b>Initial Delivery of Dematerialised Notes:</b>	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
<b>Initial Delivery of Materialised Notes:</b>	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
<b>Listing and admission to trading:</b>	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may be admitted to trading on any other Regulated Market in the EEA in accordance with the Prospectus Directive or on an unregulated stock exchange or market, as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted and not admitted to trading.
<b>Offer to the public:</b>	The Notes may be offered to the public in any Member State of the EEA only if so specified in the relevant Final Terms and in accordance with any applicable laws and regulations.
<b>Rating:</b>	Notes issued under the Programme may, or may not, be rated. The rating (if any) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.
<b>Selling Restrictions:</b>	There are restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.
	The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes which are not in bearer form for US tax purposes do not require compliance with the TEFRA Rules.

**Available information:**

So long as Notes are capable of being issued under the Programme, copies of documents relating to the Issuer (notably *statuts* and financial statements), this Base Prospectus together with all supplements thereto from time to time and the Final Terms related to Notes listed and admitted to trading on a Regulated Market of the EEA or offered to the public in a Member State of the EEA, in each case in accordance with the Prospectus Directive, and the Agency Agreement will, when published, be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s).

The Base Prospectus together with all supplements thereto from time to time and the Final Terms related to Notes listed and admitted to trading on a Regulated Market of the EEA or offered to the public in a Member State of the EEA, in each case in accordance with the Prospectus Directive will be available on the website of the Issuer ([www.hsbc.fr](http://www.hsbc.fr)) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms (and subject to simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so completed shall be endorsed on Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below. References in the 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**") on a syndicated or non syndicated basis, in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), 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 of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder and supplemented, where necessary, with supplemental terms and conditions which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the final terms of such Tranche (the "**Final Terms**").

The Notes are issued with the benefit of an amended and restated agency agreement dated 5 October 2010 (the "**Agency Agreement**") between the Issuer, HSBC Bank plc as fiscal agent and principal paying 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 Physical Delivery Notes (as defined below) to a settlement agent (the "**Settlement Agent**"). The holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the "**Talons**") for further Coupons and the holders of the 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**".

For the purposes of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a member state of the European Economic Area ("**EEA**") as defined in the markets in financial instruments directive 2004/39/EC.

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

#### (a) *Form*

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

- (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 *et seq.* of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer, in either bearer form (*au porteur*), which will be inscribed 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 latter case, at the option of the relevant holder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

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

- (ii) Materialised Notes are issued in bearer form only. Materialised Notes in definitive form ("**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 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 Code monétaire et financier, securities (such as Notes constituting obligations under French law) in materialised form and governed by French law must 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 may be specified in the relevant Final Terms.

- (iii) The Notes may be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Zero Coupon Notes**", "**Index Linked Notes**" (including both "**Index Linked Interest Notes**", in respect of which amounts of interest shall be calculated by reference to an index and/or formula, and "**Index Linked Redemption Notes**" in respect of which amounts of principal due under the Notes shall be calculated by reference to an index and/or formula), "**Dual Currency Notes**", "**Partly Paid Notes**" or a combination of any of the foregoing, depending on the Interest Basis (as defined in the relevant Final Terms) and the redemption method specified in the relevant Final Terms.

- (b) *Denomination(s)*

Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the "**Specified Denomination(s)**"), save that all Notes which are to be listed and admitted to trading on a Regulated Market within the EEA and/or offered to the public in any Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may

be allowed or required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Notes having a maturity of less than one year in respect of which the issue proceeds are to be accepted in the United Kingdom will 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.

(c) *Title*

- (i) 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.
- (ii) Title to Definitive Materialised Notes, including, where appropriate, Receipt(s), Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), 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, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions,

"**Noteholder**" or, as the case may be, "holder of any Note" means (a) in the case of Dematerialised Notes, the individual or entity whose name appears in 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 Definitive Materialised Note and the Coupons, Receipts or Talons relating to it.

"**outstanding**" means, in relation to Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these 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, Arrears of Interest, as the case may be, and any interest payable after such date) have been duly paid as provided in Condition 7, (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 in the 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 shall have been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

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

(d) *Redenomination*

- (i) The Issuer may (if so specified in the relevant Final Terms), on any date, without the consent of the holder of any Note, Coupon, Receipt or Talon, by giving at least 30 days' notice in accordance with Condition 16 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC"), as amended from time to time (the "Treaty") or events have occurred which have substantially the same effects (in either case, "EMU"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as more fully described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resulting figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to holders of Notes in accordance with Condition 16. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of Notes by the Issuer.
- (iii) Upon redenomination of the Notes, any reference hereon to the relevant national currency shall be construed as a reference to Euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 15, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 15 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated Euromarket debt obligations 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 Notes, Receipts, Coupons and Talons and shall be notified to holders of Notes in accordance with Condition 16 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to

or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

## 2. Conversions and Exchanges of Notes

### (a) *Dematerialised Notes*

Dematerialised Notes issued in bearer form (*au porteur*) may not be converted into Dematerialised Notes in registered form, whether in fully registered form (*au nominatif pur*) or in administered registered form, (*au nominatif administré*).

Dematerialised Notes issued in registered form (*au nominatif*) may not be converted into Dematerialised Notes in bearer form (*au porteur*).

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 shall be made in accordance with Article R.211-4 of the French *Code monétaire et financier*. Any such conversion shall be effected at the cost of such holder.

### (b) *Materialised Notes*

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination (as defined in the relevant Final Terms).

## 3. Status

The obligations of the Issuer under the Notes may be either unsubordinated ("**Unsubordinated Notes**") or subordinated ("**Subordinated Notes**"), as specified in the relevant Final Terms.

### (a) *Status of Unsubordinated Notes*

The Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

### (b) *Status of Subordinated Notes*

Payments of principal and interest in respect of Subordinated Notes (which term shall include both Subordinated Notes with a specified maturity date ("**Dated Subordinated Notes**") and Subordinated Notes without a specified maturity date ("**Undated Subordinated Notes**")) are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future unsecured, unconditional, and subordinated obligations of the Issuer with the exceptions of the *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer. Subject to applicable law, in the event of judicial liquidation (*liquidation judiciaire*) of the Issuer or the liquidation of the Issuer for any other reason, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of the unsubordinated creditors of the Issuer but, subject to such payment in full, the holders of Subordinated

Notes shall be paid in priority to any lenders in relation to *prêts participatifs* granted to the Issuer and to any holders of *titres participatifs* issued by the Issuer. In the event of an incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated. Subject to applicable law, no holder of any Subordinated Note, Receipt or Coupon may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with such Note, Receipt or Coupon (as the case may be), and any such holder shall be deemed to have waived all such rights of set-off, compensation or retention. The holders of Subordinated Notes shall take all steps necessary for the enforcement of their rights in any collective proceedings or voluntary liquidation.

The relevant Final Terms will specify, in the case of issuance of Subordinated Notes, whether the proceeds of the issue of such Subordinated Notes will count as (i) *fonds propres complémentaires* within the meaning of Article 4(c) of the *Comité de la Réglementation Bancaire et Financière* ("**CRBF**") Regulation no. 90-02 of 23 February 1990 as amended (the "**CRBF Regulation**") ("**Upper Tier 2 Capital**"); (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation ("**Lower Tier 2 Capital**"); or (iii) *fonds propres surcomplémentaires* within the meaning of Article 5 *ter* III of the CRBF Regulation ("**Tier 3 Capital**"), if such Regulation is applicable.

The proceeds of the issue of Undated Subordinated Notes may be used, as it will be set out in the relevant Final Terms, for off-setting losses of the Issuer and, thereafter, to allow it to continue its activities in accordance with French banking regulations. The proceeds of such issues will be classed amongst the funds of the Issuer in accordance with article 4(c) of the CRBF Regulation. This provision does not in any way affect any French law applicable to accounting principles relating to allocation of losses nor the duties of the shareholders and does not in any way affect the rights of the Noteholders to receive payment of principal and interest under the Notes in accordance with the terms and conditions of the relevant Notes.

The relevant Final Terms may also provide for additions or variations to the Conditions applicable to the Subordinated Notes in order to comply with chapter 2 of the General Prudential Sourcebook published by the FSA (as amended and supplemented from time to time), to the extent applicable.

For the purposes of these Conditions, "**FSA**" means the UK Financial Services Authority or any successor authority responsible for the supervision of institutions authorised under the Financial Services and Markets Act 2000 as amended from time to time.

#### 4. **Interest and other Calculations**

##### *Definitions*

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

"**Benchmark**" means the Reference Rate as set out in the relevant Final Terms.

"**Business Day**" means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system or any successor thereto (the "**TARGET 2 System**") is operating (a "**TARGET Business Day**"), and/or

- (ii) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or
- (iii) in the case of a Specified Currency and/or one or more business centre(s) specified in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

**"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) (whether or not constituting an Interest Period, the "**Calculation Period**"):

- (i) if "**Actual/Actual**", "**Actual/Actual-ISDA**", "**Act/Act**" or "**Act/Act-ISDA**" or "**Actual/365-FBF**" is specified in the relevant Final Terms, the actual number of days 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 portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) if "**Actual/Actual-ICMA**" or "**Act/Act-ICMA**" is specified in the relevant Final Terms:
  - (A) 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
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) 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
    - (y) 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 Determination Date in any year to but excluding the next Determination Date and "**Determination Date**" means the date specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

- (iii) if "**Actual/Actual-FBF**" is specified in the relevant Final Terms, 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 year, the basis shall be calculated as follows:

- the number of complete years shall be counted back from the last day of the Calculation Period;
  - this number shall be increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition.
- (iv) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365.
- (v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360.

- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

"Y2" is the year, expressed as a number, in which the day immediately following the last day included 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 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 the Calculation Period, unless such number would be 31 and D1 greater than 29, in which case D2 will be 30.

- (vii) if "**30/360-FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for 30<sup>E</sup>/360-FBF, 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 30<sup>th</sup> nor the 31<sup>st</sup>, the last month of the Calculation Period shall be deemed to be a month of 31 days.

The fraction is:

If dd2 = 31 and dd1 ≠ (30,31)

then :

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

or

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

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

- (viii) if "**30<sup>E</sup>/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

"Y2" is the year, expressed as a number, in which the day immediately following the last day included 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 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 the Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (ix) if "**30<sup>E</sup>/360-FBF**" is specified in the relevant Final Terms, 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 12 months of 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.

Using the same abbreviations as for 30/360-FBF, the fraction is:

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

- (x) if "**30<sup>E</sup>/360-ISDA**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

"Y2" is the year, expressed as a number, in which the day immediately following the last day included 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 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 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 an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty.

"**FBF Definitions**" means the definitions set out in the 2007 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules (*Additifs Techniques*) as published by the *Fédération Bancaire Française* (together the "**FBF Master Agreement**"), unless otherwise specified in the relevant Final Terms.

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

"**Interest 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.

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

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

"**Interest Payment Date**" means the date(s) specified in the relevant Final Terms.

"**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 Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms..

"**Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on

that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

**"Reference Banks"** means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, 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).

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms 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 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 refused) 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 days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms 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 an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**"Specified Currency"** means the currency specified as such in the relevant Final Terms 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 an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(b).

## 5. **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 except as otherwise provided in the relevant Final Terms.

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

## 6. **Interest on Floating Rate Notes, Index-Linked Interest Notes, Equity Linked Notes, Cash Equity Notes, Physical Delivery Notes and ADR Notes**

### (a) *Interest Payment Date*

Each Floating Rate Note, Equity Linked Note, Cash Equity Note and Index Linked Interest Note which bears interest shall do so 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. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms 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 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 Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (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 day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event 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, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that 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 the manner specified in the relevant Final Terms and the provisions below relating to either ISDA

Determination, FBF Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, 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 Final Terms) the Margin (if any). For the purposes of this sub-paragraph (i), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

For the purposes of this sub-paragraph (i), "**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.

(ii) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, 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 Final Terms) the Margin (if any). For the purposes of this sub-paragraph (ii), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a notional 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 Final Terms and
- (B) the Floating Rate Determination Date is as specified in the relevant Final Terms

For the purposes of this sub-paragraph (ii), "**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.

(iii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(A) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

- (1) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
- (2) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date, as disclosed in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (A)(1) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (A)(2) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Final Terms) the Margin (if any); and

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant 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 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 for a period 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 so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest 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 for Index-Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

(e) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer's Option or, if so specified in the relevant Final Terms, pursuant to Condition 7(e) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Final Terms, be the Early Redemption Amount. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(e)(i)).

(f) *Dual Currency Notes, Physical Delivery Notes and American Depositary Receipt Linked Notes*

In the case of (i) Dual Currency Notes (if the rate or amount of interest fails to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange); or (ii) Physical Delivery Notes and American Depositary Receipt Linked Notes, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(g) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(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, payment on such due date; or (ii) in the case of Materialised Notes, payment upon due presentation; and/or (iii) in the case of Physical Delivery Notes delivery of the Physical Delivery Amount, is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.

(i) *Deferral of interest*

Payment of interest on Undated Subordinated Notes may be postponed, if so specified in the relevant Final Terms, in accordance with applicable French banking laws and regulations and, in particular, Article 4 of Regulation no. 90-02 dated 23 February 1990 of the CRBF, as amended from time to time.

Interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 16 and to the relevant Regulated Market(s) of the EEA or to any unregulated stock exchange(s) on which the Notes are listed and admitted to trading, as the case may be. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest not paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**" which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in

accordance with Condition 16 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

- (i) the Interest Payment Date immediately following the first *Assemblée Générale Ordinaire* of the shareholders of the Issuer at which a resolution was passed to pay a dividend on any class of share capital of the Issuer; or
- (ii) (a) a judgment rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or (b) the liquidation of the Issuer for any other reason.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part only, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French *Code civil*, after such interest has accrued for a period of one year) and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Undated Subordinated Notes in respect of each relevant Interest Period. For these purposes the following expressions have the following meanings:

**"Compulsory Interest Payment Date"** means any Interest Payment Date, unless at the *Assemblée Générale Ordinaire* of the shareholders of the Issuer immediately preceding such date which was required to approve the annual accounts of the Issuer for the fiscal year then ended, no resolution was passed to pay a dividend on any class of share capital of the Issuer in respect of such previous fiscal year; and

**"Optional Interest Payment Date"** means any Interest Payment Date other than a Compulsory Interest Payment Date, including in particular, without limitation, any Interest Payment Date if at the *Assemblée Générale Ordinaire* of the shareholders of the Issuer immediately preceding such date which was required to approve the annual accounts of the Issuer for the fiscal year then ended, no resolution was passed to pay a dividend on any class of share capital of the Issuer in respect of such previous fiscal year.

- (j) *Margin, Rate Multipliers, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:*

If any Margin or Rate Multiplier is specified in the relevant Final Terms (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 (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (w) if FBF Determination is specified in the relevant Final Terms, 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) all 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 figures (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), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(k) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest 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 Interest 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.

(l) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination (as defined in the relevant Final Terms) of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, 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 of Notes, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and admitted to trading on a Regulated Market of the EEA or on an unregulated stock exchange and the rules applicable to that Regulated Market or such unregulated stock exchange so require, such Regulated Market or such unregulated stock exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market or such unregulated stock exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b), the Interest 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 any 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.

(m) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 1(c) above). If any Reference Bank (acting through its relevant 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 more than one

Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest 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, 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, as appropriate, 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 listed and admitted to trading on any Regulated Market(s) or any unregulated stock exchange(s) and the applicable rules of, or applicable to, that Regulated Market or that stock exchange so require, notice of any change of Calculation Agent shall be given in accordance with Condition 16.

## 7. **Redemption, Purchase and Options**

### (a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option in accordance with Condition 7(c) or any Noteholder's option in accordance with Condition 7(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 7(b) below, its final Instalment Amount. Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital shall be Undated Subordinated Notes. The Maturity Date, in relation to Dated Subordinated Notes the proceeds of which constitute Lower Tier 2 Capital and for the purposes of the FSA Policy, will not be less than five years and one day from the Issue Date and where the proceeds constitute Tier 3 Capital, will not be less than two years from the Issue Date. Notwithstanding the above, in the case of Physical Delivery Notes where the applicable Final Terms specify that such Notes will 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 11(b) and/or as specified in, the applicable Final Terms.

### (b) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 7 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(c) or (d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The first Instalment Date, in relation to Dated Subordinated Notes the proceeds of which constitute Lower Tier 2 Capital and for the purposes of the FSA Policy, will not be less than five years and one day from the Issue Date and where the proceeds constitute Tier 3 Capital, will not be less than two years from the Issue Date. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date 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.

(c) *Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption*

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to the prior approval of the ACP and the prior notification of the FSA in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital and subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 16 to the holders of Notes (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date, which shall not be less than five years and one day from the Issue Date in relation to Undated Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital and Dated Subordinated Notes the proceeds of which constitute Lower Tier 2 Capital and not less than two years from the Issue Date in relation to Dated Subordinated Notes the proceeds of which constitute Tier 3 Capital. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed as specified in the relevant Final Terms.

If any other Issuer's Option (as may be described in the relevant Final Terms) is specified in the relevant Final Terms (as approved by the ACP, in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital), the Issuer may, subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 16 to the holders of Notes (or such other notice period as may be specified in the relevant Final Terms) exercise any Issuer's Option in relation to, all or, if so provided, some, of the Notes on any Option Exercise Date. Any such exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount in respect of which such option has been exercised as specified in the relevant Final Terms and no greater than the maximum nominal amount in respect of which such option has been exercised as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the numbers of the Definitive Materialised Notes to be redeemed or in respect of which such Option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market or unregulated stock exchange requirements.

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 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 will be fully redeemed or in respect of which such Option has been exercised and those Dematerialised Notes of any Series that will not be redeemed or in respect of which such Option has not been exercised shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market or unregulated stock exchange requirements.

So long as the Notes are admitted to trading on the Luxembourg Stock Exchange's Regulated Market and the rules applicable to that Regulated Market so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published (i) as long as such Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Regulated Market and the rules of such Stock Exchange so permit, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or (ii) in a leading newspaper with general circulation in the city where the Regulated Market on which such Notes are admitted to trading is located, which in the case of the Luxembourg Stock Exchange is expected to be the *Luxemburger Wort*, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Materialised Notes drawn for redemption but not surrendered.

(d) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If a Put Option is specified in the relevant Final Terms and provided that the relevant Note is not a Subordinated Note the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital and Tier 3 Capital, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

If any other Noteholder's Option (as may be described in the relevant Final Terms) is specified in the relevant Final Terms and provided that the relevant Note is not a Subordinated Note the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) exercise any Noteholder's Option in relation to such Note on the Option Exercise Date at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option or any other Noteholders' option that may be set out in the relevant Final Terms the Noteholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the 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 Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

(e) *Early Redemption*

(i) *Zero Coupon Notes*

- (A) 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 7(f) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, 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 "**Amortisation Yield**")) compounded annually (the "**Amortised Nominal Amount**").
- (C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(f) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

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

(ii) Physical Delivery Notes

In the case of Physical Delivery Notes, in accordance with Condition 8(b) and as determined in the manner specified in the applicable Final Terms.

(iii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(f) or upon it becoming due and payable as provided in Condition 11 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest) unless otherwise specified in the relevant Final Terms.

(f) *Redemption for Taxation Reasons:*

If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 9(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 16, and, in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, subject to the prior approval of the ACP and the prior notification of the FSA, redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) provided that the due date for

redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

If the Issuer would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 9(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 16, and, in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, subject to the prior approval of the ACP and the prior notification of the FSA, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the provisions specified in the relevant Final Terms.

(h) *Purchases*

In compliance with applicable law and regulation, the Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price. In the case of a Series of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, any such purchase will be subject to the prior notification of the FSA and the prior approval of the ACP (i) if made in the open market, if it relates (individually or when aggregated with any previous purchase) to more than ten per cent. of the principal amount of the Notes or (ii) if made by way of a public tender offer or public exchange offer or on the over-the-counter market.

(i) *Cancellation*

All Notes purchased by or on behalf of the Issuer must (or may at its sole option, should French law cease to compulsorily require so) be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Definitive

Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 8. **Payments and Talons**

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 will, where the context so admits, be deemed also to refer to delivery of any Physical Delivery Amount(s).

### (a) *Dematerialised Notes*

Payments of principal and interest in respect of Dematerialised Notes shall (i) in the case of Dematerialised Notes in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Notes and, (ii) in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank (as defined below) designated by the relevant holder of Notes. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

### (b) *Definitive Materialised Notes*

#### (i) Method of payment

- (A) Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant 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 with, 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 euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).
- (B) In the case of Physical Delivery Notes which are settled by way of delivery, on the due date for redemption, the Issuer shall deliver, or procure the delivery of, the documents evidencing the number of, and/or constituting the Physical Delivery Amount to or to the order of the Noteholder in accordance with the instructions of the Noteholder contained in the Transfer Notice (as defined below). The Physical Delivery Amount shall be evidenced in the manner described in the applicable Final Terms.
- (C) In the case of Physical Delivery Notes, the applicable Final Terms 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 Final Terms) has occurred, all as provided in the applicable Final Terms.

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

Payments of principal in respect of Definitive Materialised Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Notes, and payments of interest in respect of Definitive Materialised Notes will (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 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)).

Payments of instalments of principal (if any) in respect of Definitive Materialised Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Materialised Note to which it appertains. Receipts presented without the Definitive Materialised Note to which they appertain do not constitute valid obligations of the Issuer.

Upon the date upon which any Definitive Materialised Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment will be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index-Linked Interest Notes or Physical Delivery Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12) or, if later, 5 years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index-Linked Interest Note or Physical Delivery Note in definitive form becomes due and repayable prior to its Maturity Date, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall 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 City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified 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 all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the Paying Agent, the Calculation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme of the Notes of the Issuer. 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 such, 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 other Paying Agent, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, 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 Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities (including Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Regulated Market and, so long as the Notes are listed and admitted to trading on any other Regulated Market, such other city where the Notes are to be listed and admitted to trading) (iv) in the case of Materialised Notes, a Paying Agent having its specified office in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to, 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) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and 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 (c) above.

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

(f) *Talons*

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

(g) *Business Days for Payment*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder, Receiptholder or Couponholder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, 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 is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (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 Final Terms and (C) (i) in the case of a payment in a currency other than 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 Euro, which is a TARGET Business Day.

The applicable Final Terms will contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Notes (including, without limitation, liability for the costs of transfer of Underlying Assets). The Underlying Assets will be delivered at the risk of the relevant Noteholder in such manner as may be specified in the Transfer Notice and no additional payment or delivery will be due to a Noteholder where any Underlying Assets are delivered after their due date in circumstances beyond the control of either the relevant Issuer or the Settlement Agent.

(h) *Bank*

For the purpose of this Condition 8, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET 2 System.

## 9. **Taxation**

(a) *Withholding Tax*

All payments of principal, interest and other revenues 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.

(b) *Additional Amounts*

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:

## (i) Other connection

to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes or duties by reason of his having some connection with France other than the mere holding of the Note, Receipt or Coupon; or

## (ii) More than 30 days after the Relevant Date

in the case of Definitive Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

## (iii) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European 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; or

## (iv) Payment by another Paying Agent

in the case of Definitive Materialised Notes presented for payment 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 in a Member State of the European Union.

References in these 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 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts, any Arrears of Interest as the case may be, and all other amounts payable pursuant to Condition 4 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.

(c) *Supply of Information*

Each holder of Notes 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 the European Council Directive 2003/48/EC or any other European

Directive implementing the conclusions of the ECOFIN Council Meeting dated 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.

## 10. Valuation, Adjustments and Extraordinary Events affecting Securities

### (a) Definitions

#### (A) *Definitions specific to Equity Linked Notes and Cash Equity Notes*

##### *(aa) General definitions specific to Equity Linked Notes and Cash Equity Notes*

"**Averaging Dates**" means each date specified as such in the applicable Final Terms or, if any of such Averaging Dates is not a relevant Scheduled Trading Day, the next following relevant Valid Date, subject to the provisions of "Averaging Date Disruption" below.

"**Averaging Date Disruption**" means that, if any Averaging Date is a Disrupted Day, then the provisions relating to "Consequences of Disrupted Days" below 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 date that already is or is deemed to be an Averaging Date for the Notes.

If any Averaging Date in relation to a Valuation Date occurs 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 a Merger Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

"**Barrier Period**" means, unless otherwise specified in the applicable Final Terms, the period from and including the Strike Date to and including the Valuation Time on the Valuation Date.

"**Barrier Price**" means the price of such Security specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 10(g) and to "Consequences of Disrupted Days" below.

"**Cash Equity Note**" means a Series of Notes in respect of which the amount payable at maturity is a Cash Settlement calculated by reference to the value of a Security or Securities and/or a formula (as indicated in the relevant Final Terms).

"**Cash Settlement**" means in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Cash Settlement Payment Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency.

"**Cash Settlement Payment Date**" means in relation to a Series of Notes, the date specified as such or otherwise determined as provided in the relevant Final Terms. In the case of a Note which relates to a Basket of Securities, if as a result of a Market Disruption Event there is more than one Valuation Date with respect to the Securities comprised in such basket, then the relevant Cash Settlement Payment Date shall be determined by reference to the Valuation Date which is the last to occur.

"**Clearance System**" means in relation to a Series of Notes, such of Euroclear, Clearstream, Luxembourg or any domestic clearance system through which transfers of the Securities are customarily settled as is specified as such in the form from time to time approved by the Issuer for use as a Transfer Notice, or any successor to such clearance system.

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

**"Consequences of Disrupted Days"** means if any Valuation Date is a Disrupted Day, then in the case of a Note which:

- (i) relates to a single Security, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) 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 eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on that eighth Scheduled Trading Day.

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

**"Conversion Settlement Amount"** means such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent, in its sole and absolute discretion), is fair in the circumstances by way of compensation for the termination of the Notes.

**"Delivery Date"** means as the case may be, (a) the Maturity Date or, (b) in the event of a Settlement Disruption Event, the Settlement Date.

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

**"Disrupted Day"** means 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.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange 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.

**"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 Final Terms).

**"Exchange"** means in respect of a Security the relevant exchange or quotation system specified as such for such Security in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means any Scheduled Trading Day on which the relevant Exchange and, if any, the relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or, if any, Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means 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, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Security on any 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 Final Terms, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters page specified in the Final Terms 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 an amount per Security specified or otherwise determined as provided in the relevant Final Terms. If no Extraordinary Dividend is specified in or otherwise determined as provided in the relevant Final Terms, the characterization of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent.

**"Final Price"** means either (i) in respect of the Valuation Date and a Security, 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 (ii) in respect of the Averaging Dates and a Security, the arithmetic average as determined by the Calculation Agent (rounded to the nearest unit of the relevant currency in which the Security is valued (with halves being rounded up)) of the Reference Prices on each Averaging Date.

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

**"Market Disruption Event"** means 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 (a) for the purposes of the occurrence of a Knock-in Event or a Knock-

out Event begins and/or ends at the time on which the price of the relevant Security triggers respectively the Knock-in Price or the Knock-out Price or (b) in all other circumstances, ends at the relevant Valuation Time, or (iii) an Early Closure.

**"Merger Date"** means 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.

**"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, merger or binding share exchange 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% 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 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% of the outstanding Securities immediately following such event (a "Reverse Merger"), in each case if the Merger Date is on or before, in the case of an 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.

**"Merger Event Settlement Amount"** means such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes;

**"Notice of Election of Settlement"** means that where Notice of Election of Settlement is set out as applicable in the relevant Final Terms, the Notice of any such election of Physical Settlement will be given by or on behalf of the Issuer (a) to the Noteholders in accordance with Condition 16(a) no later than the first day following the Valuation Date on which Euroclear and Clearstream, Luxembourg are open for business and (b) to the Principal Paying Agent, Euroclear and/or Clearstream, Luxembourg no later than the Payment Business Day following the Valuation Date.

**"Notional Sale Date"** has the meaning set out in the definition of Physical Settlement Date below.

**"Physical Delivery Notes"** means Notes in respect of which an amount of principal and/or interest is due and/or (by reference to an underlying equity, bond, other security or such other asset as may be specified in the applicable Final Terms (the "**Underlying Assets**")) a Physical Delivery Amount (being the number of Underlying Assets plus/minus any amount due to/from the Noteholder in respect of each Note) is deliverable ("**Physical Settlement Date**") and/or must be settled, in each case by reference to one or more Underlying Assets as the Issuer may decide and as indicated in the applicable Final Terms.

**"Physical Settlement Date"** means where the Notes are to be redeemed by Physical Settlement, the date which is the later of (a) the Maturity Date and (b) 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 Clearance System Business Day, the next following Clearance System Business Day).

**"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 by way of bonus, capitalization or similar issue;
- (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) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Underlying Company as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights 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;
- (iii) an Extraordinary Dividend;
- (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid;
- (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;
- (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, 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.

**"Reference Price"** means in respect of any Averaging Date and a Security, 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 in respect of a Security the exchange or quotation system specified as such for such Security in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security 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 on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security.

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

**"Residual Amount"** means in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 10(c)(i)(B), as determined by the Calculation Agent.

**"Residual Cash Amount"** means in respect of a Residual Amount, the product of such Residual Amount and the relevant Final 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 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.

**"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 the equity securities, debt securities, the ADR Securities or other securities or property, as adjusted pursuant to Condition 10, to which the relevant Note relates, as specified in the relevant Final Terms, and **"Security"** and **"Basket"** shall be construed accordingly.

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

**"Settlement Cycle"** means in respect of a Security, the period of Clearance System Business Days following a trade in such Security on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"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 Final Terms, the first day on which settlement of a sale of such equity securities executed on the Maturity Date customarily would take place through the relevant Clearance System or (b) in any other case, and unless otherwise specified in the relevant Final Terms, the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention is specified in the relevant Final Terms. 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 10(c).

**"Settlement Disruption Event"** means, in relation to a Security, an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Underlying Company or relevant obligor and to be an event as a result of which the relevant Clearance System cannot clear the transfer of such Security or, in the case of Physical Delivery Notes, the Physical Delivery Amount.

**"Strike Date"** means the date specified as such in the relevant Final Terms or, if such date is not a relevant Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Consequences of Disrupted Days" above as if such Strike Date were a Valuation Date.

**"Strike Date Disruption"** means that if any Strike Date is a Disrupted Day then the provisions relating to "Consequences of Disrupted Days" will apply for the purposes of determining the relevant level, price or amount on that Strike Date as if such Strike Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Strike Date would fall on a date that already is or is deemed to be a Strike Date for the Notes.

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

**"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% and less than 100% 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 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 Security on the Exchange or, (ii) in futures or options contracts relating to the Security on any relevant Related Exchange.

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

**"Transfer Notice"** means a notice sent by each Noteholder 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, Clearstream, Luxembourg and/or any other relevant clearing system to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders) to 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, an irrevocable notice (a **"Transfer Notice"**) in the form from time to time approved by the Issuer, which must:

- (i) specify the name and address of the Noteholder;
- (ii) specify the number of Notes in respect of which he is the Noteholder;
- (iii) specify the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (iv) irrevocably instruct and authorise 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 Settlement or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;

- (v) 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;
- (vi) specify the number and account name of the account at the Clearance System to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (vii) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to 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, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (viii) include a certificate of non-U.S. beneficial ownership in the form required by the Issuer; and
- (ix) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings.

A Transfer Notice, once delivered to 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, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that 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.

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.

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.

**"Underlying Company"** means the issuer of the Security as specified in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions as set out in this Condition 10(a)(A)(aa).

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

**"Valuation Date"** means each date specified as such or otherwise determined as provided in the related Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case, subject to the provisions of Consequences of Disrupted Days below.

**"Valuation Time"** means the time on the relevant Valuation Date or Averaging Date, as the case may be, specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Security to be valued. 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.

**"Worst Performing Security"** means, unless otherwise specified in the applicable Final Terms, in respect of a Basket of Securities and a specified date "t" (the Valuation Date or any other date specified as such in the relevant Final Terms), the Security which gives rise to the lowest percentage as determined by the Calculation Agent in accordance with the following formula:

$$\text{Min}_{k=1\text{to}X} \left( \frac{S_t^k}{S_{\text{Initial}}^k} \right)$$

Where:

"k" means each Security in the Basket, 1 to X.

"X" means the number of Security<sub>k</sub> comprised in the Basket.

"S<sub>t</sub><sup>k</sup>" means, in respect of a Security<sub>k</sub>, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the relevant date "t".

"S<sub>Initial</sub><sup>k</sup>" means, in respect of a Security<sub>k</sub>, the Initial Price of Security<sub>k</sub>.

*(bb) General definitions specific to Equity Linked Notes and Cash Equity Notes which are ADR Linked Notes*

**"ADR Linked Notes"** means a Series of Notes in respect of which an amount, which shall be calculated by reference to the value of American Depository Receipt(s) and/or a formula, is payable (as indicated in the relevant Final Terms).

**"American Depository Receipt(s)"** or **"ADR Securities"** means such Security (specified as such in the related Final Terms) issued by the relevant Depository relating to the relevant Share(s) (as defined below) and to which the relevant Notes relate.

**"Deposit Agreement"** means, in relation to each ADR Security, the agreement(s) or other instrument(s) constituting the relevant ADR Security, as from time to time amended or supplemented with its (their) terms.

**"Depository"** means, in respect of a relevant ADR Security, the issuer of such ADR Security as appointed in the Deposit Agreement, or any successor to it from time to time in such capacity.

**"Equity Element"** means, in respect of each Note, the number of Share(s) set out in the relevant Final Terms.

**"Share(s)"** means, in respect of a relevant ADR Security, the equity securities issued by the Underlying Company and to which the ADR Securities relate.

**"Underlying Company"** means, for the purpose of this paragraph 10(a)(A)(bb) and in respect of a relevant Share, the issuer of such Share to which the relevant ADR Security relate(s), as defined in paragraph 35(ii) of the Final Terms.

(B) *Definitions specific to Single Exchange Index Linked Notes*

**"Averaging Dates"** means each date specified as such in the applicable Final Terms or, if any of such Averaging Dates is not a relevant Scheduled Trading Day, the next following relevant Valid Date, subject to the provisions of "Averaging Date Disruption" below.

**"Averaging Date Disruption"** means that, if any Averaging Date is a Disrupted Day, then the provisions relating to "Consequences of Disrupted Days" below 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 date that already is or is deemed to be an Averaging Date for the Notes.

**"Barrier Period"** means, unless otherwise specified in the applicable Final Terms, the period from and including the Strike Date to and including the Valuation Time on the Valuation Date.

**"Barrier Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 10(g) and to "Consequences of Disrupted Days" below.

**"Cash Settlement"** means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Cash Settlement Payment Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency.

**"Cash Settlement Payment Date"** means in relation to a Series of Notes, the date specified as such or otherwise determined as provided in the relevant Final Terms.

**"Consequences of Disrupted Days"** means if any Valuation Date is a Disrupted Day, then in the case of a Note which:

- (i) relates to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or
- (ii) 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 that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a

Disrupted Day, and (ii) the Calculation Agent shall determine the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

**"Disrupted Day"** means 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.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange (or in the case of an Index Transaction or Index Linked Note, any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of the relevant Index) 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.

**"Exchange"** means in respect of an Index the relevant exchange or quotation system specified for such Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means any Scheduled Trading Day on which the relevant Exchange and, if any, the relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or, if any, Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means 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, securities that comprise 20 percent or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**"Final Index Level"** means either (i) in respect of the Valuation Date and an Index, the level of the Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date; or (ii) in respect of the Averaging Dates and an Index, the arithmetic average as determined by the Calculation Agent (rounded to the nearest unit of the relevant currency in which the Index is valued (with halves being rounded up)) of the Reference Levels on each Averaging Date.

**"Index"** means the index, as adjusted pursuant to Condition 10, to which the relevant Note relates, as specified in the relevant Final Terms, and **"Indices"** and **"Basket"** shall be construed accordingly.

**"Index Linked Note"** means a Series of Notes in respect of which an amount which shall be calculated by reference to an index or a basket of indices and/or a formula is payable (as indicated in the relevant Final Terms).

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

**"Initial Index Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms or, if no such level is specified or otherwise determined in the relevant Final Terms, the level of the Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date, subject to adjustment from time to time in accordance with the provisions set forth in Condition 10(f) below.

**"Market Disruption Event"** means 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 (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time on which the level of the relevant Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances, ends at the relevant Valuation Time or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security included in 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.

**"Reference Level"** means, in respect of any Averaging Date and an Index, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date.

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

**"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 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.

"**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.

"**Settlement Cycle**" means in respect of an Index, the period of Clearance System Business Days following a trade in the shares underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Single Exchange Index Linked Note**" has the meaning ascribed thereto in the relevant Final Terms.

"**Strike Date**" means the date specified as such in the relevant Final Terms or, if such date is not a relevant Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Consequences of Disrupted Days" above as if such Strike Date were a Valuation Date.

"**Strike Date Disruption**" means that if any Strike Date is a Disrupted Day then the provisions relating to "Consequences of Disrupted Days" will apply for the purposes of determining the relevant level, price or amount on that Strike Date as if such Strike Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Strike Date would fall on a date that already is or is deemed to be a Strike Date for the Notes.

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

"**Trading Disruption**" means 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) on any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of the relevant Index or, (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

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

"**Valuation Date**" means the date specified as such or otherwise determined as provided in the related Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case, subject to the provisions of "Consequences of Disrupted Days" above.

"**Valuation Time**" means the time on the relevant Valuation Date or Averaging Date, as the case may be, specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to the Index to be valued. 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.

"**Worst Performing Index**" means, unless otherwise specified in the applicable Final Terms, in respect of a Basket of Indices and a specified date "t" (the Valuation Date or any other date specified as such in the relevant Final Terms), the Index which gives rise to the lowest percentage as determined by the Calculation Agent in accordance with the following formula:

$$\text{Min}_{k=1\text{to}X} \left( \frac{S_t^k}{S_{\text{Initial}}^k} \right)$$

Where:

"k" means each Index in the Basket, 1 to X.

"X" means the number of Index<sub>k</sub> comprised in the Basket.

"S<sub>t</sub><sup>k</sup>" means, in respect of a Index<sub>k</sub>, the price of such Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the relevant date "t".

"S<sub>Initial</sub><sup>k</sup>" means, in respect of a Index<sub>k</sub>, the Initial Price of Index<sub>k</sub>.

(C) *Definitions specific to Multi Exchange Index-Linked Interest Notes*

**"Averaging Dates"** means each date specified as such in the applicable Final Terms or, if any of such Averaging Dates is not a relevant Scheduled Trading Day, the next following relevant Valid Date, subject to the provisions of "Averaging Date Disruption" below.

**"Averaging Date Disruption"** If any Averaging Date is a Disrupted Day, then the provisions relating to "Consequences of Disrupted Days" below 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 date that already is or is deemed to be an Averaging Date for the Notes.

**"Barrier Period"** means, unless otherwise specified in the applicable Final Terms, the period from and including the Strike Date to and including the Valuation Time on the Valuation Date.

**"Barrier Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 10(g) and to "Consequences of Disrupted Days" below.

**"Cash Settlement"** means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Cash Settlement Payment Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency.

**"Cash Settlement Payment Date"** means, in relation to a Series of Notes, the date specified as such or otherwise determined as provided in the relevant Final Terms.

**"Consequences of Disrupted Days"** means if any Valuation Date is a Disrupted Day, then in the case of a Note which:

- (i) relates to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or

(ii) 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 that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

**"Disrupted Day"** means 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.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange (or in the case of an Index Transaction or Index Linked Note, any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of the relevant Index) 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.

**"Exchange"** means, in respect of each component security of the Index (each a **"Component Security"**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent which is on the Issue Date specified as such or otherwise determined in the relevant Final Terms.

**"Exchange Business Day"** means any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and, if any (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or, if any, the Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means 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 relevant Index on the relevant Related Exchange.

**"Final Index Level"** means either (i) in respect of the Valuation Date and an Index, the level of the Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date; or (ii) in respect of the Averaging Dates and an Index, the arithmetic average as determined by the Calculation Agent (rounded to the nearest unit of the relevant currency in which the Index is valued (with halves being rounded up)) of the Reference Levels on each Averaging Date.

**"Index"** means the index, as adjusted pursuant to Condition 10, to which the relevant Note relates, as specified in the relevant Final Terms, and "Indices" and "Basket" shall be construed accordingly.

**"Index Linked Note"** means a Series of Notes in respect of which an amount which shall be calculated by reference to an index or basket of indices and/or a formula is payable (as indicated in the relevant Final Terms).

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

**"Initial Index Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms or, if no such level is specified or otherwise determined in the relevant Final Terms, the level of the Index as published by the Sponsor as of the Valuation Time on the Strike Date as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date, subject to adjustment from time to time in accordance with the provisions set forth in Condition 10(f) below.

**"Market Disruption Event"** means either:

- (i) (A) the occurrence or existence, in respect of any Component Security, of:
  - (1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time on which the level of the relevant Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; and/or
  - (2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time on which the level of the relevant Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; and/or
  - (3) an Early Closure in respect of such Component Security; and
- (B) the aggregate of all Component Securities in respect of which a Trading Disruption and/or, an Exchange Disruption and/or an Early Closure occurs or exists comprises 20 per cent or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time on which the level of the relevant Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances,

ends at the relevant Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such 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 Sponsor as part of the market "opening data".

**"Reference Level"** means, in respect of any Averaging Date and an Index, the level of such Index as published by the Sponsor as of the Valuation Time on such Averaging Date as determined by the Calculation Agent.

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

**"Scheduled Closing Time"** means, in respect of each Component Security, the scheduled weekday closing time of the Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means 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.

**"Settlement Cycle"** means, in respect of an Index, the largest period of Clearance System Business Days following a trade in the shares underlying such Index on any relevant Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"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.

**"Multiple Exchange Index Linked Note"** has the meaning ascribed thereto in the relevant Final Terms.

**"Strike Date"** means the date specified as such in the relevant Final Terms or, if such date is not a relevant Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Consequences of Disrupted Days" above as if such Strike Date were a Valuation Date.

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

**"Trading Disruption"** means any suspension of or limitation imposed on trading by the relevant Exchange or, if any, the Related Exchange or otherwise and whether by reason of movements in price

exceeding limits permitted by the relevant Exchange or, if any, the 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 relevant Index on the relevant Related Exchange.

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

"**Valuation Date**" means the date specified as such or otherwise determined as provided in the related Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case, subject to the provisions of "Consequences of Disrupted Days" above.

"**Valuation Time**" means (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.

"**Worst Performing Index**" means, unless otherwise specified in the applicable Final Terms, in respect of a Basket of Indices and a specified date "t" (the Valuation Date or any other date specified as such in the relevant Final Terms), the Index which gives rise to the lowest percentage as determined by the Calculation Agent in accordance with the following formula:

$$\text{Min}_{k=1 \text{ to } X} \left( \frac{S_t^k}{S_{\text{Initial}}^k} \right)$$

Where:

"k" means each Index in the Basket, 1 to X.

"X" means the number of Index<sub>k</sub> comprised in the Basket.

"S<sub>t</sub><sup>k</sup>" means, in respect of a Index<sub>k</sub>, the price of such Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the relevant date "t".

"S<sub>Initial</sub><sup>k</sup>" means, in respect of a Index<sub>k</sub>, the Initial Price of Index<sub>k</sub>.

(D) *Common Definitions in relation to Knock-in and Knock-out Events*

If "**Knock-in Event**" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index Linked Note, then each payment and/or delivery in respect of which a Knock-in Event applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event.

"**Knock-in Determination Day**" means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the

Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of "Consequences of Disrupted Days" set forth in Condition 10(a)(A), (B) or (C), as the case may be. In the event that the related Confirmation does not specify any Knock-in Determination Days, each Scheduled Trading Day from and including the Trade Date to and including the final Valuation Date, the Expiration Date or, if there is no such Valuation Date or Expiration Date, the date that is one Settlement Cycle prior to the final Settlement Date in relation to the Transaction (adjusted, if applicable, as provided in Sections 3.1(f) and 6.6) shall be deemed to be Knock-in Determination Days in relation to the Transaction.

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

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

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

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

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

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

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

If **"Knock-out Event"** is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index Linked Note, then each payment and/or delivery in respect of which a Knock-in Event applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-out Event.

**"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 "Consequences of Disrupted Days" set forth in Condition 10(a)(A), (B) or (C), as the case may be.

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

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

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

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

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

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

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

(E) *General Definitions related to Automatic Early Redemption*

(a) *Definitions*

**"Automatic Early Redemption Amount"** means (a) an amount in the relevant currency specified in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the nominal amount 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 applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

**"Automatic Early Redemption Event"** means (unless otherwise specified in the applicable Final Terms) that the Security Price or, as the case may be, the Index Level is, as specified in the applicable Final Terms, (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 applicable Final Terms.

**"Automatic Early Redemption Price"** means the price per Security specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means each of the date(s) specified as such in the applicable Final Terms or, if any of such Automatic Early Redemption Date(s) is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of "Consequences of Disrupted Days" set forth above in Condition 10(a)(A), (B) or (C), as the case may be, as if such Automatic Early Redemption Valuation Date were a Valuation Date.

**"Index Level"** means, in respect of any Automatic Early Redemption Valuation Date, the level of the Index as determined by the Calculation Agent as of the Valuation Time on such Automatic Early Redemption Valuation Date.

**"Scheduled Automatic Early Redemption Valuation Date(s)"** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Automatic Early Redemption Valuation Date.

**"Security Price"** means, in respect of any Automatic Early Redemption Valuation Date, the price per Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Automatic Early Redemption Valuation Date.

(b) *Physical Delivery*

Notwithstanding Condition 8(b) above, in relation to Physically Settled Notes and/or where the Issuer has elected Physical Settlement, and subject to the other provisions of the relevant Final Terms:

- (i) (A) 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 Clearance System for credit to the account with the Clearance System specified in the Transfer Notice of the relevant Noteholder.
- (B) The number of Securities to be delivered to or for the account of each Noteholder shall be a number 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.

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

Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearance 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 Clearance System.

- (iii) In the case of Notes to which this Condition 10(a)(E)(b) is applicable, if the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:
- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective 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
  - (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective 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 10(a)(E)(b) falls to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the 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, in its sole and absolute discretion, determines to be appropriate to give practical effect to such provisions.

(c) *Consequences of the occurrence of an Automatic Early Redemption Event*

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date the Automatic Early Redemption Event occurs, then 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.

(d) *Adjustments to Index and Basket of Indices*

This Condition 10(a)(E)(d) is applicable only in relation to Notes specified in the relevant Final Terms as being Index Linked Notes.

- (i) If, the relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Issuer, or (ii) replaced by a successor Index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.
- (ii) If (i) on or prior to any Valuation Date the 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 capitalization and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on any Valuation Date, the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then the Calculation Agent shall determine if such Index Adjustment Event has a material effect and, if so, shall calculate the relevant amount using, in lieu of a published level for 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 change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event;
- (iii) In the event that any price or level published on the Exchange or by the Index Sponsor and which is utilised for any calculation or determination made under any Note is subsequently corrected and the correction is published by the Exchange or by the Index Sponsor within one Settlement Cycle after the original publication The Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the 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 the day of payment of reimbursement by the

Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(e) *Consequence of Disrupted Days for Valuation Dates and Averaging Dates*

If a Valuation Date or Averaging Date is a Disrupted Day, then the relevant Valuation Date shall be decided in accordance with the definition of Consequences of Disrupted Day and the Averaging Date in accordance with the definition of Averaging Date Disruption.

(f) *Barrier Provisions*

If "**Knock-in Event**" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index Linked Note, then each payment and/or delivery in respect of which a Knock-in Event applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event

If "**Knock-out Event**" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index Linked Note, then each payment and/or delivery in respect of which a Knock-out Event applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-out Event.

(g) *Adjustments and Extraordinary Events affecting Securities*

This Condition 10(a)(E)(g) is applicable only in relation to Equity Linked Notes and Cash Equity Notes. Correction of Security Prices and Index Levels.

In the event that any price or level published on the Exchange or by the Index Sponsor and which is utilised for any calculation or determination made under a Notes is subsequently corrected and the correction is published by the Exchange or the Index Sponsor within one Settlement Cycle after the original publication, the Issuer may notify the Noteholders of that correction and the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Notes to account for such correction.

(i) *Adjustments*

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, 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 and, in any case, any other variable relevant to the settlement or payment or other terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

## (ii) Merger Event and Tender Offer

Following the occurrence of any Merger Event or Tender Offer, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, 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 or other terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective as soon as practical after the date upon which all holders of the Securities (other than, in the case of a takeover, Securities owned or controlled by the offeror) become bound to transfer the Securities held by them. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of the Merger Event Settlement Amount (as defined below).

(h) *Nationalisation, Insolvency and Delisting*

If:

- (i) all the Securities or all or substantially all the assets of the Underlying Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**") or;
- (ii) 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 ("**Insolvency**"); or
- (iii) 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) ("**Delisting**"),

then the Issuer may determine, in its sole and absolute discretion, that the relevant Notes shall be terminated as of the date determined by the Calculation Agent in its sole and absolute discretion and it shall pay such amount as, in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion), is fair in the circumstances by way of compensation for the termination of the Notes, in which event the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

(i) *Additional Disruption Events*

(a) Each of the following terms shall have the meaning set forth below:

(i) "**Additional Disruption Event**" means any of the events set forth in paragraphs (ii) and (iii) below;(ii) "**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 Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Securities, or (Y) it 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);(iii) "**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 organization 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 a 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;

(b) For the purpose of determining the consequence of an Additional Disruption Event:

If "Change in Law" or "Insolvency Filing" is specified in the Final Terms, then upon the occurrence of such an event the Issuer may elect to redeem the Notes upon at least two Scheduled Trading Days' notice to the Noteholders specifying the date of such termination (or such lesser notice as may be required to comply with the Change in Law), in which event the Calculation Agent will determine the Redemption Amount.

(j) *Conversion*

In respect of an Equity Linked Note or a Cash Equity Note which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Notes shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the formula for the Final Redemption Amount set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, number of or type of shares, other securities or other property which may be delivered under 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 and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the respective exercising Noteholders to receive the relevant Securities Transfer Amount or Final

Redemption Amount, as the case may be, shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Conversion Settlement Amount.

(k) *Corrections to Published Prices affecting debt securities*

In respect of an Equity Linked Note or a Cash Equity Note which relates to debt securities, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Spot Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 days of the original publication or announcement, and an amount is repayable to the Issuer as a result of that correction, the Issuer shall be entitled to reimbursement of the relevant payment by the relevant Noteholder, together with interest on that amount (at a rate per annum that the Calculation Agent determines, in its sole and absolute discretion, to be the spot offered rate for deposits in the Specified Currency in the London interbank market as at approximately 11:00 a.m. London time, or, if spot rates for deposits in such Specified Currency in the London interbank market, at a rate per annum that the Calculation Agent determines, in its sole and absolute discretion, to be the spot offered rate for deposits in the Specified Currency in the interbank market for such Specified Currency as at approximately the time the spot offered rate is fixed for such Specified Currency, on the relevant Cash Settlement Payment Date) for the period from and including the day of payment of the refund or payment resulting from that correction (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall agree with the Calculation Agent and notified to the relevant Noteholder by facsimile or telex.

(l) *Effects of European Economic and Monetary Union*

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine, in its sole and absolute discretion, the effective date of such adjustment) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms, 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.

In this paragraph,

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, in its sole and absolute discretion:

- (i) the redenomination of any security into euro;
- (ii) the change by any organised market, exchange or clearing, payment or settlement system in the unit of account of its operating procedures to the euro;
- (iii) any change in the currency of denomination of any Index; or
- (iv) any change in the currency in which some or all of the securities or other property comprising any Index is denominated.

**"Participating Member State"** means any member state of the European Union which adopts the single currency in accordance with the Treaty.

(m) *Other Adjustments*

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of an Index Linked Note, an Equity Linked Note or a Cash Equity Note, the Calculation Agent may (in its discretion, but acting reasonably) make any additional adjustments to the Strike Price, the number and/or type of Securities and/or Indices to which such an Index Linked Note, an Equity Linked Note or a Cash Equity Note relates, and to any other exercise, settlement, payment or other term of such an Index Linked Note, an Equity Linked Note or a Cash Equity Note including, without limitation, the amount, number or type of cash, shares, other securities or property which may be transferred under such Index Linked Note, an Equity Linked Note or a Cash Equity Note, and determine the effective date(s) of such adjustments.

(n) *Additional Provisions related to American Depositary Receipt Linked Notes*

- (i) For the purposes of these additional provisions, the following definitions will apply:

The definition of Potential Adjustment Event shall include, in relation to the ADR Securities:

- (A) the occurrence of any Potential Adjustment Event in relation to the Underlying ADR Securities or any other shares or securities represented by the ADR Securities; and
  - (B) the making of any amendment or supplement to the terms of the Depositary Agreement.
- (ii) The definition of Merger Event shall include, in relation to Securities, the occurrence of any Merger Event in relation to the Underlying ADR Securities.
  - (iii) The definitions of "**Nationalisation**" and "**Insolvency**" shall be construed in relation to the ADR Securities as if references to the ADR Securities were references to Underlying ADR Securities;
  - (iv) If the Deposit Agreement is terminated, then on or after the date of such termination, references to ADR Securities herein shall be replaced by references to the Underlying ADR Securities and the Calculation Agent will adjust any relevant terms and will determine the effective date of such replacement and adjustments.
  - (v) the definition of Market Disruption Event shall include, in relation to the ADR Securities, the occurrence of a Market Disruption Event in relation to the Underlying ADR Securities;

- (vi) each American Depository Receipt Linked Note, which for the avoidance of doubt, may also be an Equity Linked Note, a Cash Equity Note and/or a Physical Delivery Note, will be linked to an Equity Element.

## 11. Events of Default

The Representative (as defined in Condition 13) acting on behalf of the *Masse* (as defined in Condition 13), upon request of any Noteholder, or in the event the Noteholders of any Series have not been grouped in a *Masse*, any Noteholder, may, upon written notice to the Fiscal Agent (with copy to the Issuer) given before all defaults shall have been cured, cause the principal amount of all Notes held by such Noteholder to become due and payable, together with any accrued interest (including Arrears of Interest if any) thereon, as of the date on which such notice for payment is received by the Fiscal Agent if:

- (a) *In the case of Unsubordinated Notes*
  - (i) the Issuer is in default in the payment of principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 9) when due and payable and such default shall continue for more than thirty (30) days thereafter; or
  - (ii) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been cured within forty-five (45) days after the receipt by the Fiscal Agent of the written notice of such default by the Representative or a Noteholder; or
  - (iii) 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 disposal, liquidation, merger or other reorganisation in which all of 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 main purpose, or one of whose main purpose, is the continuation of, and which effectively continues, the Issuer's activities; or
  - (iv) the Issuer applies for or is subject to the appointment of an ad hoc representative (*mandataire ad hoc*) or has applied to enter into a conciliation procedure (*procédure de conciliation*) or into a safeguard procedure (*procédure de sauvegarde*) or a judgement is rendered for its judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) or makes any conveyance for the benefit of, or enters into any agreement with, its creditors.
- (b) In the case of Subordinated Notes and in accordance with Condition 3(b), (i) if any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or (ii) if the Issuer is liquidated for any other reason.

## 12. Prescription

Claims against the Issuer for payment in respect of any amount due under the Notes, Receipts and Coupons (which for this purpose shall not include Talons) 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 appropriate Relevant Date in respect of them.

### 13. Representation of Noteholders

Except as otherwise provided by the relevant Final Terms, holders of Notes will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French *Code de commerce* (the "**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 will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the holders of Notes (the "**General Meeting**").

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

(b) *Representative*

The 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 *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 part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), 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 share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative and its alternate will be set out in the Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its function or duties, if any, as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) *Powers of Representative*

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

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

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

(d) *General Meeting*

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

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 16.

Each Noteholder has the right to participate in a General Meeting in person or by proxy, correspondence or, if the *statuts* of the Issuer so specify, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders<sup>1</sup>. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, 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 *Code de Commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time on the third Paris business day preceding the date set for the relevant General Meeting.

(e) *Powers of the General Meetings*

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

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<sup>1</sup> At the date of this Base Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor amend the status of Subordinated Notes the proceeds of which constitute (i) Upper Tier 2 Capital, (ii) Lower Tier 2 Capital, and (iii) Tier 3 Capital.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 16.

(f) *Information to Noteholders*

Each Noteholder or Representative thereof will have the right, during the 15-day period 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 will be available for inspection by the relevant Noteholders 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 will pay all expenses relating to the operation of the Masse, including expenses relating to the calling 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 imputed against interest payable under the Notes.

(h) *Single Masse*

The holders of Notes of the same Tranche or Series, and the holders of Notes of any other Tranche or Series which have been consolidated (*assimilables* for the purpose of French Law) with the Notes of such first mentioned Tranche or Series in accordance with Condition 15, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche or Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

In respect of any Tranche of Notes issued or deemed to be issued outside France, this Condition 13 may, if so specified in the relevant Final Terms, be waived, amended or supplemented, 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.

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

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market or unregulated stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to

Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (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 on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 15. Further Issues and Consolidation

### (a) Further Issues

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be consolidated (*assimilables* for the purpose of French Law) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or identical in all respects save as to the principal amount thereof and the first payment of interest) and that the terms of such Notes provide for such assimilation, and references in these Conditions to "Notes" shall be construed accordingly.

### (b) Consolidation

Unless otherwise provided in the relevant Final Terms, 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 30 days' prior notice to the Noteholders in accordance with Condition 16, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series denominated in Euro with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 16. Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing or (ii) published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*), or (iii) delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared or (iv) published via Business Wire or any successor appointed by the Issuer for the purposes hereof; provided that, (x) so long as such Notes are listed and admitted to trading on any Regulated Market(s) or any unregulated stock exchange(s) and the applicable rules of that Regulated Market or unregulated stock exchange so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) or unregulated stock exchange(s) on which such Notes are listed and admitted to trading is/are located, which in the case of the Luxembourg Stock Exchange's Regulated Market, is expected to be the *Luxemburger Wort* and (y) so long as the Notes are listed and admitted to trading on the Luxembourg Stock Exchange's Regulated Market, notices may also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if either (i) published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*), or (ii) delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared or (iii) published via Business Wire or any successor appointed by the Issuer for the purposes hereof; provided that, (x) so long as such Notes are listed and admitted to trading on any Regulated Market(s) or any unregulated stock exchange(s) and the applicable rules of that Regulated Market or unregulated stock exchange so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) or unregulated stock exchange(s) on which such Notes are listed and/or admitted to trading is/are located, which in the case of the Luxembourg Stock Exchange's Regulated Market, is expected to be the *Luxemburger Wort* and (y) so long as the Notes are listed and admitted to trading on the Luxembourg Stock Exchange's Regulated Market, notices may also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (c) Any notice given by publication shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.

## 17. **Governing Law and Jurisdiction**

### (a) *Governing Law*

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

### (b) *Jurisdiction*

Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court in Paris.

### **USE OF PROCEEDS**

The net proceeds of the issue of Unsubordinated Notes will be used for the Issuer's general corporate purposes unless otherwise specified in the relevant Final Terms. The net proceeds of the issue of Subordinated Notes will be used by the Issuer in accordance with the provisions of the relevant Final Terms.

## **TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES**

### **Temporary Global Certificates**

A Temporary Global Certificate without interest coupons (a "**Temporary Global Certificate**") will initially be issued in connection with each Tranche of Materialised Notes, which will be delivered on or prior to the issue date of the Tranche with a common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Upon the delivery of such Temporary Global Certificate with a Common Depository, Euroclear, Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of Notes that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg, or other clearing systems.

### **Exchange**

Each Temporary Global Certificate issued in respect of Materialised Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Base Prospectus -Selling Restrictions"), in whole, but not in part, for Definitive Materialised Notes and
- (ii) otherwise, in whole but not in part, upon certification, if required under U.S Treasury regulation section 1.163-5(C)(2)(i)(D)(3), as to non-U.S. beneficial ownership for Definitive Materialised Notes.

### **Delivery of Definitive Materialised Notes**

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to, or to the order of, the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Notes. In this Base Prospectus, "**Definitive Materialised Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Notes will be security printed in accordance with any applicable legal and stock exchange requirement.

### **Exchange Date**

"**Exchange Date**" means, in relation to a Temporary Global Certificate in respect of any Materialised Notes, the day falling after the expiry of 40 days after its issue date, provided that in the event any further Materialised Notes which are to be consolidated with such first mentioned Materialised Notes are issued prior to such day pursuant to Condition 13(a), the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of 40 days after the issue date of such further Materialised Notes.

In the case of Materialised Notes with an initial maturity of more than 365 days (and that are not relying on the TEFRA C Rules), the Temporary Global Certificate shall bear the following legend:

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES FEDERAL INCOME TAX LAWS INCLUDING THE LIMITATION PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

## TAXATION

*The following is a summary limited to certain tax considerations in France and Luxembourg relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in France and Luxembourg as of the date of this Base Prospectus and is subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

### 1. EU SAVINGS DIRECTIVE

On 3 June 2003, the European Union adopted the Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States as from 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive made by a paying agent located within its jurisdiction to or to the benefit of an individual resident in another Member State, except that Belgium, Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information. Nevertheless, since 1 January 2010, Belgium no longer applies the levy on interest payments to beneficial owners who are residents of another Member State, but applies the automatic exchange of information under the Directive.

If a payment were to be made or collected through a 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. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirements described above.

### 2. FRENCH TAXATION

#### 2.1. French Withholding Tax

##### *Notes issued as from 1 March 2010*

Following the introduction of the French "*loi de finances rectificative pour 2009 n° 3*" (no. 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 consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* 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 *Code général des impôts* (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 *Code général des impôts*.

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 *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* of the French *Code général des impôts*, 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*) no. 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 *Code monétaire et financier* or pursuant to an equivalent offer 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 *Code monétaire et financier*, 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 before 1 March 2010 and Notes which are consolidated (assimilables for the purpose of French law) with Notes issued before 1 March 2010***

Payments of interest and other revenues with respect to (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French *Code général des impôts*, before 1 March 2010 and (ii) Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with such Notes, will continue to be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

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*) no. 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 the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and the aforementioned rulings (*rescrits*) no. 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes issued before 1 March 2010 (or Notes issued on or after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with such Notes) will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* 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.

## **2.2. Directive**

The Directive has been implemented in French law by Article 242 *ter* of the French *Code général des impôts* and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to French *Code général des impôts*. Article 242 *ter* of the French *Code général des impôts*, 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 other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

## **3. LUXEMBOURG TAXATION**

The Directive has been implemented in Luxembourg law by Act of 21 June 2005 (the "**Laws**").

### **Individuals**

#### *Luxembourg residents*

A 10% withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents. Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. Income (other than interest) from investment funds and from current accounts provided that the interest rate is not higher than 0.75% are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

#### *Luxembourg non-residents*

Subject to the application of the Directive and the Laws, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders.

Under the Directive and the Laws, a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State unless the beneficiary of the interest payments elects for the exchange of information. The same regime applies to payments to individuals or residual entities resident in certain dependent territories (as defined by the Laws and the Directive).

The withholding tax rate was initially 15% until 30 June 2008, increasing steadily to 20% as from 1 July 2008 and to 35% as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

**Corporations**

There is no withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including uncured but unpaid interest).

**FORM OF FINAL TERMS\*****Final Terms dated [ ● ]**

[LOGO, if document is printed]

**HSBC France**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the € 20,000,000,000  
Euro Medium Term Note Programme**

**[Name(s) of Dealer(s)]**

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\* So long as Notes are admitted to trading on any Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive, the Final Terms may be obtained from the Paying Agent(s) or, if applicable, Calculation Agent and, will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*[Include the following legend where a non-exempt offer of Notes is anticipated]*

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for 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, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 48 of Part A below, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

*[Include the following legend where only an exempt offer of Notes is anticipated]*

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 October 2010 [and the supplement to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**").

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. These Final Terms, the Base Prospectus [and the supplement to the Base Prospectus] [are] available for viewing on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer ([www.hsbc.fr](http://www.hsbc.fr)) at least during a period of twelve months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained.<sup>2</sup> [In addition<sup>3</sup>, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]]

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<sup>2</sup> If the Notes are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive.

<sup>3</sup> If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange's Regulated Market.

([together] the "**Original Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 5 October 2010 [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Original Base Prospectus and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Base Prospectus dated 5 October 2010 [and the supplement to the Base Prospectus dated [●]]. [These Final Terms, the Conditions, the Base Prospectus dated 5 October 2010 [and the supplement to the Base Prospectus] are available for viewing on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) at least during a period of twelve months from the date of the Base Prospectus and (b) the Issuer (www.hsbc.fr), [and] during normal business hours at, and copies may be obtained from, the registered office of the Issuer and at the specified office of the Paying Agent(s).<sup>4</sup> [In addition, the Conditions, the Base Prospectus dated 5 October 2010 [and the supplement to the Base Prospectus] are available for viewing [on/at] [●].]<sup>5</sup>

*[Include whichever of the following 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 Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48-hour time period.]*

- |    |                                    |   |
|----|------------------------------------|---|
| 1. | Issuer:                            | HSBC France   |
| 2. | [i] Series Number:                 | [●]   |
|    | [ii] Tranche Number:               | [●]   |
|    |                                    | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i>                           |
| 3. | Specified Currency or Currencies:  | [●]   |
| 4. | Aggregate Nominal Amount of Notes: | [●]   |
|    | [i] Series:                        | [●]   |
|    | [ii] Tranche:                      | [●]   |
| 5. | Issue Price:                       | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]  |
| 6. | Specified Denominations:           | [●] <sup>6</sup> (one denomination only for Dematerialised Notes) (Not less than €1,000 or its equivalent in other currency at the Issue Date for Notes |

<sup>4</sup> If the Notes are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive.

<sup>5</sup> If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange's Regulated Market.

<sup>6</sup> Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

*admitted to trading or offered to the public in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive)*

7. (i) Issue Date: [●]
- (ii) Interest Commencement Date (if different from the Issue Date): [●] [*Specify/Issue Date/Not Applicable*]
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[*EURIBOR, EONIA, LIBOR, CMS, TEC or other*] +/- [●] per cent. Floating Rate] [Index-Linked Interest Note]  
[Zero Coupon]  
[Other (*specify*)]  
(further particulars specified below)
10. Redemption/Payment Basis<sup>7</sup>:  
(*Condition 7*) [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Cash Equity Redemption]  
[Equity Linked Redemption]  
[Physical Delivery]  
[Other (*specify*)]  
(*further particulars specified below*)
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Condition 7[(c)][(d)] will apply as specified below]
13. (i) Status of the Notes: [Senior/[Dated/Undated]/ Subordinated]
- (ii) Date of Board approval for issuance of Notes obtained: [●]
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

<sup>7</sup> If the Final Redemption Amount is different than 100% of the nominal value the Notes will be derivatives securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually / semi-annually / quarterly / monthly / other (*specify*)] in arrears]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in Specified Denomination
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Determination Dates: [●] in each year  
*(insert regular Interest Payment Dates, ignoring Issue Date or 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))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) 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 the application of the relevant business day convention is not intended to affect the Interest Amount]*
- (v) Business Centre(s) (Condition 4(a)): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/BBF Determination/ISDA Determination/other (*give details*)]
- (vii) Interest Period Dates: [●][Interest Payment Date/Other (*specify*)]

- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months) (additional information is required if other)*)
- Interest Determination Date(s): [●]
- Relevant Time: [●]
- Reference Banks (if Primary Source is "Reference Banks"): [Specify four]
- Primary Source : [Specify relevant screen page or "Reference Banks"]
- Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
- Relevant Financial Centre: [The financial centre most closely connected to the benchmark - specify if not Paris]
- Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
- Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- Relevant 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*)
- (x) ISDA Determination [Applicable/Not Applicable]
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- ISDA Definitions (if different from those set out in the Conditions): [●]
- (xi) FBF Determination: [Applicable/Not Applicable]
- Floating Rate (*Taux Variable*): [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months [e.g. EURIBOR 3 months] (additional information is required if other)*)
- Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
- FBF Definitions (if different from those

	set out in the Conditions):	[●] (specify how rate determined (e.g. relevant page) if different or not specified in FBF Definitions)
	(xii) Margin(s):	[+/-] [●] per cent. per annum
	(xiii) Minimum Rate of Interest:	[Not Applicable/[●] per cent. per annum]
	(xiv) Maximum Rate of Interest:	[Not Applicable/[●] per cent. per annum]
	(xv) Day Count Fraction:	[●]
	(xvi) 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 Conditions:	[●]
17.	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Day Count Fraction:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
18.	Index-Linked Interest Note/other variable-linked interest Note Provisions <sup>8</sup> :	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Index/Formula/other variable:	[give or annex details]
	(ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●] [give name and address]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●] <i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>

<sup>8</sup> If the Final Redemption Amount is different than 100% of the nominal value the Notes will be derivatives securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

- (vi) Interest or Calculation Period(s): [●]
- (vii) Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Business Centre(s): [●]
- (x) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xi) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xii) Day Count Fraction: [●]
- 19.** Dual Currency Note Provisions<sup>9</sup>: [Applicable/Not Applicable]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [*Give details*]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●][*give name and address*]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]  
*[Need to include a description of market disruption or settlement disruption events and adjustment provisions.]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction: [●]
- 20.** Provisions relating to Physical Delivery Notes [Applicable/Not Applicable]  
*[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Underlying Assets and/or Formula to be used to determine principal and/or interest or the Physical Delivery Amount:
- (ii) Settlement by way of cash and/or physical delivery: [●] [*Specify whether or not Notice of Election of Settlement is applicable*]
- (iii) [Issuer/Noteholder] option to vary method of settlement and, if yes, [Yes [*give or annex details*]/No]

<sup>9</sup> If the Final Redemption Amount is different than 100% of the nominal value the Notes will be derivatives securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

method of election, and procedure,  
for variation of settlement:

- (iv) If settlement is by way of physical delivery: [●]
- (a) Method of delivery of Physical Delivery Amount and consequences of a Settlement Disruption Event(s): [●]
- (b) Details of how and when Transfer Notice is to be delivered: [●]
- (c) Details of how entitlement to Physical Delivery Amount will be evidenced: [●]
- (v) The party responsible for calculating the redemption amount and/or interest amount, or the Physical Delivery Amount, payable (if not the Calculation Agent): [●]
- (vi) Provisions where calculation by reference to the Underlying Assets and/or Formula is impossible or impracticable: [●]
- (vii) Details of any other relevant terms, any stock exchange requirements/tax considerations (including details of person responsible for transfer expenses): [●]
- (viii) 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 [●] Specified Denomination/Market Value]
- (ix) Valuation Date(s): [●]
- (x) Details of Stock Exchanges(s) and Related Exchange(s): [●]
- (xi) Exchange Rate: [Applicable/Not Applicable]
- (xii) Such other additional terms or provisions as may be required: [●]

## PROVISIONS RELATING TO REDEMPTION

- 21.** Issuer's optional redemption (Call): [Applicable/Not applicable]  
(Condition 7(c)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Redemption amount (Call): *[specify — if not par, also specify details of any formula]*
  - (ii) Series redeemable in part: *[specify — otherwise redemption will only be permitted of entire Series]*
  - (iii) Call option date(s)/Call option period: *[Specify]*

22. Noteholder's optional redemption (Put): [Applicable/Not applicable]  
(Condition 7(d)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Redemption amount (Put): *[specify — if not par, also specify details of any formula]*
- (ii) Put Option date(s)/Put Option Period: *[specify]*
23. Final Redemption Amount of each Note<sup>10</sup>: [[●] per Note of [●] Specified Denomination / Specified Denomination / Other (specify) /See Appendix]  
In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: *[Give or annex details]*
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [●] *[give name and address]*
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●]
- (viii) Maximum Final Redemption Amount: [[●] per Note of [ ] Specified Denomination/other/see Appendix]
- [Provisions for Equity Linked Notes:

<sup>10</sup> If the Final Redemption Amount is different than 100% of the nominal value the Notes will be derivatives securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

If the Closing Price is greater than or equal to the Strike Price, each Note shall be redeemed at the Specified Denomination (the "Final Redemption Amount").

If the Closing Price is less than the Strike Price, each Note shall be redeemed by the delivery or procurement of delivery to the Noteholder of the Securities Transfer Amount for each Note held on the Settlement Date or, if later (and subject to Condition 7) three Business Days following receipt by the Issuer of a duly completed Transfer Notice and surrender of the relevant Note(s).]

[Other Notes: Par/other - specify/See Annex [ ] Attached hereto.

**24. Early Redemption Amount:**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same and/or any other terms (if required or if different from that set out in Condition 7(e):

[ ● ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**25. Form of Notes:**

[Dematerialised Notes/  
Materialised Notes] (Materialised Notes are only in bearer form)  
[Delete as appropriate]

(i) 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]

(ii) Registration Agent:

[Not Applicable/if applicable give name and address] (Note that a Registration Agent must be appointed in relation to Fully Registered Dematerialised Notes only)

(iii) 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 Certificate]

26. Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 8(g): [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15 (ii), 16(iv) and 18(ix) relates]
27. Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. If yes, give details] (Only applicable to Materialised Notes)
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to these Final Terms] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition 15(b)] [annexed to these Final Terms] apply]
32. *Masse* (Condition 13): [Applicable/Not Applicable/ Condition 13 replaced by the full provisions of the *Code de Commerce relating to the Masse*] (Note that: (i) in respect of any Tranche of Notes issued outside France within the meaning of article L.228-90 of the Code de commerce, Condition 13 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside the French territory, Condition 13 must be waived in its entirety and replaced by the full provisions of the Code de commerce relating to the Masse. Insert, as the case may be, details of Representative and Alternative Representative and remuneration).
33. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

**PROVISIONS APPLICABLE TO INDEX LINKED NOTES, CASH EQUITY NOTES, AMERICAN DEPOSITARY RECEIPT LINKED NOTES AND EQUITY LINKED NOTES**

34. Security Delivery (Equity Linked Notes only): Transfer Notice: [Yes/No/Not Applicable].

*Delivery of the Securities will be via the Clearance 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.*

35. Provisions for Cash Equity Notes and Equity Linked Notes (excluding American Depositary Receipt Linked Notes):

- |        |   |   |
|--------|---|---|
| (i)    | Securities:   | [ ● ]   |
| (ii)   | Underlying Company(ies):  | [ ● ]   |
| (iii)  | Exchange(s):  | [ ● ]   |
| (iv)   | Cash Settlement Payment Date:   | [Maturity Date/other - <i>specify</i> ]   |
| (v)    | Securities Transfer Amount:<br>(for Equity Linked Notes only)         | [ ● ]   |
| (vi)   | Settlement Date:<br>(for Equity Linked Notes only)                    | Condition 10(c) [applies/does not apply]  |
| (vii)  | Settlement Disruption Event:<br>(for Equity Linked Notes only)        | Condition 10(d) [applies/does not apply]  |
| -      | Disruption Period (if other than<br>as specified in Condition 10(c)): |   |
| (viii) | Delivery Disruption Event: (for<br>Equity Linked Notes only)          | Condition 10(e)(i) [applies/does not apply]<br>Condition 10(e)(ii) [applies/does not apply] |
| (ix)   | Potential Adjustment Event:   | Condition 10(e)(iii) [applies/does not apply]   |
| (x)    | Merger Event:   | Condition 10(e)(iv) [applies/does not apply]  |
| (xi)   | Nationalisation, Insolvency or<br>Delisting:                          | [ ● ]   |
| (xii)  | Tender Offer:   | [ ● ]   |

(xiii) Conversion: (for Notes relating to debt securities only)	Condition 10(e)(v) [applies/does not apply]
(xiv) Corrections to published prices affecting debt securities:	
- Spot Price:	[ ● ]
(xv) Barrier Level:	[ ● ]
(xvi) Barrier Period:	[ ● ]
(xvii) Trigger Event:	[ ● ]
(xviii) Trigger Level:	[ ● ]
(xix) Weighting:	[ ● ]
(xx) Strike Price:	[ ● ]
(xxi) Strike Date:	[ ● ]
(xxii) Knock-in Event:	[Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(xxiii) Knock-in Period Beginning Date:	[Not Applicable/specify]
(xxiv) Knock-in Period Ending Date:	[Not Applicable/specify]
(xxv) Knock-in Price:	[Not Applicable/specify]
(xxvi) Knock-in Valuation Time:	[Not Applicable/specify]
(xxvii) Knock-out Event:	[[Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(xxviii) Knock-out Period Beginning Date:	[Not Applicable/specify]
(xxix) Knock-out Period Ending Date:	[Not Applicable/specify]
(xxx) Knock-out Period Ending Date Scheduled Trading Day Convention:	[Not Applicable/specify]
(xxxi) Knock-out Price:	[Not Applicable/specify]
(xxxii) Knock-out Valuation Time:	[Not Applicable/specify]

	(xxxiii) Scheduled Trading Day Convention:	[Not Applicable/ <i>specify</i> ]
	(xxxiv) Automatic Early Redemption Amount:	[Not Applicable/ <i>specify</i> ]
	(xxxv) Automatic Early Redemption Dates(s):	[Not Applicable/ <i>specify</i> ]
	(xxxvi) Automatic Early Redemption Event:	[Not Applicable/ <i>specify</i> ]
	(xxxvii) Automatic Early Redemption Price:	[Not Applicable/ <i>specify</i> ]
	(xxxviii) Automatic Early Redemption Rate:	[Not Applicable/ <i>specify</i> ]
	(xxxix) Automatic Early Redemption Valuation Date(s):	[Not Applicable/ <i>specify</i> ]
	(xl) Exchange Rate:	[Not Applicable/ <i>specify</i> ]
<b>36.</b>	Additional provisions for Equity Linked Notes:	[ ● ]
<b>37.</b>	Provisions for American Depository Receipt Linked Notes:	
	(i) ADR Securities:	[ ● ]
	(ii) ADR Issuer:	[ ● ]
	(iii) Equity Element:	[ ● ]
	(iv) Securities Transfer Amount: (for Equity Linked Notes only)	[ ● ]
	(v) Settlement Date: (for Equity Linked Notes only)	[ ● ]
	(vi) Settlement Disruption Event: (for Equity Linked Notes only)	[ ● ]
	- Disruption Period (if other than as specified in Condition 10(c)):	[ ● ]
	(vii) Delivery Disruption Event: (for Equity Linked Notes only):	[ ● ]
	(viii) Knock-in Event:	[Not Applicable/ <i>specify</i> /"greater than"/"greater

	than or equal to"/"less than"/"less than or equal to"]
(ix) Knock-in Period Beginning Date:	[Not Applicable/ <i>specify</i> ]
(x) Knock-in Period Ending Date:	[Not Applicable/ <i>specify</i> ]
(xi) Knock-in Price:	[Not Applicable/ <i>specify</i> ]
(xii) Knock-in Valuation Time:	[Not Applicable/ <i>specify</i> ]
(xiii) Knock-out Event:	[Not Applicable/ <i>specify</i> "/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(xiv) Knock-out Period Beginning Date:	[Not Applicable/ <i>specify</i> ]
(xv) Knock-out Period Beginning Date Scheduled Trading Day Convention:	[Not Applicable/ <i>specify</i> ]
(xvi) Knock-out Period Ending Date:	[Not Applicable/ <i>specify</i> ]
(xvii) Knock-out Period Ending Date Scheduled Trading Day Convention:	[Not Applicable/ <i>specify</i> ]
(xviii) Knock-out Price:	[Not Applicable/ <i>specify</i> ]
(xix) Knock-out Valuation Time:	[Not Applicable/ <i>specify</i> ]
(xx) Automatic Early Redemption Amount:	[Not Applicable/ <i>specify</i> ]
(xxi) Automatic Early Redemption Dates(s):	[Not Applicable/ <i>specify</i> ]
(xxii) Automatic Early Redemption Event:	[Not Applicable/ <i>specify</i> ]
(xxiii) Automatic Early Redemption Price:	[Not Applicable/ <i>specify</i> ]
(xxiv) Automatic Early Redemption Rate:	[Not Applicable/ <i>specify</i> ]
(xxv) Automatic Early Redemption Valuation Date(s):	[Not Applicable/ <i>specify</i> ]
(xxvi) Exchange Rate:	[Not Applicable/ <i>specify</i> ]
<b>38.</b> Provisions for Index Linked Notes:	
(i) Multiple Exchange Indices:	[Applicable/Not Applicable]
(ii) Index(ices):	[●]

(iii) Index Sponsor:	[ ● ]
(iv) Exchanges:	[ ● ]
(v) Related Exchange:	[ ● ]
(vi) Cash Settlement Payment Date:	[ ● ]
(vii) Adjustment Index:	[ ● ]
(viii) Strike Date:	[ ● ]
(ix) Strike Price:	[ ● ]
(x) Knock-in Event:	[Not Applicable/ <i>specify</i> /"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(xi) Knock-in Period Beginning Date:	[Not Applicable/ <i>specify</i> ]
(xii) Knock-in Period Beginning Date Scheduled:	[Not Applicable/ <i>specify</i> ]
(xiii) Knock-in Period Ending Date:	[Not Applicable/ <i>specify</i> ]
(xiv) Knock-in Level:	[Not Applicable/ <i>specify</i> ]
(xv) Knock-in Valuation Time:	[Not Applicable/ <i>specify</i> ]
(xvi) Knock-out Event:	[Not Applicable/ <i>specify</i> /"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(xvii) Knock-out Period Ending Date:	[Not Applicable/ <i>specify</i> ]
(xviii) Knock-out Level:	[Not Applicable/ <i>specify</i> ]
(xix) Knock-out Valuation Time:	[Not Applicable/ <i>specify</i> ]
(xx) Automatic Early Redemption Amount:	[Not Applicable/ <i>specify</i> ]
(xxi) Automatic Early Redemption Dates(s):	[Not Applicable/ <i>specify</i> ]
(xxii) Automatic Early Redemption Event:	[Not Applicable/ <i>specify</i> ]
(xxiii) Automatic Early Redemption Level:	[Not Applicable/ <i>specify</i> ]
(xxiv) Automatic Early Redemption Rate:	[Not Applicable/ <i>specify</i> ]

- (xxv) Automatic Early Redemption  
Valuation Date(s): [Not Applicable/specify]
- (xxvi) Exchange Rate: [Not Applicable/specify]
39. Valuation Date(s): [●]
40. Valuation Time: [●]
41. Averaging Dates:
- (i) Relevant Prices: [Yes/No. *If yes, specify dates*]
- (ii) Details relating to how Final Redemption Amount will be calculated where the Notes relate to a Basket of Indices or Securities: [*Specify how level of Index or market value of Securities is to be determined*]
- (iii) Averaging Date Market Disruption: [●]  
[Omission/Postponement/Modified Postponement/Not Applicable/Other (Specify)]
42. Other terms or special conditions relating to Index Linked Notes, Cash Equity Notes or Equity Linked Notes: [●]

## DISTRIBUTION

43. If syndicated, names [and addresses<sup>11</sup>] of Managers [and underwriting commitments<sup>10</sup>]: [Not Applicable/give names[, addresses and underwriting commitments<sup>11</sup>]]  
[(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.)<sup>9</sup>]
- (ii) Date of [Subscription] Agreement: [●]<sup>10</sup>
- (ii[i]) Stabilising Manager(s) (if any): [Not Applicable/give name]
44. If non-syndicated, name [and address<sup>11</sup>] of Dealer: [Not Applicable/give name [and address<sup>11</sup>]]
45. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount<sup>11</sup>
46. Additional selling restrictions: [Not Applicable/give details]
47. 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/ TEFRA D/ TEFRA not applicable]  
(TEFRA rules are not applicable to

<sup>11</sup> Not required for Notes with a denomination per unit of at least €50,000

*Dematerialised Notes)*

[48. Non-exempt Offer<sup>10</sup>:

[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date*] (**Offer Period**). See further Paragraph 19 of Part B below.]

49. GENERAL

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [●] per cent. producing a sum of: [●]

#### **[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the [Luxembourg Stock Exchange Regulated Market (Bourse de Luxembourg)/other (*specify*)] of the Notes described herein pursuant to the Euro 20,000,000,000 Euro Medium Term Note Programme of HSBC France.]

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [(*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. ]<sup>12</sup>

Signed on behalf of the Issuer:

By: .....  
Duly authorised

---

<sup>12</sup> Include if third party information is provided, for example in compliance with Annex XII of the Prospectus Directive Regulation in relation to an index or its components, an underlying security or the issuer of an underlying security.

## PART B – OTHER INFORMATION

### 1. ISSUE SPECIFIC RISK FACTORS

*[Insert any risk factors that are material to these Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included, consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

### 2. [PUBLIC OFFER(S)]

(i) Public offer(s): [Yes/Not Applicable]

(ii) Member State: [the Notes will be offered to the public in [•] (*insert any Member State of the European Economic Area where the Notes will be offered to the public/Not Applicable*)]<sup>13</sup>

### 3. LISTING AND ADMISSION TO TRADING

(i) Listing(s): [Official List of the Luxembourg Stock Exchange/other (*specify*)/None]

(ii) [(a)] Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Luxembourg Stock Exchange Regulated Market (*Bourse de Luxembourg*)/other (*specify*)] with effect from [●].][Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Luxembourg Stock Exchange Regulated Market (*Bourse de Luxembourg*)/other (*specify*)] with effect from [●].] / [Not Applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

[(b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Notes to be offered or admitted to trading are already admitted to trading: [●]]

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<sup>13</sup> Not required for Notes with a denomination per unit of at least €50,000.

[(iii) Estimate of total expenses [●]<sup>14</sup> related to admission to trading:

(iv) Additional publication of Base Prospectus and Final Terms:

[●] (See paragraph 10 of the section "**General Information**" of the Base Prospectus which provides that (i) the Base Prospectus will be published on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) during at least a period of twelve months from the date of the Base Prospectus and (b) the Issuer (www.hsbc.fr) and (ii) so long as Notes are admitted to trading on any Regulated Market in accordance with the Prospectus Directive, the relevant Final Terms and Base Prospectus will be published on the websites of the (a) Luxembourg Stock Exchange (www.bourse.lu) and (b) the Issuer (www.hsbc.fr).

Please provide for additional methods of publication in respect of an admission to trading on a Regulated Market other than the Luxembourg Stock Exchange, for example, Paris)

#### 4. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.<sup>15</sup>]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

#### 5. [NOTIFICATION

The *Commission de Surveillance du Secteur Financier*, which is the competent authority in Luxembourg for the purpose of the Prospectus Directive has been requested to provide the *[include names of competent authorities of host Member States]* with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

#### 6. [THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

*If advisors are mentioned in these Final Terms, specify the capacity in which the advisors have acted.*

<sup>14</sup> Required only for Notes with a denomination per unit of at least €50,000

<sup>15</sup> Not required for Notes with a denomination per unit of at least €50,000

*Specify other information mentioned in the Final Terms which has been audited or reviewed by auditors and where auditors have produced a report. Insert the report or, with permission of the competent authority, a summary of the report.*

*Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer or the Notes.*

*Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

*In addition, the Issuer shall identify the source(s) of the information.]*

#### **7. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

*[When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under article 16 of the Prospectus Directive.]*

#### **[8. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

[●]

*(For Unsubordinated Notes, see "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from general corporate purposes will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

[●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

[●]. *[Include breakdown of expenses.]*<sup>16</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at*

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<sup>16</sup> Not required for Notes with a denomination per unit of at least €50,000

(i) above.)

## 9. **[Fixed Rate Notes only – YIELD**

Indication of yield: [●].

Calculated as [*include details of method of calculation in summary form*] on the Issue Date.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

## 10. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [EURIBOR/LIBOR/EONIA/CMS/TEC/other] rates can be obtained from [Reuters/other].]<sup>17</sup>

## 11. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING\*]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>18</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under article 16 of the Prospectus Directive.)]<sup>19</sup>*

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<sup>17</sup> Not required for Notes with a denomination per unit of at least €50,000.

\* For derivative securities to which Annex XII to the Prospectus Directive Regulation applies, please complete instead paragraph 13 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying.

<sup>18</sup> Not required for debt securities with a denomination per unit of at least €50,000.

<sup>19</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is different than 100% of the nominal value of the Notes).

**12. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT\***

*Need to include details of where 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 when the risks are most evident]<sup>20</sup> .]<sup>21</sup>*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under article 16 of the Prospectus Directive.)*

**13. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING**

**[EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident, and the risks that investors may lose part or all of their investment.]<sup>22</sup>*

**14. SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES**

*Need to include a description of the settlement procedures of the derivative securities.*

**15. RETURN ON DERIVATIVES SECURITIES**

Return on derivative securities: *[Description of how any return on derivative securities takes place]*

Payment or delivery date: [●]

Method of calculation: [●]

**16. INFORMATION CONCERNING THE UNDERLYING**

The exercise price or the 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:

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained: [●]

- 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

<sup>20</sup> Not required for debt securities with a denomination per unit of at least €50,000.

<sup>21</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is different than 100% of the nominal value of the Notes).

<sup>22</sup> Not required for Notes with a denomination per unit of at least €50,000.

is not composed by the issuer, where information about the index can be obtained: [●]

[Applicable/Not Applicable]

- where the underlying is a security:

the name of the issuer of the security: [●]

the ISIN (International Security Identification Number) or other such security identification code: [●]

- where the underlying is an interest rate: [Applicable/Not Applicable]

a description of the interest rate: [●]

- others: [Applicable/Not Applicable]

where the underlying does not fall within the categories specified above the Final Terms shall contain equivalent information:

- where the underlying is a basket of underlyings: [●]  
[Applicable/Not Applicable]

disclosure of the relevant weightings of each underlying in the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules with relation to events concerning the underlying:]\* [●]

#### **OTHER**

Name and address of Calculation Agent: [●]

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

#### **17. [Derivatives only – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING**

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

*[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]*

#### **18. OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Depositaries:

(i) Euroclear France to act as Central

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\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote 8 above.

Depository: [Yes/No]

(ii) Common Depository for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme: [Yes/No]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant 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: **HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC France**  
103, avenue des Champs Elysées  
75008 Paris  
France

**BNP Paribas Securities Services, Luxembourg Branch**  
33 rue de Gasperich, Howald – Hesperange  
L – 2085 Luxembourg  
Luxembourg

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

## 19. [TERMS AND CONDITIONS OF THE OFFER<sup>23</sup>

### 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: [●]

[A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants:]<sup>24</sup>

Details of the minimum and/or maximum amount of application, (whether in number of

<sup>23</sup> Not required for Notes with a denomination of at least €50,000 except if Annex XII to the Prospectus Directive Regulation applies.

<sup>24</sup> Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

securities or aggregate amount to invest): [●]

Method and time limits for paying up the securities and for delivery of the securities: [●]

A full description of the manner and date in which results of the offer are to be made public: [●]

Categories of potential investors to which the securities are offered:<sup>25</sup> [●]

[The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:]<sup>26</sup> [●]

## 20. [PLAN OF DISTRIBUTION AND ALLOTMENT]<sup>27</sup>

The various categories of potential investors to which the securities 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:] [●]

## 21. [PRICING]<sup>28</sup>

Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [●]

## 22. [PLACING AND UNDERWRITING]<sup>29</sup>

Name and address of the coordinator(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: [●]

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<sup>25</sup> 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.

<sup>26</sup> Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

<sup>27</sup> Not required for Notes with a denomination of at least €50,000 except if Annex XII to the Prospectus Directive Regulation applies.

<sup>28</sup> Not required for Notes with a denomination of at least €50,000 except if Annex XII to the Prospectus Directive Regulation applies.

<sup>29</sup> Not required for Notes with a denomination of at least €50,000 except if Annex XII to the Prospectus Directive Regulation applies.

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:]

[ ● ]

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 5 October 2010 between the Issuer, the Permanent Dealers and the Arranger (the "**Dealer Agreement**"), the Notes will be offered by the Issuer to the Permanent Dealers (other than HSBC France). However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Each Dealer has agreed that it will comply, to the best of its knowledge, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

#### European Economic Area

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 which are the subject of the offering contemplated by this Prospectus as completed by the final terms 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 to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes 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 which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms 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 final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 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
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) 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 to the public**" in relation to any Notes 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 to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of 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 by Regulation S.

Materialised Notes having a maturity of more than one year 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 and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer or sell or, in the case of Materialised Notes, deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise 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 issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of an identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus 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 without prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) in relation to any Notes which have 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 will not offer or sell any Notes 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 businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will 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 will not, directly or indirectly, offer or sell any Notes in Japan or to or for the benefit of a resident of Japan (as defined under 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.

## France

Each of the Dealers and the Issuer has represented and agreed that:

(i) **Offer to the public in France:**

it has only made and will only make an offer of Notes to the public (*offre au public*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (the "AMF"), on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the provisions of the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of approval of the Base Prospectus; or

(ii) **Private placement in France:**

[in connection with their initial distribution]<sup>30</sup> it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), and/or (c) a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in, and in accordance with, articles L.411-1, L.411-2, and D.411-1 to D.411-4 of the French *Code monétaire et financier*.

These selling restrictions may be amended in the relevant Final Terms.

## Hong Kong

Each Dealer has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) 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 (ii) 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, 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 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.

## The Netherlands

Zero coupon Notes in definitive form and other Notes in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly

<sup>30</sup> Only insert where an admission to trading on Euronext Paris is contemplated.

or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

Each Dealer has furthermore represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that Notes with a maturity of less than 12 months will either have a minimum denomination of €50,000 or be offered in the Netherlands only to professional market parties as defined in the Financial Supervision Act (*Wep op het financieel toezicht*) and the decrees issued pursuant thereto.

Each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business which includes banks, stock brokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises.

### **Switzerland**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with any laws, regulations or guidelines in Switzerland from time to time, including, but not limited to, any regulations made by the Swiss National Bank, in relation to the offer, sale, delivery or transfer of the Notes or the distribution of any offering material in respect of such Notes.

### **Kingdom of Spain**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes may not be offered or sold in the Kingdom of Spain by means of a public offer as defined and construed by Spanish law except in compliance with the requirements of Chapter I of Title III of Law 24/1988, of 28 July, of the Securities Act (as amended by Royal Decree Law 5/2005, of 11 March) and related legislation.

### **Italy**

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

(i) **Offer to the public in Italy:**

it will only make an offer of the Notes to the public in the Republic of Italy following recognition by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") of the Base Prospectus approved by *Commission de Surveillance du Secteur Financier* (the "**CSSF**") as from the date of notification of such recognition to the CSSF until the date which is 12 months after the date of approval of this Base Prospectus, all in accordance with Article 98 of the Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Articles 11 and 12 of CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**Issuers Regulation**").

(ii) **Private placement in Italy:**

Prior to the recognition of the Base Prospectus by CONSOB, the Notes may not, and will not, be offered, sold, transferred or delivered, directly or indirectly, in an offer to the public in the Republic of

Italy and copies of this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes may not, and will not, be distributed in the Republic of Italy, unless an exemption applies. Accordingly, each of the Dealers and the Issuer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) not to effect any offering, marketing, solicitation or selling activity of the Notes in the Republic of Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, paragraph 1(b) of the Issuers Regulation; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Financial Services Act and its implementing regulations, including article 34-ter of the Issuers Regulation.

Each Dealer has also represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that any offer, sale, transfer or delivery of the Notes or distribution of copies of this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes in the Republic of Italy under (a) or (b) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and in particular will be made:

- (i) by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act , Legislative Decree no. 385 of 1 September 1993, CONSOB Regulation no. 16190 of 29 October 2007, all as amended; and
- (ii) in compliance with any other applicable notification requirement or limitation which may be imposed from time to time by CONSOB, the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer and resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations. No person resident or located in the Republic of Italy other than the original addressees of this Base Prospectus may rely on this Base Prospectus, its content, the Final Terms or any other offering material relating to the Notes.

### **Andorra**

The Notes shall only be offered or sold to Andorran banks or financial entities duly authorised by the Andorran Government to operate within the financial sector in Andorra or otherwise as lawfully permitted in Andorra.

### **Liechtenstein**

The Notes are offered by way of a private placement to a limited number of investors in Liechtenstein and as such do not form part of any public offering in Liechtenstein. This Base Prospectus, any supplements to the Base Prospectus, Drawdown Prospectuses and Final Terms shall be treated as confidential and may only be relied upon by the addressee and not a third party. In case of any potential on-selling by an investor, the investor must respect the public offering restriction under Liechtenstein law.

**Monaco**

The Notes shall only be offered or sold to duly authorised banks and licensed portfolio management companies in Monaco or otherwise as lawfully permitted in Monaco.

## GENERAL INFORMATION

- (1) This Base Prospectus has been approved by the CSSF, as competent authority in Luxembourg for the purposes of the Prospectus Directive.

Application has been made for the delivery by the CSSF of a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive to (i) the AMF, as competent authority in France for the purposes of the Prospectus Directive, (ii) the CONSOB, as competent authority in Italy for the purposes of the Prospectus Directive and (iii) the FSA, as competent authority in the United Kingdom for the purposes of the Prospectus Directive. In compliance with Article 18 of the Prospectus Directive, such notification may also be made from time to time at the Issuer's request to any other competent authority of any other Member State of the EEA.

- (2) The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the establishment of the Programme. Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, require the decision of the Board of Directors (*Conseil d'Administration*) of the Issuer or, as the case may be, the decision of any person acting by delegation of the Board of Directors (*Conseil d'Administration*) of the Issuer. For this purpose the Board of Directors (*Conseil d'Administration*) of the Issuer has delegated on 27 July 2010 to its Chief Executive Officer (*Directeur Général*) Christophe de Backer, and pursuant to proposal of the latter, to its Executive Directors and Deputy Chief Executive Officers (*Administrateurs et Directeurs Généraux Délégués*) Jean Beunardeau and Gilles Denoyel, and to Xavier Boisseau, Thibaut de Roux, and/or Franck Carminati, all powers to issue *obligations* and to determine their final terms and conditions, up to a maximum aggregate amount of € 10,000,000,000 for 1 year from 27 July 2010. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations* under French law, fall within the general powers of the *directeur général* or a *directeur général délégué* of the Issuer.
- (3) Except as disclosed in this Base Prospectus, there has been no significant change in the financial position of the Issuer or the Group since 30 June 2010.
- (4) Except as disclosed in this Base Prospectus, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2009.
- (5) 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.
- (6) In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Issuer will not provide any post-issuance information concerning the underlying, except if required by any applicable laws and regulations. If such information is to be reported, the Final Terms will specify what information will be reported and where such information can be obtained.
- (7) Application may be made for Notes to be accepted for clearance through Clearstream Luxembourg (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgique) and Euroclear France (115 rue Réaumur, 75081 Paris cedex 02, France). The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

- (8) This Base Prospectus will be published on the websites of (a) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) during at least a period of twelve months from the date of the Base Prospectus and (b) the Issuer ([www.hsbc.fr](http://www.hsbc.fr)). So long as Notes are admitted to trading on any Regulated Market of the EEA and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive, the relevant Final Terms and Base Prospectus will be published on the websites of the (a) Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (b) Issuer ([www.hsbc.fr](http://www.hsbc.fr)).

In addition, should the Notes be listed and admitted to trading on a Regulated Market of the EEA other than the Luxembourg Stock Exchange's Regulated Market and/or offered to the public in any Member State of the EEA, in each case in accordance with the Prospectus Directive, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) the Regulated Market of the Member State of the EEA where the Notes have been listed and admitted to trading and/or offered to the public or (y) the competent authority of the Member State of the EEA where the Notes have been listed and admitted to trading and/or offered to the public.

- (9) So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available, free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s) for the time being in Paris:
- (i) the *statuts* of the Issuer;
  - (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2008 and 2009;
  - (iii) 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;
  - (iv) the Agency Agreement (which includes the form of *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Notes, the Coupons, the Receipts and the Talons);
  - (v) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
  - (vi) a copy of the Final Terms for Notes that are (i) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market of the EEA and/or (ii) offered to the public in any Member State of the EEA, in accordance with the Prospectus Directive, so long as such Notes are outstanding. Final Terms relating to Notes not listed and admitted to trading nor offered to the public in a Member State of the EEA will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity.
- (10) For certain information as to the taxation of saving income, see "*Taxation*" in page 112 above.
- (11) The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

**REGISTERED OFFICE OF THE ISSUER**

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 United Kingdom

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 United Kingdom

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 75008 Paris  
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