



**HSBC France**  
**€12,500,000,000**  
**Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), HSBC France (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €12,500,000,000 (or its equivalent in other currencies) at the date of issue.

Application may be made, in certain circumstances, to Euronext Paris S.A. (the "**Paris Stock Exchange**") for Notes described in this Base Prospectus to be listed and traded on the regulated market of the Paris Stock Exchange, Eurolist by Euronext™. The Paris Stock Exchange regulated market is a Regulated Market for the purposes of the Investment Services Directive 93/22/CE (each such market being a "**Regulated Market**") governed by the Directive 2004/39/CE on financial markets instruments. 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 (other than France), in each case in accordance with the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"), or may be listed on an alternative stock exchange, or may be unlisted.

This Prospectus has been submitted to the competent authority of France, the *Autorité des marchés financiers* (the "**AMF**"), for approval and has received from the AMF the visa n° 05-811 on 25 November 2005. The relevant Final Terms (a form of which is contained herein) 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 (other than France) where the Notes will be offered to the public.

This Base Prospectus replaces and supersedes the Offering Circular dated 20 September 2004 prepared in connection with the Programme. It shall be updated annually as from the date hereof.

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 Article L.211-4 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., as operator of the Euroclear System ("**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 (as defined in "Terms and Conditions of the Notes")) 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 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-US 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 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.

Arranger  
**HSBC**

Dealers

**HSBC France**

**HSBC**

The Issuer, having made all reasonable enquiries, confirms that this Base Prospectus (together with all supplements thereto from time to time) contains or otherwise incorporates by reference all information with respect to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the "Group") and the Notes that is material in the context of the issue and offering of the Notes, constitutes a Base Prospectus for the purposes of article 5.4 of the Prospectus Directive. 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, 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 .

This Base Prospectus (together with all supplements thereto from time to time) 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 212-11 of the *Règlement général* of the AMF and Article 28 of the European Commission Regulation N°809/2004 dated 29 April 2004 (see "Documents incorporated by Reference" below).

No person is authorised to give any information or to make any representation other than those contained 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 amended or 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 amended or 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.

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.

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".

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 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 "Responsibility for Base Prospectus") makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are 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 financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of 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 of the Issuer 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 (provided that, in the case of any Tranche to be listed on a Regulated Market, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) 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 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

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 the Helvetic Confederation.

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## 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 and any supplement from time to time. Pursuant to article L.412-1-I of the French Code monétaire et financier, no civil action may be brought in liability against the Issuer solely on the basis of this Summary, including its translation, 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 the Base Prospectus before the legal proceedings are initiated.*

*This summary contains a general description of the Programme.*

*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 40 to 74.*

**Issuer:** HSBC France.

### PRESENTATION OF HSBC FRANCE

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.

Headquartered in London, the HSBC Group is one of the largest banking and financial services organisations in the world. The Group's international network comprises over 9,700 offices in 77 countries and territories in five geographical regions: Europe; Kong Kong SAR; the rest of Asia-Pacific including the Middle East and Africa; North America and South America.

During the year ended 31 December 1992, HSBC Bank plc (formerly Midland Bank plc) became a wholly-owned subsidiary undertaking of HSBC Holdings plc (**“HSBC Holdings”**), whose Head Office is at 8 Canada Square, London, E14 5HQ

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by around 200,000 shareholders in some 100 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's activity is focussed on (i) Personal Financial Services and commercial banking, (ii) Corporate, investment banking and markets and (iii) Asset management and private banking.

**Personal Financial Services and commercial banking** activities represent a significant part of HSBC France's operating income. Both the HSBC France retail network and the regional banking subsidiaries contribute to such operating income.

**Corporate, investment banking and markets** is the second source of operating income.

*Corporate banking* is essentially structured finance and syndicated finance.

*Fixed income and forex capital market* activities include, *inter alia*, fixed income derivatives in Europe and Asia, and in origination business for clients in the eurozone.

*Investment banking* activities cover mergers and acquisitions, including French leveraged buy-out market and the equities business, including the equity derivatives business.

*Private equity and equity investment* operations are mostly generated by Charterhouse (through its private equity portfolio) and HSBC France (through its equity investment portfolio).

### **Asset management and private banking**

After a reorganisation which began in 2002, HSBC Investments France has set up a qualitative asset management by HSBC Asset Management Europe, quantitative asset management by Sinopia, and distribution of employee benefits products by HSBC Epargne Entreprise.

In **private banking**, in October 2003 HSBC France combined its four specialist subsidiaries to create HSBC Private Bank France, a leading player in the French market.

### STRUCTURE AND ORGANISATION

The members of the Board of Directors of the Issuer as at the date of this document are listed below:

#### Board of Directors

Charles-Henri Filippi	Chairman and Chief Executive Officer
Patrick Careil	Deputy Chief Executive Officer, Head of Retail Banking and Personal Financial Services customer group
Gilles Denoyel	Deputy Chief Executive Officer, in charge of Support Services and Finance

Directors

Martin Bouygues	Chairman and Chief Executive Officer, Bouygues Group
Evelyn Césari	employee of the Issuer
Paul Dubrulle	Founding co-Chairman, Accor
Maurice Etori	employee of the Issuer
Michael Geoghegan	Executive Director, HSBC Holdings plc and Chief Executive Officer, HSBC Bank plc
Stephen K. Green	Executive Director and Group Chief Executive, HSBC Holdings plc
Philippe Houzé	Chairman and Chief Executive Officer, Monoprix S.A. Chairman of the Management Board, Galeries Lafayette
Jean-Claude Jolain	Chief Executive Officer, SAGI
Igor Landau	Company Director
Jean-Charles Naouri	Chairman and Chief Executive Officer Rallye – Chairman of the Board, Casino
Philippe Pontet	Vice-Chairman, Corporate Finance Europe, HSBC France
Philippe Purdy	employee of the Issuer
Marcel Roulet	Director, France Telecom
Joyce Semelin	employee of the Issuer
Peter Shawyer	Company Director

The business address of each member of the Board of Directors is 103, Avenue des Champs-Élysées, 75008 Paris, France.

RECENT DEVELOPMENTS

Following CCF's Board of Directors meeting on 12 January 2005, the management of the bank presented on 13 January 2005 a new strategic plan to the bank's Works Council and employees in France.

On 1 November 2005, CCF changed its legal name to HSBC France and its commercial name to HSBC.

<b>Arranger:</b>	HSBC Bank plc.
<b>Dealers:</b>	HSBC Bank plc. HSBC France.
<b>Description:</b>	Euro Medium Term Note Programme.
<b>Programme Limit:</b>	Up to €12,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Fiscal Agent and Principal Paying Agent:</b>	HSBC Bank plc.
<b>Paris Paying Agent:</b>	HSBC France.
<b>Method of Issue:</b>	The Notes may be offered to the public or not and/or listed or not, and in each case may be issued on a syndicated or non-syndicated basis.
<b>Maturities:</b>	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 <i>fonds propres complémentaires</i> within the meaning of Article 4(c) of the <i>Comité de la Réglementation Bancaire et Financière</i> ("CRBF") Regulation no. 90-02 of 23 February 1990 as amended ("Upper Tier 2 Capital") which will have no maturity, (ii) in the case of Subordinated Notes whose proceeds constitute <i>fonds propres complémentaires</i> within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended ("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 <i>fonds propres surcomplémentaires</i> within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended ("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.

<b>Currencies:</b>	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).
<b>Denomination:</b>	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 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.  Dematerialised Notes shall be issued in one denomination only.
<b>Status of the Unsubordinated Notes:</b>	Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) <i>pari passu</i> with all other present or future unsecured and unsubordinated obligations of the Issuer.
<b>Status of the Subordinated Notes:</b>	The Issuer may issue Subordinated Notes which constitute Dated Subordinated Notes or Undated Subordinated Notes. Subordinated Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank <i>pari passu</i> without any preference among themselves and <i>pari passu</i> with all other present or future unsecured and subordinated obligations of the Issuer with the exceptions of the <i>prêts participatifs</i> granted to the Issuer and <i>titres participatifs</i> issued by the Issuer. The Final Terms may state that Subordinated Notes will be eligible as Upper Tier 2, Lower Tier 2 or Tier 3 Capital.
<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 8(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 8(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>Taxation:</b>	Except as otherwise specified in the relevant Final Terms, payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131

*quater* of the French *Code général des impôts* to the extent that the Notes are issued (or deemed to be issued) outside France.

**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.

**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.

Notes which are listed and admitted to trading on the Paris Stock Exchange's Regulated Market will be cleared through Euroclear France.

**Listing and admission to trading:**

The Paris Stock Exchange's Regulated Market or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Offer to the public:**

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

**Rating:** Notes issued pursuant to the Programme may be rated or unrated. 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.

**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, 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 Notes generally or to the structure of a particular issue of Notes.
- (iii) 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 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 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 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 AMF ([www.amf-france.org](http://www.amf-france.org)).

## **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 et des documents qui y sont incorporés par référence. Conformément à l'article L.412-1-I du Code monétaire et financier, aucune action en responsabilité ne peut être intentée contre l'Emetteur 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'Etat Membre concerné, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire.*

*Les termes et expressions définis dans la section « Modalités des Titres » ci-après auront la même signification dans le présent résumé.*

*Le présent résumé contient une description générale du Programme.*

*Les Titres seront émis conformément aux modalités qui seront convenues entre l'émetteur et les agents placeurs concernés, et ils devront obéir aux « Termes et conditions » prévus aux pages 40 à 74, à moins que ne soit spécifié le contraire dans la section « Conditions Définitives ».*

**Emetteur :** *HSBC France.*

### **PRESENTATION DE L'EMETTEUR**

*HSBC France est une société de droit français et a été fondé 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 CCF. En 1982 CCF fut nationalisé puis privatisé en 1987. CCF a intégré le Groupe HSBC en juillet 2000.*

*CCF a adopté la marque HSBC le 1<sup>er</sup> novembre 2005.*

*Basé à Londres où est installé son siège, le Groupe HSBC est une des plus grandes institutions bancaires et financières du monde. Le réseau mondial du Groupe comprend 9.700 bureaux dans 77 pays répartis dans cinq régions géographiques : l'Europe, Hong Kong, le reste de l'Asie-Pacifique comprenant l'Afrique et le Moyen-Orient, l'Amérique du Nord et l'Amérique du Sud.*

*Au cours de l'exercice clos le 31 décembre 1992, HSBC Bank plc (anciennement Midland Bank plc) est devenue une filiale à 100% de HSBC Holdings plc (« **HSBC Holdings** »), dont le siège social est situé au 8 Canada Square, Londres, E14 5HQ, Royaume-Uni.*

*Cotés à Londres, Hong Kong, New-York, Paris et les Bermudes, les actions de la société HSBC Holdings Plc sont détenues par environ 200.000 porteurs dans près de 100 pays. 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

*L'activité de HSBC France est orientée vers (i) la banque de particuliers et d'entreprises (ii) la banque de grande clientèle, d'investissement et de marchés et (iii) la gestion d'actifs et la banque privée.*

*Les activités de **banque de particuliers et d'entreprises** représentent une part significative des revenus opérationnels de HSBC France. Le réseau de distribution de l'activité de banque de détail et les filiales régionales bancaires contribuent à ces revenus.*

*La **banque de Grande clientèle, d'investissement et de marchés** est la deuxième ressource de revenu.*

*La banque de grande clientèle est essentiellement composée des activités de financements structurés et de syndication.*

*L'activité de Taux et de Change et de change couvre notamment les dérivés conclus par l'activité de Taux et de Change en Europe et en Asie et l'origination pour la clientèle de la zone Euro.*

*La banque d'investissement couvre les fusions-acquisitions et notamment l'activité d'acquisition avec effet de levier en France et les actions incluant l'activité des dérivés sur actions.*

*Les opérations d'investissement dans des sociétés non cotées et de "capital investissement" sont généralement menées par Charterhouse (grâce au portefeuille d'investissement dans des sociétés non cotées), et HSBC France (grâce à son portefeuille d'investissement en actions).*

### **Gestion d'actifs et banque privée**

*Après une réorganisation commencée en 2002, l'activité **gestion d'actifs** a mis en place une gestion d'actifs qualitative par HSBC Investments France, une gestion d'actifs quantitative par Sinopia et la distribution de produits d'épargne salariale par HSBC Epargne Entreprise.*

*En **banque privée**, en octobre 2003 HSBC France a associé ses quatre filiales spécialisées pour créer HSBC Private Bank France, un leader sur le marché français.*

STRUCTURE ET ORGANISATION

Les membres du Conseil d'Administration de l'Emetteur à la date de ce document sont listés ci-dessous :

Conseil d'Administration

Charles-Henri Filippi *Président et Directeur Général*

Patrick Careil *Directeur Délégué, en charge des réseaux bancaires et de la ligne de clientèle Services Financiers aux particuliers*

Gilles Denoyel *Directeur Général Délégué, en charge des Fonctions centrales et financières.*

Administrateurs

Martin Bouygues *Président et Directeur Général, Groupe Bouygues*

Evelyn Césari *Employée de l'Emetteur*

Paul Dubrule *Co-Président Fondateur, Accor*

Maurice Etori *Employé de l'Emetteur*

Michael Geoghegan *Administrateur, HSBC Holdings plc et Directeur Général, HSBC Bank plc*

Stephen K. Green *Administrateur et Group Chief Executive, HSBC Holdings plc*

Philippe Houzé *Président et Directeur Général, Monoprix S.A. Co-Président du Comité de Direction, Galeries Lafayette*

Jean-Claude Jolain *Directeur Général, SAGI*

Igor Landau *Administrateur de sociétés*

Jean-Charles Naouri *Président et Directeur Général Rallye – Président du Conseil d'Administration, Casino*

Philippe Pontet *Vice Chairman, Corporate Finance Europe, HSBC France*

Philippe Purdy *Employé de l'Emetteur*

Marcel Roulet *Administrateur France Telecom*

Joyce Semelin *Employée de l'Emetteur*

Peter Shawyer *Administrateur de sociétés*

*L'adresse professionnelle de chacun des membres du Conseil d'Administration est au 103, Avenue des Champs-Élysées, 75008 Paris, France.*

### DÉVELOPPEMENTS RÉCENTS

*A la suite du Conseil d'administration du 12 janvier 2005, le management de la banque a présenté le 13 janvier 2005, un nouveau plan stratégique au comité d'entreprise et aux salariés en France.*

*Le 1er novembre 2005, CCF a changé sa raison sociale en HSBC France et sa dénomination commerciale en HSBC.*

<b>Arrangeur:</b>	<i>HSBC Bank plc.</i>
<b>Agent placeur:</b>	<i>HSBC Bank plc. HSBC France.</i>
<b>Description:</b>	<i>Programme d'émission de titres (Euro Medium Term Note).</i>
<b>Montant Maximum du Programme:</b>	<i>Le montant total nominal des Titres en circulation ne pourra, à aucun moment, excéder la somme de 12.500.000.000 euros (ou la contre-valeur de ce montant dans toute autre devise, calculée à la date d'émission).</i>
<b>Agent Financier et Agent Payeur Principal :</b>	<i>HSBC Bank plc.</i>
<b>Agent Payeur à Paris :</b>	<i>HSBC France.</i>
<b>Méthode d'émission :</b>	<i>Les Titres, qui seront offerts ou non au public, inscrits ou non à la côte officielle, seront émis dans le cadre d'émissions syndiquées ou non-syndiquées.</i>
<b>Echéances :</b>	<i>Sous réserve de toutes les lois, règlements et directives applicables, les Titres auront une échéance 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 4(c) du Règlement 90-02 du 23 Février 1990 du Comité de la Réglementation Bancaire et Financière ("CRBF") ("<b>Fonds Propres Upper Tier 2</b>") qui n'auront pas de date d'échéance, (ii) dans le cas de Titres Subordonnés dont les produits constituent des fonds propres complémentaires au sens de l'article 4(d) du Règlement 90-02 du 23 Février 1990 du CRBF qui auront une échéance minimale de 5 ans et un jour ("<b>Fonds Propres Lower Tier 2</b>"), (iii) dans le cas de Titres Subordonnés dont les produits constituent des fonds</i>

*propres surcomplémentaires au sens de l'article 3-3 du Règlement 95-02 du 21 juillet 1995 du CRBF qui auront une échéance minimale de 2 ans et un jour ("Fonds Propres Tier 3") ou (iv) dans tous les cas où une telle date d'échéance 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 Nominale :**

*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 de Base 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 applicable à la Devise Concernée.*

*Les Titres Dématérialisés seront émis avec une seule valeur nominale.*

**Rang de créance des titres non subordonnés :**

*Les Titres non subordonnés 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, présents ou futurs, de l'Emetteur.*

<b>Rang de créance des titres subordonnés :</b>	<p><i>L'Emetteur pourra émettre des Titres Subordonnés qui prendront la forme de Titres Subordonnés remboursables ou de Titres Subordonnés à durée indéterminée.</i></p> <p><i>Les Titres Subordonnés 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 accordés par l'Emetteur et des titres participatifs émis par l'Emetteur.</i></p> <p><i>Les Conditions Définitives pourront prévoir que les produits des Titres Subordonnés constitueront des Fonds Propres Upper tier 2, Lower Tier 2 ou Tier 3.</i></p>
<b>Cas d'Exigibilité Anticipée :</b>	<p><i>Les modalités des Titres contiendront des cas d'exigibilité anticipée tels que décrits à l'Article 8(a) et uniquement des cas limités d'exigibilité anticipée pour les Titres Subordonnés, tels que prévus par l'article 8(b).</i></p>
<b>Montant de Remboursement :</b>	<p><i>Sous réserve du respect de toutes les lois et règlements applicables, les Conditions Définitives concernées indiqueront la base de calcul des montants de remboursements dus.</i></p>
<b>Fiscalité des Titres émis :</b>	<p><i>Sauf indication contraire dans les Conditions Définitives, les paiements afférents aux Titres qui constituent des obligations au sens du droit français seront effectués libres de toute retenue ou prélèvement à la source au titre d'un quelconque impôt requis par ou effectué au nom de la République Française, tel que prévu à l'article 131 quater du Code général des impôts, à la condition que les Titres soient émis (ou réputés émis) hors de France.</i></p>
<b>Périodes d'Intérêts et Taux d'Intérêts :</b>	<p><i>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</i></p>
<b>Forme des Titres :</b>	<p><i>Les Titres peuvent être émis soit sous forme de titres dématérialisés ("<b>Titres Dématérialisés</b>"), soit sous forme de titres matérialisés ("<b>Titres Matérialisés</b>").</i></p> <p><i>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</i></p>

*administré. Aucun document ne sera émis en représentation des Titres Dématérialisés. 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.*

**Systemes de compensation :**

*Euroclear France en qualité de dépositaire central pour les Titres Dématérialisés et, pour les Titres Matérialisés, Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") et Euroclear Bank S.A./N.V., en sa qualité d'opérateur du Système Euroclear ("**Euroclear**") ou tout autre système de compensation que l'Emetteur, l'Agent Financier et l'Agent Placeur concerné conviendraient de désigner.*

*Les Titres qui sont admis à la cotation à la Bourse de Paris seront compensés à travers Euroclear France.*

**Cotation:**

*Sur le Marché Réglementé de la Bourse de Paris (Eurolist by Euronext<sup>TM</sup>) ou sur toute autre bourse 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 cotation.*

**Offre au public:**

*Les Titres pourront être offerts au public dans tout Etat membre de l'Espace Economique Européen à l'exception de la France, 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 existe, sera précisée dans les Conditions Définitives concernées. Une notation ne représente pas une recommandation d'acheter, de vendre ou de detenir 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.*

**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, 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 investisseurs potentiels doivent être conscients des risques liés à l'investissement dans tout Titre avant de prendre leur décision d'investissement ;*
- *les risques généraux liés aux Titres et à la structure de certaines émissions de Titres ;*

- les risques généraux relatifs aux marchés (risque de taux, risque de liquidité, risques de change).

*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 admis à la négociation sur un Marché Réglementé de l'EEE 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 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 admis à la négociation sur un Marché Réglementé de l'EEE 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 l'AMF ([www.amf-france.org](http://www.amf-france.org)).*

## **RISK FACTORS**

### **1. RISK FACTORS RELATING TO THE ISSUER AND ITS ACTIVITY**

Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the factors mentioned below. These should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties but only a summary of the most common risks that may have an impact on the Issuer.

*Changes in general economic conditions in the markets in which the Issuer operates, include:*

- changes in foreign exchange rates;
- volatility in interest rates;
- volatility in equity markets;
- lack of liquidity in wholesale funding markets in periods of economic or political crisis;
- illiquidity and downward price pressure in UK and eurozone real estate markets, particularly consumer-owned real estate markets;
- the impact of lower than expected investment returns on the burden of funding private and public sector defined benefit pensions;
- the effect of unexpected changes in actuarial assumptions on longevity which would influence the funding of private and public sector defined benefit pensions;
- 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.

*Changes in governmental policy and regulation, including:*

- the monetary, interest rate and other policies of central banks and bank and other regulatory authorities, including the French Financial Markets Authority (*Autorité des Marchés Financiers - AMF*), the Commission Bancaire, the Banque de France, the European Central Bank and the central banks of other leading economies and markets where the Issuer operates;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership;
- initiatives by local, state and national regulatory agencies or legislative bodies to revise practices, pricing or responsibilities of financial institutions serving their consumer markets;
- changes in bankruptcy legislation in the principal markets in which the Issuer operates and the consequences thereof;

- general changes in governmental policy that may significantly influence investor decisions in particular markets in which the Issuer operates;
- other unfavourable political or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Issuer's products and services;
- the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements;
- the effects of competition in the markets where the Issuer operates including increased competition resulting from new types of affiliations between banks and financial services companies.

*Factors specific to the Issuer:*

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 (through account management, hedging and other techniques). 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.

**Set out below are the principal risks and risk management methods of the issuer.**

**CREDIT RISK**

Credit risk management within the Group is the responsibility of the Credit and Operational Risk Division (CORD). CORD reports directly to Senior Management and is completely independent from the operational units that present applications for credit facilities.

The Chairman has delegated his lending authorities to the head of CORD.

These authorities are USD50 million for new deals and USD100 million for renewals. All applications above those limits approved by CORD are sent to HSBC Holdings plc for confirmation.

CORD is responsible for credit approvals, risk supervision and credit systems development.

The credit approval process is based on a system of designated limits. All credit applications which exceed an operational unit's designated limit must be presented to CORD for assessment and approval.

The ALCO CREDIT committee meets twice-monthly to formulate credit policies in line with the HSBC Group lending guidelines and to review all major credit decisions taken during the previous two weeks, together with existing large exposures and trends in risk profile.

As regards credit derivatives, the Issuer only purchases these instruments in order to hedge its portfolio risks. The amounts concerned are not material.

CORD is also responsible for risk supervision and control over designated limits.

Lastly, CORD has established a project management team in charge of credit systems development. This team is involved in implementing the new Basel capital accord, in

association with the Information Systems Division. The “Basel II project”, which is broken down into a number of sub-projects, is headed by an Operational Monitoring Committee, comprising members of Senior Management, supported by a number of Project Committees. It has the tools and systems required for effective project progress monitoring.

In 2004, in line with the Basel II timetable, the Issuer adopted a ratings-based approach, and has begun to deploy rating systems for its key customer segments in the divisions concerned, with users including account managers, the Risk Management Division and so forth.

## **MARKET RISK**

Market risks may be incurred deliberately as part of a trading activity, within the risk limits delegated to the capital markets business. These risks are monitored and controlled in accordance with the rules described below in “Market Risk Management”. Market risks may also arise naturally as part of the bank’s lending business.

The two existing Risk Management Committees (ALM Committee and Market Risks Committee) were merged in early 2005 to form a single Balance Sheet and Markets ALCO committee responsible for managing all market risks.

### **Structural interest rate, exchange rate and liquidity exposure (excluding trading exposures)**

#### *General policy*

The objective is to manage all structural risks resulting from asset and liability mismatches arising from commercial activities.

The three main structural risks are:

- structural foreign exchange exposure, which is managed through a general policy of financing all balance sheet items in their currency of origin, a policy which is applied through all administrative procedures;
- structural liquidity exposure, which is monitored through an analysis of each of the Group’s commitments and active management of its long-term sources of funds;
- structural interest-rate exposure, which is measured accurately using appropriate instruments and hedged on a monthly basis.

All rules and assumptions have been reviewed and validated by the HSBC Group.

#### *Management and control systems*

Management of structural risks is the responsibility of the ALM department, which reports to the Group's Finance Division.

#### Foreign exchange exposure

The Group’s policy with regard to structural foreign exchange exposure is highly conservative. It has set a zero limit for non-trading exposure and all operating procedures are

determined accordingly. Structural foreign exchange exposure is monitored by the financial control and internal control functions.

### Liquidity management

The ALM department is responsible for monitoring the group's liquidity position and for making recommendations to the Asset and Liability Management Committee (ALCO). Various stress tests are conducted to ensure that the group can weather even the most severe liquidity crisis. Due to its robust financial structure, the Group has ready access to the capital markets and commands excellent financing terms.

### Interest-rate exposure

The ALM department is responsible for monitoring and hedging the Group's structural interest-rate and liquidity exposure. Each month, the ALM department uses a powerful system to collect the information required to measure the structural position of each unit with a material exposure. It also measures exposure on a consolidated basis in accordance with regulatory requirements.

The ALM department recommends the appropriate maturity mismatching policy to the Asset and Liability Management Committee (ALCO). This prudent policy is further reflected in the management rules applied to each balance sheet item, depending on their commercial and financial characteristics and customer behaviour.

The units concerned have delegated responsibility to ALCO for hedging their exposure so as to comply with the guidelines set by the parent company. When IAS accounting standards were adopted at the beginning of 2005, the group was able to demonstrate that all its swap hedges qualified as cash flow hedges, thereby preserving its interest-rate risk management policy.

## **Market risk management**

### ***Risk management procedures***

The process for allocating market limits and the market risk management system as a whole involve a number of people from the HSBC Group and the Issuer, as well as special committees, the roles of which are set out below.

### Traded Markets Development & Risk (TMR) - HSBC Group

The HSBC Group's management plays an active role in defining and monitoring the Issuer's market risks through its *Traded Markets Development & Risk* (TMR) department. This department's brief is to allocate risk limits to the HSBC Group's various entities through the *Global Mandate*, and to check usage of these limits. The head of the TMR department reports to the HSBC Group's *Head of Finance*.

### Product Control

Within the Issuer's support functions for its large corporate segment, *Product Control* teams managed by the *Head of Market Risk and Product Control* calculate, control and analyse

market risk indicators and results on a day-to-day basis. Their tasks also include daily position valuations, reserve allocation and daily results recording.

*Product Control* forms the backbone of the independent system for regular control of the bank's market risks. As part of the new market risk organisation, the *Product Control* unit has assumed responsibility for monitoring market limits, which was previously the task of the Market Risks and Modelling Division.

A special team within *Product Control* has the task of consolidating the Group's risks and of producing and disseminating reporting documents concerning the Issuer's market risks.

#### Derivative Models Review Group (DMRG)

Models developed by the front-office research team are crucial in managing, valuing and assessing the risks of some derivative products. These models are validated by an independent, specialist unit, the *Derivative Models Review Group* (DMRG), which previously formed part of the Market Risks and Modelling Division. Since March 2005, the unit has been part of the Corporate Banking Chief Financial Officer's teams and reports to the *Head of Market Risk & Product Control*. The Paris DMRG team reports functionally to the group DMRG, which itself forms part of the TMR department.

#### Parameters Committee

This committee is managed by the *Head of Market Risk & Product Control*, and is made up of members of the DMRG, *Product Control* and front-office representatives. It meets in the first two weeks of every month, and discusses the parameters of the models used by the front office. Changes in the main market indicators are also examined during these monthly meetings.

#### Securities Committee

This committee also meets every month, and consists of front-office operational staff and members of *Product Control*. Its task is to examine major securities positions and to book illiquidity provisions as necessary.

#### Balance Sheet and Markets ALCO

The Balance Sheet and Markets ALCO meets every month, and is chaired by the Deputy CEO. Its role is to examine vital issues relating to market risks, structural balance sheet risks (i.e. interest-rate risk, exchange-rate risk and liquidity risk), the securities portfolio and solvency ratios.

The committee was formed in early 2005 via the combination of two existing committees, i.e. the ALM Committee and the Market Risks Committee. Its task is to supervise market and balance sheet risks in a systematic manner, to ensure that appropriate controls exist and to approve the main rules included in the supervision system. The committee is made up of the main officers of the business segments concerned by these risks, and heads of central units tasked with risk management. The committee's secretary is the head of ALM, who reports to CCF's finance director.

The Balance Sheet and Markets ALCO meets monthly to examine ALCO risk indicators prepared by *Product Control*, and analyses any significant events that took place during the previous month.

Any entity that generates market risks must request the renewal or extension of its limits every year.

The Balance Sheet and Markets ALCO consists of Senior Management, the heads of the business segments directly concerned, the Senior Corporate Vice President in charge of Capital Markets, the Head of Management Accounting and Chief Accountant, the *Head of Market Risk and Product Control*, the Corporate and Institutional Banking segment's Chief Operating Officer and the Head of Asset and Liability Management, who is the committee's secretary.

#### Periodic control

Periodic control of market risks, as described above, is carried out by *Group Finance Audit (GFA)*, which is the HSBC Group's unit in charge of the periodic control of worldwide capital markets activities.

#### Issuer's Audit Committee and Board of Directors

The Issuer's Audit Committee and Board of Directors fully comply with the tasks laid out by legislation and regulations. Every Audit Committee meeting involves the submission of market limits for approval. In addition, the main information relating to market risks and market risk management is presented to this committee, enabling it to gain an overview of the entire risk management system. Similarly, every board meeting involves a presentation of the main market risk information.

#### ***Market risk measurement methodology***

##### Internal model

The internal model calculates four types of risk measure on all monitored positions and portfolios:

- sensitivity to main risks (earnings impact of a unit change in an underlying risk)
- *Value at Risk* figures for entities and different consolidation levels, such as individual activities and the group
- results of stress scenarios
- maximum monthly losses

In functional terms, the system has four main components:

- transaction databases shared with the front office
- valuation engines that carry out all financial calculations

- a system for creating data histories and managing scenarios
- a data management system covering all profit and loss drivers

### Value at Risk

The Issuer's internal model calculates a *Value at Risk* (VaR) based on possible movements in risks and correlations between them. The model now uses this historical for all risks, based on two years' of equally weighted historical data. The internal market risk measurement model was set up in 1998 for interest-rate positions (general risk) and exchange-rate positions. It was extended to cover equity market risks in July 1999, dealing with both general and specific risks.

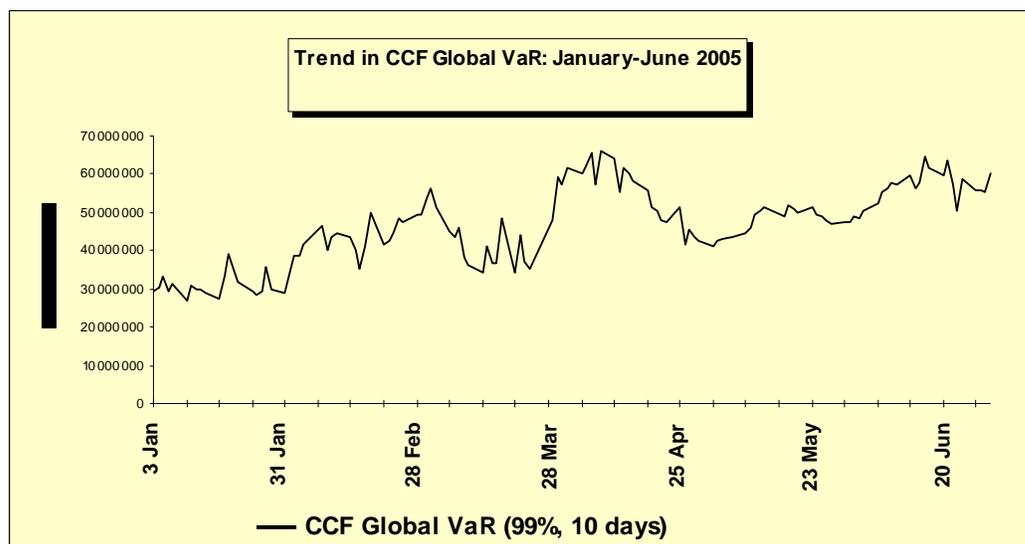
The model allows the daily calculation of *Value at Risk* for all positions. It has been approved by the Commission Bancaire for regulatory capital adequacy calculations. At 30 June 2005, it covered 95% of these risks within the group. Risks not covered by the internal model are measured using the standardised approach devised by the Bank of International Settlements and transposed into French law by CRBF regulation 95-02.

In accordance with regulations, *Value at Risk* represents the maximum loss during a 10-day period that is only exceeded once in every 100 cases (99%, 10-day VaR).

The system for evaluating and monitoring risks is based on software supplied by leading external suppliers. Various specific modules have been developed in-house by the Issuer.

The maximum, minimum and average values between January and June 2005 were as follows:

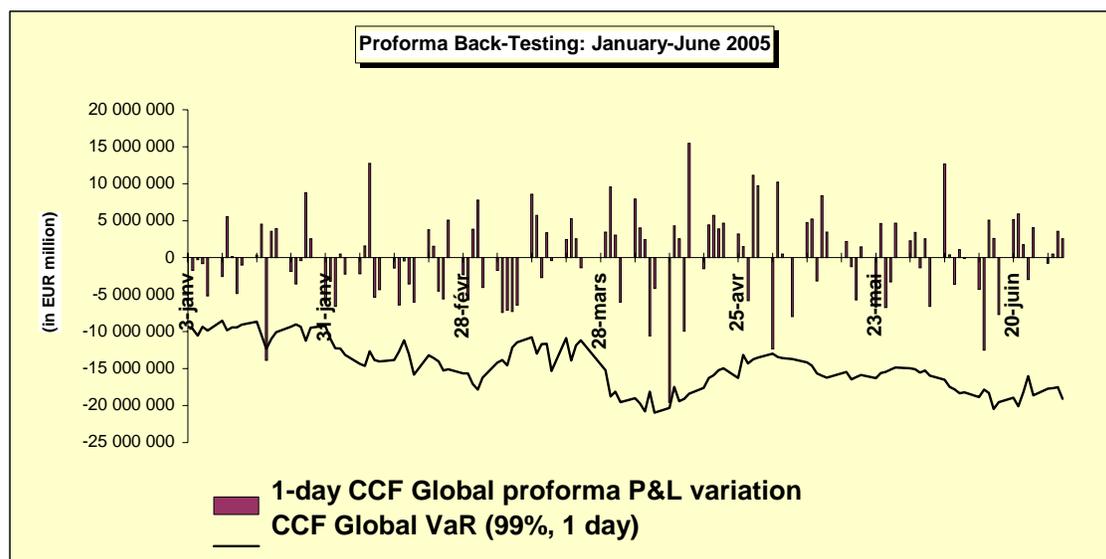
- Average VaR: €14.6 million
- Minimum VaR: €8.5 million
- Maximum VaR: €20.9 million



## Back-testing

The model is back-tested by taking 99%, 1-day VaR figures and comparing them with daily "proforma" results determined from changes in market prices assuming constant positions. Back-testing is carried out on a D+2 basis by business area and for all of the HSBC Group's market positions.

It allows the model to be validated, ensuring that VaR is lower than actual results in 99% of cases.



## Stress scenarios

Stress scenarios complement VaR, since they take into account crisis situations.

Stress scenarios are defined by a group of specialists in Paris (market heads, controllers) in accordance with Group rules and practices that have been approved by the Balance Sheet and Markets ALCO.

Three types of scenario are used:

- Permanent scenarios relate to all major risks (interest-rate risk, equity risk, volatility risk). These scenarios are calibrated using historical market data, and either involve a single risk or related movements in several risks.
- Temporary scenarios relate to monetary, economic or political events. They are reviewed regularly in line with current events.
- Specific scenarios relating to a single market or type of instrument may be defined and applied if necessary, i.e. in the event of a crisis or in the case of a particularly large position.

Main risk indicators between January and June 2005

Average sensitivity to a 1bp rise in interest rates: USD1.447 million

Average sensitivity to a 1bp widening in swap spreads: USD0.659 million

*Capital adequacy reporting*

Capital requirements with respect to market risks break down as follows (millions of euros):

	30/06/2005		31/12/2004	
	BIS	BIS	BIS	CAD
<b>Internal model:</b>	186.9	186.9	141.8	141.8
Foreign exchange risk	3.4	3.4	4.0	4.0
General interest-rate risk	176.3	176.3	121.5	121.5
General equities risk	11.5	11.2	34.5	34.5
Netting effect	-4.3	-3.9	-18.2	-18.2
<b>All-in risks:</b>	63.3	62.7	45.5	45.4
Foreign exchange risk	0.08	0.07	0.07	0.06
General interest-rate risk	0.61	0.54	0.59	0.62
Specific interest-rate risk	61.5	61.4	44.3	44.3
General equities risk	0.5	0.3	0.3	0.3
Specific equities risk	0.6	0.3	0.3	0.1
<b>TOTAL</b>	<u>250.2</u>	<u>249.6</u>	<u>187.4</u>	<u>187.2</u>

**RISK COVER AND REGULATORY RATIOS**

Loan loss provisions

At 30 June 2005, loan loss provisions represented 68.6% of the CCF group's total doubtful and non-performing exposure.

Liquidity ratio

The Group's regulatory ratios reflect its good liquidity risk cover. The regulatory liquidity ratio, which measures the potential one-month liquidity gap, averaged 113% in the first half of 2005.

### International solvency ratio (BIS ratio)

The Group's international solvency ratio (BIS ratio) was 8.62% at 30 June 2005, compared with a minimum requirement of 8%. The Group's Tier I capital ratio was 8.09% compared with a minimum requirement of 4%.

Under the BIS definition, total Group capital amounted to €3.429 billion at 30 June 2005, of which €3.214 billion was Tier I capital.

The corresponding risk-weighted assets totalled €40.1 billion, broken down as follows:

	<i>In € billion</i>
<i>Credit risks, not including trading book</i>	35.4
<i>Trading book credit risks</i>	2.3
<i>Market risks</i>	2.4

## **OPERATIONAL RISK**

Operational risk is the risk of loss arising from the inefficiency or failure of procedures, people and internal systems, or from external events. It includes information systems security risks, legal and regulatory risks and environmental risks.

### **Identification and management of operational risks**

An operational risk management system was established in 2003 to extend the reporting of losses by all Group business units set up in 2002. In addition to a small central operational risk management team, each business unit has its own Operational Risk Business Coordinators (ORBC), responsible for identifying operational risks liable to affect their business. In conjunction with the business head concerned, they analyse and quantify the risk of loss in terms of frequency, severity and exposure (with exposure taking account of the effectiveness of existing procedures), using a grading system similar to that recommended by the HSBC Group.

During 2004, action plans were drawn up for all risks identified by the system as significant, after review and validation by an Operational Risk Management Committee. The ORBCs are responsible for monitoring these action plans and more generally for measuring trends in their business unit's exposure to risk.

The Operational Risk Management Committee regularly reviews risks by business segment, trends in risk exposure indicators and operating losses.

The Issuer carries out an annual review of risks for all business segments, together with a quarterly review of trends in exposure and the impact of measures taken to mitigate risks identified as significant.

An information systems application developed by the HSBC Group is also due to be deployed to manage the process of identifying and updating risks and loss reporting.

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

The following paragraphs describe the principal risk factors that the Issuer believes are 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 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 circumstances. The risk factors may be supplemented in the Final Terms of the relevant Notes for a particular issue of Notes.

### **2.1 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 in this Base Prospectus or any applicable supplement;
- (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.

## 2.2 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.

### *Index Linked Notes and Dual Currency Notes*

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 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; and
- (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.

#### *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.

### **2.3 Risks related to Notes generally**

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

*Modification of the Conditions*

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 10, 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 10.

*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.

### **2.4 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:

*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.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

*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 approved by the AMF or filed with it and which are incorporated in, and shall be deemed to form part of, this Base Prospectus:

- (a) CCF's 2003 *Document de Référence* (Annual report) in the French language\* filed with the AMF number D.04-0930 on 14 June 2004,
- (b) CCF's 2004 *Document de Référence* (Annual Report) in the French language\* filed with the AMF under number D.05-0952 on 29 June 2005, and CCF's 2004 *Actualisation du Document de Référence* (Annual Report Update) in the French language\* filed with the AMF under number D.05-0952-A01 on 21 November 2005,

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 HSBC France 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 and are published on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below:

### **CROSS REFERENCE LIST**

<b>INFORMATION INCORPORATED BY REFERENCE</b>	<b>REFERENCE</b>
<b>STATUTORY AUDITORS</b>	2004 <i>Document de Référence</i> page 149. 2004 <i>Actualisation du Document de Référence</i> 2004 page 75.
<b>INFORMATION ABOUT THE ISSUER</b>	
<b><u>History and development of the Issuer</u></b>	2004 <i>Document de Référence</i> page 132. <i>Actualisation du Document de Référence</i> 2004 page 56-59.
<b>BUSINESS OVERVIEW</b>	
<b><u>Principal activities:</u></b>	2004 <i>Document de Référence</i> pages 2-6.
<b><u>Principal markets:</u></b>	2004 <i>Document de Référence</i> pages 2-6. <i>Actualisation du Document de Référence</i> 2004 pages 35-37 and 56-58.

\* The English translations of these documents are available at the registered office of the Issuer, 103 avenue des Champs Elysées, 75008 Paris, France.

<b>ORGANISATIONAL STRUCTURE</b>	<i>Document de Référence 2004</i> ; second page, pages 2 to 6, pages 100-115, page 136 and page 147. <i>Actualisation du Document de Référence 2004</i> pages 49-59, 70 and 72.
<b>TREND INFORMATION</b>	2004 <i>Document de Référence</i> page 147. <i>Actualisation du Document de Référence 2004</i> pages 71-72.
<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>	2004 <i>Document de Référence</i> pages 8-15. <i>Actualisation du Document de Référence 2004</i> page 71.
<b>MAJOR SHAREHOLDERS</b>	2004 <i>Document de Référence</i> pages 18 and 136. <i>Actualisation du Document de Référence 2004</i> page 72.
<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2003</u></b>	
- Balance sheet	2003 <i>Document de Référence</i> pages 50-51.
- Income statement	2003 <i>Document de Référence</i> page 52.
- Notes	2003 <i>Document de Référence</i> pages 53-91.
- Auditors' report relating to the above	2003 <i>Document de Référence</i> pages 119-120.
<b><u>Issuer's audited consolidated annual financial statements for the year ended 31 December 2004</u></b>	
- Balance sheet	2004 <i>Document de Référence</i> pages 50-51.
- Income statement	2004 <i>Document de Référence</i> page 52.
- Cash flow statement	<i>Actualisation du Document de Référence 2004</i> page 6.
- Notes	2004 <i>Document de Référence</i> page 53-91.
- Auditors' report relating to the above	2004 <i>Document de Référence</i> pages 121-124.
<b><u>Interim and other financial information</u></b>	
<b>Issuer's unaudited interim financial statements for the half year ended 30 June 2005</b>	<i>Actualisation du Document de Référence 2004</i> pages 4 -53.
<b>Auditors' report relating to the above</b>	<i>Actualisation du Document de Référence 2004</i> pages 54-55.
<b>MATERIAL CONTRACTS</b>	<i>Actualisation du Document de Référence 2004</i> page 72.

## SUPPLEMENT TO THE BASE PROSPECTUS

In connection with Notes listed on a Regulated Market and/or offered to the public in any Member State of the EEA other than France, if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Base Prospectus, including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information, included in this Base Prospectus which is capable of affecting the assessment of any Notes, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus in accordance with Article 212-25 of the *Règlement général* of the AMF implementing Article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes, submit such amendment or supplement to the AMF in France for approval and supply each Dealer, the AMF and the Paris Stock Exchange with such number of copies of such amendment or supplement as may reasonably be requested.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion 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 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**") 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 to this Base Prospectus (the "**Final Terms**"). The Notes are issued with the benefit of an amended and restated agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 28 November 2005 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)**". 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 Investment Services Directive 93/22/CE.

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

### 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 Article L.211-4 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 depositary) 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 financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary 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 Article L.211-4 of the French Code monétaire et financier, securities (such as the Notes) in materialised form and governed by French law must be issued outside the French territory.*

The Notes may be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Zero Coupon Notes**", "**Index Linked Notes**", "**Dual Currency Notes**", "**Partly Paid Notes**" or a combination of any of the foregoing, depending on the Interest Basis and the redemption method specified in the relevant Final Terms.

## (b) Denomination

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 or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (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.

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.
- (iv) In these Conditions,

"**Noteholder**" or, as the case may be, "**holder of any Note**" means (a) in the case of Dematerialised Notes, the person 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 Definitive 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 6, (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 13 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 Article 123(4) 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 13. 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 12, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 12 (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 13 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

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

## 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 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 *prêts participatifs* granted to the Issuer and to any *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 ("**Upper Tier 2 Capital**"); (ii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended ("**Lower Tier 2 Capital**"); or (iii) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended ("**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 Regulation no. 90-02 of the CRBF. 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 to the Conditions applicable to the Subordinated Notes in order to comply with the Definition of Capital Chapter of the FSA's Interim Prudential Source Book for Banks (as amended from time to time) (the "**FSA Policy**").

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 Act and Markets Act 2000 as amended from time to time.

#### 4. Interest and other Calculations

##### (a) 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 or any successor thereto (the "**TARGET 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/365**", "**Actual/365-FBF**" or "**Actual/Actual-ISDA**" 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**" 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)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365.

(v) if "**Actual/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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31<sup>st</sup> day of a month but the first day of the Calculation Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

(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  $dd1 \neq (30,31)$

then :

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

or

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

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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and
- (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:

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

"**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 2001 FBF Master Agreement relating to Transactions on Forward Financial Instruments as supplemented by the Technical Schedules published by the Fédération Bancaire Française ("**FBF**"), as the case may be (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 2000 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**") and Moneyline ("**Moneyline**")) 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 4(c)(ii).

**(b) 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.

**(c) Interest on Floating Rate Notes and Index Linked Interest Notes**

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest 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. 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.

(ii) *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.

- (iii) *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.

(A) 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 (A), "**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 (A), "**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.

(B) 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 (B), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a swap transaction (*Echange*) made pursuant to an FBF master agreement (*convention cadre FBF*) and the Interest and Currency Technical Schedule (*Echange de conditions d'Intérêt ou de Devises – Additif Technique*) 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 (B), "**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.

(C) 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, the Rate of Interest shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (ii) 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;

- (b) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) 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; 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).

- (iv) *Rate of Interest for Index Linked 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.

**(d) 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 5(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 5(e)(i)).

**(e) Dual Currency Notes**

In the case of 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, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

**(f) 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.

**(g) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

**(h) Deferral of interest**

Payment of interest on Undated Subordinated Notes may be postponed 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 13 and to the Regulated Market(s) of the EEA or to any alternative stock exchange(s) on which the Notes are listed, 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 13 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.

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

- (a) 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.
- (b) 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.
- (c) 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.

**(j) 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.

**(k) 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 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 on a Regulated Market of the EEA or on an alternative stock exchange and the rules applicable to that Regulated Market or such alternative stock exchange so require, such Regulated Market or such alternative 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 alternative 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 4(c)(ii), 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.

**(l) 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)(iv) 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 alternative 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 13.

## **5. 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 5(c) or any Noteholder's option in accordance with Condition 5(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 5(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 and one day from the Issue Date.

### **(b) Redemption by Instalments**

Unless previously redeemed, purchased and cancelled as provided in this Condition 5 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 5(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 and one day 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 *Secrétariat Général de la Commission Bancaire* (“**SGCB**”) and 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 13 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 Dated Subordinated Notes the proceeds of which constitute Lower Tier 2 Capital and not less than two years and one day 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 SGCB and 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), 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 13 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 alternative 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.211-4 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 alternative stock exchange requirements.

So long as the Notes are listed on the Paris 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 in a leading newspaper of general circulation in France 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 5(f) or upon it becoming due and payable as provided in Condition 8 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 5(f) or upon it becoming due and payable as provided in Condition 8 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) 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 5(f) or upon it becoming due and payable as provided in Condition 8 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:**

- (i) 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 7(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 13, 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 SGCB and 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.
- (ii) 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 7(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 13, and, in the case of Subordinated Notes the proceeds of which constitute *fonds propres complémentaires* within the meaning of Articles 4(c) and (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended or *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended, subject to the prior approval of the SGCB and 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 5 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 approval of the FSA, and of the SGCB if it relates (individually or when aggregated with any previous purchase) to approximately ten per cent. or more of the principal amount of the Notes or if it is made by tender offer or exchange offer.

**(i) Cancellation**

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

**6. Payments and Talons**

**(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

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).

## (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 or Index Linked 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 9) 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 unmaturing 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 Note in definitive form becomes due and repayable, unmaturing 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 7. 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 Paris so long as the Notes are respectively listed on the Paris Stock Exchange's Regulated Market and/or 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.

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 13.

**(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 9).

**(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.

**(h) Bank**

For the purpose of this Condition 6, "**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 System.

**7. Taxation**

**(a) Tax Exemption for Notes issued or deemed to be issued outside France**

Unless it is specified in the relevant Final Terms that Condition 7(c) shall apply to the Notes, interest and other revenues with respect to Notes constituting *obligations* under French law which, as may be specified in the relevant Final Terms, are being issued or deemed to be issued outside the Republic of France, benefit from the exemption provided for in Article 131 *quater* of the French *Code général des impôts* from deduction of tax at source. Accordingly such payments do not give the right to any tax credit from any French source. The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms.

*As to the meaning of the expression "issued or deemed to be issued outside the Republic of France" see "Summary of the Base Prospectus – Taxation" above.*

**(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 the Republic of 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 EU.

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 5 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) **Article 125 A III**

If it is provided in the relevant Final Terms that this Condition 7(c) applies to the Notes, payments in respect of the Notes, Receipts or Coupons made to non-French residents will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France, or any taxing authority thereof, provided that holder of the Notes, Receipts or Coupons supplies proof of non-residency (in the form made available by the Issuer or any Paying Agent or such other form as may be required by the French tax authorities from time to time) to the Issuer or any Paying Agent in accordance with the provisions of Article 125 A III of the French *Code général des impôts* and the Issuer or any Paying Agent shall not be responsible for any deduction or withholding in respect of any payment made under any Note, Receipt, Coupon resulting from the failure of such Noteholder to submit such proof.

**8. Events of Default**

The Representative (as defined in Condition 10) acting on behalf of the *Masse* (as defined in Condition 10), 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 7) 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 a conciliator (*conciliateur*) or enters into an amicable settlement (*règlement amiable*) with its creditors 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 or cannot meet its current liabilities out of its current assets.
- (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.

**9. Prescription**

Claims against the Issuer for payment in respect of 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.

**10. 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°) and L.228-71

and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 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 13.

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.

**(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.

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.

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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.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter 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 13.

**(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 assimilated with the Notes of such first mentioned Tranche or Series in accordance with Condition 12, 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 10 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 10 shall be waived in its entirety and replaced by the full provisions of the Code.

**11. 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 alternative 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.

## **12. 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 assimilated (*assimilées*) 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 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 13, 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.

## **13. Notices**

- (a)** Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are 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) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*); provided that, so long as such Notes are listed and admitted to trading on any Regulated Market(s) or any alternative stock exchange(s) and the applicable rules of that Regulated Market so require, notices shall be valid if published in a daily newspaper with general circulation in the city/ies where the Regulated Market(s) or alternative stock exchange(s) on which such Notes is/are listed and admitted to trading which (x) in the case of the Paris Stock Exchange's Regulated Market, is expected to be *La Tribune* or *Les Echos* and so long as the Notes are listed and admitted to trading on the Paris Stock Exchange's Regulated Market, they are published on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed on any Regulated Market or on any alternative stock exchange and the applicable rules of that Regulated Market or alternative stock exchange so require, in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) or alternative stock exchange(s) on which such Notes is/are listed and admitted to trading which in the case of the Paris Stock Exchange's Regulated Market, is expected to be *La Tribune* or *Les Echos*.
- (c) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur or au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 13 (a) and (b), above; provided that (i) so long as such Notes are listed on any Regulated Market(s) or alternative stock exchange(s) and the rules applicable to that Regulated Market or alternative 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 alternative stock exchange(s) on which such Notes is/are listed and admitted to trading, (ii) so long as such Notes are listed on the Paris Stock Exchange's Regulated Market, notices may also be published on the website of the Paris Stock Exchange ([www.euronext.fr](http://www.euronext.fr)) and (iii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading newspaper with general circulation in Europe.
- (d) 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.

#### **14. 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., as operator of the Euroclear system ("**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 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 assimilated 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.

### **DESCRIPTION OF THE ISSUER**

HSBC France's *Document de Référence* (Annual Report) for 2004 filed with the AMF under number D.05-0952 together with its update, *Actualisation du Document de Référence* for 2004, filed with the AMF under number D.05-0952-A01, incorporated herein by reference, comprise the full description of the Issuer.

# 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 €12,500,000,000  
Euro Medium Term Note Programme

[Name(s) of Dealer(s)]

## 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 28 November 2005 which received the visa n°05-811 from the *Autorité des marchés financiers* ("**AMF**") on 25 November 2005 [and the supplement to the Base Prospectus dated [ ● ] which received the visa n°[ ● ] from the AMF on [ ● ]] which [together] constitute[s] a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and at the specified office of the Paying Agent(s) or on the websites of (a) the AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) the Issuer ([www.hsbc.fr](http://www.hsbc.fr)).] [In addition<sup>1</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 [Prospectus/Base Prospectus] dated [original date] which received the visa n°[ ● ] from the *Autorité des marchés financiers* ("**AMF**") on [ ● ] [and the supplement to the [Prospectus/Base Prospectus] dated [ ● ] which received the visa n°[ ● ] from the AMF on [ ● ]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] which received the visa n°[ ● ] from the AMF on [ ● ] [and the supplement to the Base Prospectus dated [ ● ] which received the visa n°[ ● ] from the AMF on [ ● ]], which [together] constitute[s] a prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Prospectus/Base Prospectus] dated [original date] [and the supplement to the [Prospectus/Base Prospectus] dated [ ● ]] 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 [Prospectus/Base Prospectus] dated [original date] [and the supplement to the [Prospectus/Base Prospectus] dated [ ● ]] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [ ● ]]. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained

\* The Final Terms may be obtained from the Paying Agent(s) or, if applicable, Calculation Agent and are available on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

<sup>1</sup> If the Notes are listed on a Regulated Market other than the Paris Stock Exchange's Regulated Market.

from, the registered office of the Issuer and at the specified office of the Paying Agent(s) or on the websites of (a) the AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) the Issuer (<http://www.hsbc.fr>).] [In addition<sup>2</sup>, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●].]

*[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. | <b>Issuer:</b>   | HSBC France  |
| 2. | [ <b>(i)</b> ] <b>Series Number:</b>                               | [●]  |
|    | [ <b>(ii)</b> ] <b>Tranche Number:</b>                             | [●]  |
|    |  | If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]  |
| 3. | <b>Specified Currency or Currencies:</b>                           | [●]  |
| 4. | <b>Aggregate Nominal Amount of Notes admitted to trading:</b>      | [●]  |
|    | [(i)] <b>Series:</b>   | [●]  |
|    | [(ii)] <b>Tranche:</b>   | [●]  |
| 5. | <b>Issue Price:</b>  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] (if applicable)]  |
| 6. | <b>Specified Denominations:</b>                                    | [●] <sup>3</sup> ( <i>one denomination only for Dematerialised Notes</i> ) ( <i>Not less than €1,000 or its equivalent in other currency at the Issue Date for Notes listed or offered to the public in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive</i> ) |
| 7. | [ <b>(i)</b> ] <b>Issue Date [and Interest Commencement Date]:</b> | [●]  |
|    | [ <b>(ii)</b> ] <b>Interest Commencement Date</b>                  |  |

<sup>2</sup> If the Notes are listed on a Regulated Market other than the Paris Stock Exchange.

<sup>3</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).

(if different from the Issue Date): [ ● ]

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]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (specify)]  
(further particulars specified below)
10. **Redemption/Payment Basis<sup>4</sup>:** [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[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:** [Noteholder Put]  
[Issuer Call]  
[(further particulars 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)
- (i) **Rate(s) of Interest:** [ ● ] per cent. per annum [payable [annually / semi-annually / quarterly / monthly] in arrear]
- (ii) **Interest Payment Date(s):** [ ● ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]

<sup>4</sup> If the Final Redemption Amount is less 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.

- (iii) Fixed Coupon Amount[(s)]: [ ● ] per [ ● ] in Nominal Amount
- (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) 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]*
- (iv) Business Centre(s) (Condition 4(a)): [ ● ]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ FBF Determination/ ISDA Determination/ other (give details)]
- (vi) Interest Period Dates: [ ● ]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest

- Amount(s) (if not the Calculation Agent): [●]
- (viii) Screen Rate Determination:
- 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 Moneyline 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (ix) ISDA Determination
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- ISDA Definitions (if different from those set out in the Conditions): [●]
- (x) FBF Determination:
- 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)
- (xi) Margin(s): [ +/- ] [●] per cent. per annum
- (xii) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xiii) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xiv) Day Count Fraction: [●]
- (xv) 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]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Reference price: [●]
- (iii) Any other formula/basis of determining amount payable: [●]
- (iv) Day Count Fraction: [●]
- 18. Index-Linked Interest Note/other variable-linked interest Note Provisions<sup>5</sup>:** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Index/Formula/other variable: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the interest due: [●][*give name and address*]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]

<sup>5</sup> If the Final Redemption Amount is less 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.

- (iv) 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: [●]
- (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>6</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) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●][give name and address]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (iv) Day Count Fraction: [●]

## PROVISIONS RELATING TO REDEMPTION

- 20. Call Option:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

<sup>6</sup> If the Final Redemption Amount is less 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) Optional Redemption Date(s): [ ● ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ● ] per Note of [ ● ] specified denomination
- (iii) If redeemable in part:
- (a) Minimum redemption amount: [ ● ]
- (b) Maximum redemption amount: [ ● ]
- (iv) Notice period<sup>7</sup>: [ ● ]
- 21. Put Option:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [ ● ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ● ] per Note of [ ● ] specified denomination
- (iii) Notice period<sup>8</sup>: [ ● ]
- 22. Final Redemption Amount of each Note<sup>9</sup>:**
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked: [[ ● ] per Note of [ ● ] specified denomination /Nominal Amount/Other/See Appendix]
- (i) Index/Formula/variable: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ● ] [give name and address]

<sup>7</sup> If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

<sup>8</sup> If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

<sup>9</sup> If the Final Redemption Amount is less 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.

- (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: [●]

**23. 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 (if required or if different from that set out in Condition 5(e)): [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 24. 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)]
- (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]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (Only applicable to Materialised Notes)
25. **Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 6(g):** [Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates]
26. **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)
27. **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]
28. **Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:** [Not Applicable/give details]
29. **Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition 1(d)] [annexed to these Final Terms] apply]
30. **Consolidation provisions:** [Not Applicable/The provisions [in Condition 13(b)] [annexed to these Final Terms] apply]
31. **Masse (Condition 10):** [Applicable/Not Applicable/ Condition 10 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 or deemed to be issued outside France, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 10 must be waived in its entirety and replaced by the full provisions of the

*Code de commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if full provisions of the Code de commerce relating to the Masse apply, insert details of Representative and Alternative Representative and remuneration, if any).*

**32. 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.)*

**DISTRIBUTION**

**33. (i) If syndicated, names [and addresses<sup>10</sup>] of Managers [and underwriting commitments<sup>10</sup>]:**

[Not Applicable/give names[, addresses and underwriting commitments<sup>10</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>10</sup>]*

**[(ii) Date of [Subscription] Agreement:**

[●]<sup>10</sup>

**[(ii[i]) Stabilising Manager(s) (if any):**

[Not Applicable/give name]

**34. If non-syndicated, name [and address<sup>8</sup>] of Dealer:**

[Not Applicable/give name [and address<sup>10</sup>]]

**[35. Total commission and concession:**

[●] per cent. of the Aggregate Nominal Amount<sup>10</sup>

**35./[36.] Additional selling restrictions:**

[Not Applicable/give details]

**GENERAL**

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

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 12,500,000,000 Euro Medium Term Note Programme of HSBC France.]

<sup>10</sup> Not required for Notes with a denomination per unit of at least €50,000

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading. ]

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the 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.][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.]]*

### 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]

### 3. LISTING

(i) Listing(s): [Paris Stock Exchange (Eurolist by Euronext<sup>TM</sup>)/other (*specify*)/None]

(ii) [(a)] Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] 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

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\* Required in particular for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote 9 above.

trading are already  
admitted to trading: [●]

[(iii) Estimate of total expenses  
related to admission to trading: [●]<sup>11</sup>

(iv) Additional publication of  
Base Prospectus and Final  
Terms: [●] (See paragraph [8] of the section “General Information” of  
this Base Prospectus which provides that the Base Prospectus  
will be published on the websites of (a) the AMF during a  
period of twelve months from the date of the Base Prospectus  
and (b) the Issuer and that the Final Terms related to Notes on  
any Regulated Market will be published on the websites of (a)  
the AMF and (b) the Issuer. Please provide for additional  
methods of publication in respect of an admission to trading on  
a regulated market other than the Paris Stock Exchange, for  
example, Luxembourg)

#### 4. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the  
ratings if this has previously been published by the rating  
provider.<sup>12</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 *Autorité des marchés financiers*, which is the French competent authority for the purpose of the Prospectus Directive [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] 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.]

<sup>11</sup> Required only for Notes with a denomination per unit of at least €50,000

<sup>12</sup> Not required for Notes with a denomination per unit of at least €50,000

## 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.*

*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: "So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer"./[ ● ]

## [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>13</sup>  
*(If the Notes are derivative securities to which Annex*

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

*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 (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 [Moneyline/Reuters/other].<sup>14</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, the underlying on which it is based and of the method used to relate the two, 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 and any market disruption or settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.<sup>15</sup>]*

**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, the underlying on which it is based and of the method used to relate the two, 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 and any market disruption or settlement disruption events that affect the underlying. Include details of adjustment rules with relation to events concerning the underlying.]*

<sup>14</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>15</sup> Not required for Notes with a denomination per unit of at least €50,000.

**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>16</sup>*

**SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES**

*Need to include a description of the settlement procedures of the derivative securities.*

**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: [●]

**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 is not composed by the issuer, where information about the index can be obtained: [●]

- 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: [●]

<sup>16</sup> Not required for Notes with a denomination per unit of at least €50,000.

- 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:]\* [●]

#### **14. [Derivatives only – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING**

The Issuer [intends][does not intend] to issue any post-issuance information in connection with this issue of Notes.

*[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]*

#### **15. OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Depositories:

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

(ii) Common Depository for Euroclear Bank and Clearstream, 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) and number(s)]

Delivery: Delivery [against/free of] payment

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

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\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote 9 above.

## 16. [TERMS AND CONDITIONS OF THE OFFER

### CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER

Conditions to which the offer is subject: [●]

Total amount of the issue/offer; if the amount 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>17</sup>

Details of the minimum and/or maximum amount of application, (whether in number of 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:] [●]

[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>18</sup> [●]

## 17. [PLAN OF DISTRIBUTION AND ALLOTMENT

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:] [●]

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<sup>17</sup> Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

<sup>18</sup> Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

**18. [PRICING**

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:] [●]

**19. [PLACING AND UNDERWRITING**

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: [●]

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 28 November 2005 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 establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

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 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 respect of Notes the denomination per unit of which is less than Euro 50,000 (or its equivalent in another currency):

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 to the public in that Relevant Member State except that it may, unless otherwise provided in the selling restrictions relating to a particular

Member State, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those 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, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (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; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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. Under US regulations, the Notes 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:

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) 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 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;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). 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 a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## France

### (a) Notes denominated in euro:

In respect of Notes constituting *obligations* under French law issued in euro whether on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that<sup>1</sup> in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it 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, 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, D.411-1 and D.411-2 of the French *Code monétaire et financier*.

### (b) Syndicated issues of Notes denominated in currencies other than euro<sup>1</sup>:

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, 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 that such offers, sales and distributions have been and shall only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

### (c) Non-syndicated issues of Notes denominated in currencies other than euro:

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and

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<sup>1</sup> Prior to any admission to trading on Euronext Paris S.A., a notice has to be published in the French legal gazette called *Bulletin des Annonces légales obligataires* ("**BALO**").

has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside France.

### **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 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 which qualify as money market instruments will only be offered, directly or indirectly, in or from The Netherlands, (i) if they each have a minimum denomination (or minimum aggregate purchase price) of €50,000 or the equivalent thereof in another currency; or (ii) solely to persons who trade or invest in securities in the conduct of their profession or business (which includes banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors, and finance companies and large enterprises which as an ancillary activity regularly invest in securities); or (iii) in circumstances where another exception to or exemption or dispensation from the prohibition of section 3 subsection 4 of the Dutch Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*) applies.

## Switzerland

The Base Prospectus and any Final Terms relating to the Notes do not constitute an issue prospectus pursuant to Art 652a or Art 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The products will not be listed on the SWX Swiss exchange and, therefore, the Base Prospectus and any Final Terms may not comply with the disclosure standards of the listing rules of the SWX Swiss Exchange.

Accordingly, the products may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the products with a view to distribution. The investors will be individually approached by the Dealer from time to time.

## Kingdom of Spain

Each Dealer has represented and agreed that the Notes may not be offered or sold in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law (*Ley del Mercado de Valores*) of 28 July 1988 as amended and restated and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 sobre Emisiones y Ofertas Publicas de Valores*) as amended and restated.

## Italy

The offering of the Notes has been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public at large, and that sales of the Notes in the Republic of Italy shall only be negotiated on an individual basis with "Professional Investors", as defined under Article 31, paragraph 2 of CONSOB Regulation no.11522 of 1 July 1998, as amended, and effected in compliance with the requirements of Articles 94 and seq. of Legislative Decree no.58 of 24 February 1998, as amended ("**Legislative Decree no.58**") and CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation no.11971**") and shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Dealer has represented and agreed that the Notes may not be offered, sold or delivered and neither the Base Prospectus nor any other material relating to the Notes may be distributed or made available in the Republic of Italy, unless such offer, sale or delivery of Notes or distribution or availability of copies of the Base Prospectus or any other material relating to the Notes in the Republic of Italy is:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree no. 58, Regulation no.11971 and any other applicable laws or regulations;
- (ii) in compliance with Article 129 of Legislative Decree no.385 of 1 September 1993 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending *inter alia* on the amount of the issue and the characteristics of the securities, applies; and

- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

**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 supplemental Prospectuses, 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) In connection with the application to list a Series of Notes on the Paris Stock Exchange's Regulated Market:
  - (a) the AMF has allocated the visa number 05-811 on 25 November 2005 to this Base Prospectus;
  - (b) a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces légales obligatoires* prior to such listing;
  - (c) the Final Terms applicable to such issue will be filed with the AMF;
  - (d) the Final Terms applicable to such issue will specify the additional places in Paris at which documents required to be made available for inspection may be inspected during normal business hours.

The Arranger, the Dealers and the Issuer will, in relation to issues of Notes denominated in euro, comply with the Euro Guidelines (as defined under "Summary of the Base Prospectus"). Each Series of Notes listed on the Paris Stock Exchange's Regulated Market must be issued in compliance with the provisions of French law applicable from time to time.

- (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 26 July 2005 to its Chairman and CEO (*Président Directeur Général*) Charles-Henri Filippi, its Executive Director and Deputy CEO (*Administrateur et Directeur Général Délégué*) Gilles Denoyel, its Executive Director and Deputy CEO (*Administrateur et Directeur Général Délégué*) Patrick Careil and to Samir Assaf, Didier Descamps, Thierry Roland and/or Thibaut de Roux, all powers to issue *obligations* and to determine their Final Terms and conditions, up to a maximum aggregate amount of €5,000,000,000 for 1 year, which authority will, unless previously cancelled, expire on 26 July 2006. 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) There has been no significant change in the financial position of the Issuer or the Group since 30 June 2005.
- (4) There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2004.
- (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) There are no material contracts that are not entered into the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.
- (7) Application may be made for Notes to be accepted for clearance through Euroclear France and/or Euroclear and Clearstream, Luxembourg. 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 AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) the Issuer ([www.hsbc.fr](http://www.hsbc.fr)). The Final Terms related to Notes listed on any Regulated Market of the EEA or offered to the public in a Member State of the EEA other than France, in each case in accordance with the Prospectus Directive, will be published on the websites of (a) the AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) the Issuer ([www.hsbc.fr](http://www.hsbc.fr)).

In addition, should the Notes be listed on a Regulated Market of the EEA other than the Paris Stock Exchange's Regulated Market or offered to the public in a Member State of the EEA other than France, 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 or offered to the public or (y) the competent authority of the Member State of the EEA where the Notes have been listed 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 2003 and 2004;
  - (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 the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Notes, the Coupons, the Receipts and the Talons) and the Final Terms for Notes that are listed on the Paris Stock Exchange's Regulated Market or any other Regulated Market in the

EEA and/or that are offered to the public in any Member State of the EEA other than France;

- (v) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
- (vi) a copy of the Final Terms for Notes that are (i) listed and admitted to trading on the Paris Stock Exchange's Regulated Market or any other Regulated Market or (ii) offered to the public in any Member State of the EEA other than France. Final Terms relating to an unlisted Note 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
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, such subscription agreement (or equivalent document).

So long as Floating Rate Notes for which the Rate of Interest is determined on the basis of ISDA Determination or FBF Determination are outstanding, a copy of the ISDA Definitions or FBF Definitions, as the case may be, will be available during usual business days on any weekday (Saturday and public holiday excepted) at the registered office of HSBC France, 103, avenue des Champs Elysées, 75008 Paris, France.

- (10) The statutory auditors of the Issuer as from 30 July 2002 until 12 May 2004 were Cabinet Alain Lainé and KPMG S.A. The statutory auditors of the Issuer as from 12 May 2004 are KPMG S.A. and from 17 May 2005 are BDO Marque & Gendrot.
- (11) 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 within its jurisdiction to (or under circumstances 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. The same regime applies to payments to individuals resident in any of the following territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

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.

In relation to French taxation, the Directive has been implemented in French law under Article 242 *ter* of the French General Tax Code and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to French General Tax Code.

**RESPONSABILITÉ DU PROSPECTUS DE BASE*****Personnes qui assument la responsabilité du présent Prospectus de Base******Au nom de l'émetteur***

*Après avoir pris toutes mesures raisonnables à cet effet, nous déclarons que les informations contenues dans le présent Prospectus de Base sont, à notre connaissance, conformes à la réalité. Elles comprennent toutes les informations nécessaires aux investisseurs pour fonder leur jugement sur le patrimoine, l'activité, la situation financière, les résultats et les perspectives de l'Emetteur ainsi que sur les droits attachés aux instruments financiers et qu'elles ne comportent pas d'omission de nature à en altérer la portée.*

***HSBC France***

***Thierry Roland***  
***Responsable Trésorerie, Change***

*Le 28 novembre 2005*

***Didier Descamps***  
***Responsable Trésorerie, Change***

*Le 28 novembre 2005*

***Autorité des marchés financiers***

*En application des articles L.412-1 et L.621-8 du Code monétaire et financier et de son règlement général, notamment des articles 212-31 à 212-33, l'Autorité des marchés financiers a visé le présent prospectus de base le 25 Novembre 2005 sous le numéro 05-811. Ce document ne peut être utilisé à l'appui d'une opération financière que s'il est complété par des conditions définitives. Il a été établi par l'émetteur et engage la responsabilité de ses signataires. Le visa, conformément aux dispositions de l'article L.621-8-1-I du code monétaire et financier, a été attribué après que l'AMF a vérifié "si le document est complet et compréhensible, et si les informations qu'il contient sont cohérentes". Il n'implique pas l'authentification par l'AMF des éléments comptables et financiers présentés. Ce visa est attribué sous la condition suspensive de la publication de conditions définitives établies, conformément à l'article 212-32 du règlement général de l'AMF, précisant les caractéristiques des titres émis.*

*Translation of the preceding page for information purposes only*

**RESPONSIBILITY FOR BASE PROSPECTUS**  
**Individuals assuming responsibility for the Base Prospectus**

In the name of the Issuer

Having taken all reasonable measures for this purpose, we declare that the information contained in this Base Prospectus is true to our knowledge. All the information necessary for investors to be able to base their judgments on the business, activity, financial situation, income and outlook of the Issuer and on the rights attached to financial instruments is included in the Base Prospectus and there has been no omission of material facts.

**HSBC France**

**Thierry Roland**  
**Responsable Trésorerie, Change**

On 28 November 2005

**Didier Descamps**  
**Responsable Trésorerie, Change**

On 28 November 2005

*Autorité des marchés financiers*

In accordance with articles L.411-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa number 05-811 dated 25 November 2005. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

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