



Invest in emerging markets with an advantage.

Combined Financial Services Guide and Product Disclosure Statement for
HSBC 100+series Emerging Markets Outperformance (Growth) Investment
HSBC 100+series Emerging Markets Outperformance (Income) Investment

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Important notices, legal information and disclaimer

This combined Financial Services Guide ("FSG") and Product Disclosure Statement ("PDS") relates to the offer of the following two investments:

- ▶ HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment; and
- ▶ HSBC 100+ Series Emerging Markets Outperformance (Income) Investment,

(together referred to as the "Investments") by HSBC Bank Australia Limited (ABN 48 006 434 162) (Australian financial services licence number 232595) ("HSBC"), who is the issuer of this combined FSG and PDS. This document is not a prospectus for the purposes of chapter 6D of the Corporations Act. This document contains a PDS for the Investments (in Part A) and a FSG for HSBC (in Part B).

The date of this PDS is 10 December 2010.

It is intended that the offer of the Investments through this PDS will remain open until 18 March 2011, 5pm Sydney time but HSBC reserves the right to close the offer at an earlier time or extend the offer for a longer period.

The Investments are not deposits with HSBC, or any of its related bodies corporate. The Investments are liabilities of HSBC but not any related body corporate of HSBC and are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Neither HSBC nor any of its related bodies corporate guarantees the performance of the Investments, or any particular rate of return. None of HSBC's related bodies corporate will repay the principal invested. If Investments are held until the Maturity Date, your Maturity Amount will at least equal the sum of your Growth Application Amount and your Income Application Amount, as applicable. None of HSBC, the Commonwealth of Australia, any governmental agency or any other person or entity guarantees or otherwise provides assurance in respect of the Investments.

Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the Investments or the Delivery Assets.

Please make sure you read this PDS in full before deciding whether to invest.

Updates to information: Information relating to the Investments may change from time to time. This information, where it is not materially adverse to Investors, may be updated and made available at www.hsbc.com.au or by contacting HSBC on 1300 308 008. A paper copy of any updated information is available free of charge on request.

The information in this PDS is general information only and does not take into account an Investor's individual objectives, financial situation or needs. Consequently, potential Investors should consider whether the information in this PDS is appropriate in light of their objectives, financial situation and needs, and seek professional advice from a financial adviser, accountant, lawyer and/or other professional adviser before deciding whether to invest.

The Growth Investment and the Income Investment have been structured differently and may provide investors with different economic and tax outcomes. Therefore, when making a decision on whether to invest in the Investments you should seek your own independent advice regarding the financial and tax implications of each Investment. HSBC does not make any representations that either of the Investments is suitable for you.

The Investments are "securities" within the meaning of section 761A of the Corporations Act.

The offer to which this PDS relates is available only to persons receiving the PDS (electronically or otherwise) in Australia. If you have accessed this PDS electronically, by making an Application you declare that you were given access to the PDS together with the Application Form that was included in or accompanied the PDS. The distribution of this PDS (including it being made accessible on any computer network) in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia and who receives or gains access to this PDS (electronically or otherwise) should comply with any such restrictions as failure to do so may constitute a violation of securities laws. The Investment is not available to US persons.

Terms and expressions used in this PDS are defined in the Glossary in Section 13 on page 50.

All references to "\$" are to Australian Dollars.

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Key Dates for the Investments

▶ Offer opens	7 February 2011
▶ Offer closes	18 March 2011, 5pm Sydney time
▶ Initial Value Observation Date	31 March 2011
▶ Issue Date	31 March 2011
▶ Maturity Date	7 April 2014 (as may be adjusted in accordance with the Conditions)
▶ Settlement Date	15 Business Days (or such other reasonably determined time) after the Maturity Date

Part A – Product Disclosure Statement

1. The Investments at a glance

This section highlights some of the key information you will find in this PDS regarding the Investments. It is not a complete summary. You should read the whole PDS and seek any advice you need before deciding whether to invest.

What are the Investments?	<p>The two Investments offered in this PDS are the:</p> <ul style="list-style-type: none">▶ HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment (the “Growth Investment”); and▶ HSBC 100+ Series Emerging Markets Outperformance (Income) Investment (the “Income Investment”). <p>Each Investment is a deferred purchase agreement issued by HSBC Bank Australia Limited that provides 100% capital protection at Maturity.</p> <p>Both Investments provide you with an opportunity to receive a potential return that is linked to the performance of the Australian Dollar unit class of the HSBC Emerging Markets Outperformance Strategy (the “Strategy”). For convenience, the level of the Strategy is referred to in this PDS as the “Strategy Value”. When you assess the Strategy you should consider that the Strategy contains a notional borrowing. Neither Investment involves an actual investment in any asset or component of or relating to the Strategy.</p> <p>At Maturity, the amount which you invest (together with, in the case of the Growth Investment, any Growth Investment Return you are eligible to receive), will be delivered to you in the form of Delivery Assets. HSBC’s current intention is that the Delivery Assets will be shares in Woolworths Limited (“WOW”).</p> <p>Please refer to Section 5 “What do I receive at Maturity?” on page 20 for more information on what you will receive at Maturity.</p>
Who is issuing the Investments?	HSBC Bank Australia Limited (“HSBC”)
What is the term of the Investments?	Each Investment has a term of 3 years.
What is the Strategy?	<p>The Strategy aims to provide an exposure to the potential outperformance of emerging markets equities compared with developed markets equities. This is done through a notional borrowing to fund a long (bought) exposure to the HSBC Optimised Global Emerging Markets Total Return Index (“GEM Index”) and short (sold) exposure to a basket of leading developed markets equity index futures.</p> <p>Additionally there are two risk control mechanisms incorporated in the Strategy. One risk control mechanism involves reducing emerging markets exposure in a down trending market to mitigate the greater downside volatility that has been observed in emerging markets. The second risk control mechanism is a volatility control strategy which aims to optimise the risk/return profile of the Strategy.</p> <p>See Section 2 “What am I investing in” on page 8 for more information on the Strategy.</p>
What is the Growth Investment Return?	If you invest in the Growth Investment, you will receive at Maturity the Growth Investment Return which will equal the Ending Average Return, multiplied by the Growth Participation Rate multiplied by \$1. The Ending Average Return is calculated based on the average Strategy Value Return as at seven Growth Investment Observation Dates across the last six months of the Investment Term for the Growth

	<p>Investment. The Growth Investment Return cannot be less than zero.</p> <p>Please refer to Section 3 “How does the Growth Investment work?” on page 14 for more information.</p>
<p>What is the return for the Income Investment?</p>	<p>If you invest in the Income Investment, you will receive an annual Income Amount equivalent to the Annualised Return of the Strategy Value, multiplied by the Income Participation Rate multiplied by \$1. Your annual Income Amount cannot be less than zero.</p> <p>Please refer to Section 4 “How does the Income Investment work?” on page 17 for more information on the calculation of these levels.</p>
<p>What are the differences between the Growth Investment and the Income Investment?</p>	<p>The two Investments differ in the way in which you will receive any potential return. Potential returns can be provided either as:</p> <ul style="list-style-type: none"> ▶ income throughout the Investment Term through potential annual payments (available under the Income Investment); or ▶ a single return in the form of Delivery Assets delivered at Maturity (available under the Growth Investment). <p>If you wish to achieve a combination of these two, you can do so by allocating the amount you invest to each of the Income Investment and the Growth Investment.</p>
<p>What does "capital protection" mean?</p>	<p>The Investments are designed so that, if held to Maturity:</p> <ul style="list-style-type: none"> ▶ for the Growth Investment, your Growth Investment Amount at Maturity will equal your Growth Application Amount; and ▶ for the Income Investment, your Income Investment Amount at Maturity will equal your Income Application Amount. <p>However, if HSBC allows you to withdraw all or part of your Investments before the Maturity Date, or if an Early Termination occurs, capital protection will not apply and you may receive less than the Growth Investment Amount in respect of your Growth Investment or your Income Investment Amount in respect of your Income Investment.</p> <p>Please refer to Section 2 “What am I investing in?” for further details on the circumstances in which Early Termination may occur.</p>
<p>How much can I invest and can I invest in both Investments?</p>	<p>The minimum investment is \$20,000, with minimum additional investment amounts of \$1,000. This minimum amount can be split between the Growth Investment and the Income Investment in increments of \$1,000.</p>
<p>What are the key benefits of the Investments?</p>	<p>The key benefits of the Investments are:</p> <ul style="list-style-type: none"> ▶ Access to the outperformance of emerging markets equities over developed markets equities through the Strategy; ▶ 100% capital protection if the Investments are held to Maturity. Capital protection does not apply where there is an Early Termination or an Early Withdrawal; ▶ Choice of receiving your return as annual income and/or through the Delivery Assets delivered at Maturity; and ▶ Issued by a member of one of the world’s largest banking and financial services organisations.
<p>What are the key risks of the Investments?</p>	<p>Each Investment is subject to risks and it is important that you read Section 7 “Risks to consider for each of the two Investments” beginning on page 23 before making a decision to invest.</p>

	<p>The Investments are subject to a number of risks with the key risks being:</p> <ul style="list-style-type: none"> ▶ Market risk. This includes the risk that emerging markets perform poorly due to trade or economic factors, emergency situations, or political or tax risk. There is also a risk that the Strategy Value itself could perform poorly if developed markets equities outperform emerging markets equities, the notional borrowing cost in the Strategy is greater than the GEM Index return or if the Strategy Value does not capture any emerging markets outperformance. It is possible that the Growth Investment Return and/or the Income Amount for any year could be zero. ▶ Various components of the long-short portfolio within the Strategy are denominated in currencies other than Australian Dollars, and therefore the Strategy Value may be unfavourably impacted by changes in exchange rates. Also, the Strategy is an Australian Dollar unit class of the underlying HSBC Emerging Markets Outperformance Strategy, which is calculated in US Dollars. The Strategy contains hedging arrangements with the aim of hedging against movements in the Australian Dollar against the US Dollar, but there remains a risk that the Strategy Value may be unfavourably impacted by changes in the Australian Dollar-US Dollar exchange rate. ▶ Early termination risk, namely the risk that HSBC terminates your Investment before Maturity, in which case capital protection will not apply. In such circumstances, you may receive less than your Application Amount and you may therefore suffer a loss of some or all of your capital invested. ▶ Your Growth Investment Return and Income Amounts will be affected by the Growth Participation Rate for the Growth Investment and Income Participation Rate for the Income Investment. The Growth Participation Rate will be set at the commencement of the Investments and may be more or less than 100% but not less than 75%. The Income Participation Rate will be set at the commencement of the Investments and may be more or less than 70% but not less than 50%. ▶ Interest rate risk, namely changes in Australian interest rates can impact on any Early Termination Amount and/or Early Withdrawal Amount and additionally impact on HSBC's determination of the Growth Participation Rate and the Income Participation on the Issue Date. ▶ Counterparty risk. When you invest in an Investment you are relying on the general creditworthiness of HSBC and its ability to meet its contractual obligations. <p>The above is intended as a summary only and does not include all the key risks of the Investments. Please refer to Section 7 "Risks to consider for each of the two Investments" on page 23 for more details.</p>
<p>What are the fees in respect of the Investments?</p>	<p>HSBC will pay your adviser an upfront Adviser Fee of 3.00% of your total Application Amount. This fee will be funded from HSBC's revenue generated from the issuance of the Investments. It is <i>not</i> a fee to be paid separately by you.</p> <p>The Strategy Value is subject to a Strategy Fee of 0.587% of the Strategy Value per annum and a Strategy Value Funding Fee of LIBOR plus the higher of 0.10% per annum and the HSBC Spread. These fees are not paid by you directly but are deducted from the Strategy Value and will therefore impact on the Growth Investment Return or Income Amounts you will receive (as applicable).</p> <p>The above is intended as a summary only of the fees within the Investments. Please refer to Section 8 "Fees and other costs of the two Investments" on page 29 for more details.</p>
<p>How do I apply for the two</p>	<p>You can apply for the Investments by completing an Application Form.</p> <p>HSBC needs to receive your Application Form (together with your Application</p>

Investments?	Amount by cheque, Authority to Debit Account Form) by 18 March 2011, 5pm Sydney time.
What happens if I want to withdraw before the Maturity Date or if an Early Termination occurs?	<p>If HSBC allows you to withdraw all or part of your Investments before the Maturity Date, or if an Early Termination occurs, capital protection will not apply and you may receive less than the Growth Investment Amount in respect of your Growth Investment and your Income Investment Amount in respect of your Income Investment.</p> <p>Please refer to Section 2 “What am I investing in?” for details on Early Withdrawal and Early Termination.</p>
Is there a cooling-off period?	No, there is no cooling-off period for investing in the Investments.
Can the Investments not proceed?	<p>If HSBC determines on the Issue Date that the Growth Participation Rate is less than 75% then the Growth Investment will not proceed.</p> <p>If HSBC determines on the Issue Date that the Income Participation Rate is less than 50% then the Income Investment will not proceed.</p> <p>Please see Section 3 “How does the Growth Investment work?” on page 14 for further details on the Growth Participation Rate and Section 4 “How does the Income Investment work?” on page 17 for further details on the Income Participation Rate.</p>

2. What am I investing in?

Each Investment is a deferred purchase agreement which has an Investment Term of 3 years. It is an investment which is 100% capital protected at Maturity and provides you with the potential to receive a return based on the performance of the Strategy.

You can elect to invest in either or both of the following two Investments:

- ▶ HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment; and
- ▶ HSBC 100+ Series Emerging Markets Outperformance (Income) Investment.

Both the Growth Investment and the Income Investment provide you with an opportunity to receive a return on your investment which is linked to the performance of the Strategy.

Neither Investment involves an actual investment in any asset or component of or relating to the Strategy. You will not own (directly or indirectly) any asset or component of or relating to the Strategy, and you will not have any contractual relationship with any of the sponsors, agents or other persons involved in the Strategy.

The Strategy

An overview

The Strategy was created on 27 July 2010 and was designed to capture the potential outperformance of emerging markets equities versus those of developed markets. The Strategy is based on the performance of a long position in respect of the GEM Index funded through a notional borrowing and a short position in developed market equity index futures (subject to risk control mechanisms and currency hedging features).

The Strategy was developed along the principles of transparency and liquidity with daily Strategy Values published on Bloomberg (code: HEMOSAUD).

The Strategy is also currency hedged in Australian Dollars to manage the effects of exchange rate fluctuations between Australian Dollars and US Dollars, as the US Dollar is the currency of the HSBC Emerging Markets Outperformance Strategy underlying the Strategy.

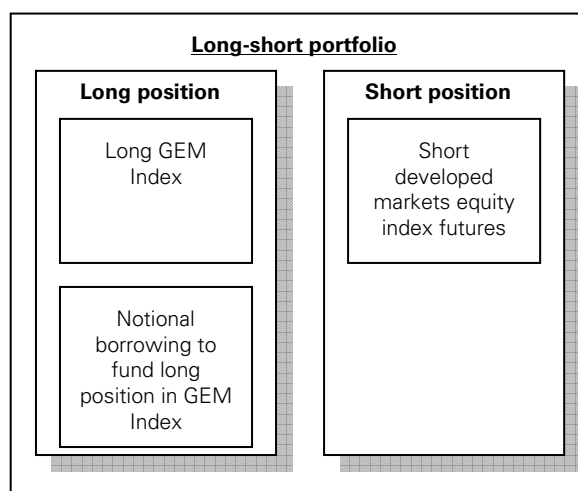
How the Strategy works

The Strategy comprises several components designed to optimise the Strategy's risk/return profile as follows:

- ▶ a long-short portfolio, including a long position in emerging markets equities funded through a notional borrowing and a short position in respect of developed markets equity index futures, designed to capture potential outperformance of emerging markets versus developed markets;
- ▶ two risk control mechanisms, described in more detail below, which are designed to reduce downside exposure during periods of drastic market movements; and
- ▶ spot and forward foreign exchange contracts with the aim of minimising the effect of exchange rate fluctuations between Australian Dollars and US Dollars (as the US Dollar is the currency of the HSBC Emerging Markets Outperformance Strategy underlying the Strategy).

The long-short portfolio

A key component in the Strategy is the long-short portfolio, in which a long position is taken in emerging markets equities and a short position is taken in developed markets equity index futures.



The Strategy takes a long position in respect of the GEM Index. The Strategy also involves a notional borrowing to fund this investment in the GEM Index. The interest cost of this notional borrowing is 1 month LIBOR plus the higher of 0.10% per annum and the HSBC Spread. HSBC may from time to time alter the HSBC Spread at

its discretion to a rate it reasonably determines to reflect accurately the hypothetical cost of funding.

The short position is achieved by selling a basket of developed markets equity index futures in the following weights:

- ▶ 40% S&P 500 Index futures
- ▶ 30% Eurostoxx 50 Index futures
- ▶ 20% Nikkei 225 Index futures
- ▶ 10% FTSE 100 Index futures

The sale of futures contracts does not generate any upfront cashflow.

This portfolio will be rebalanced monthly to maintain the long and short position weights and, as applicable, the relevant weights of the underlying components within the Strategy.

The GEM Index

The GEM Index provides a benchmark which gives exposure to up to 50 companies from up to 10 emerging market countries or regions. Shares are selected based on the largest companies by full market capitalisation, which satisfy applicable minimum liquidity criteria. The GEM Index takes into consideration both capital gain and dividends paid by these shares. Its constituents may change from time to time but the GEM Index currently provides exposure to stocks of the following emerging market countries (as at 30 June 2010):

- the BRIC countries (Brazil, Russia, India and China), Mexico, South Korea, Taiwan, South Africa and Turkey; and
- the “New Europe” countries of Poland, the Czech Republic and Hungary.

The GEM Index is denominated in US Dollars and commenced on 30 January 2004. There is no fee in the GEM Index. The graph below shows the historical performance of the GEM Index.

Past performance is not necessarily indicative of future performance. The past performance of the GEM Index below should not be regarded as indicative of the likely future performance of the GEM Index or of the Investments, or a forecast or projection of likely returns for the Investments.

Historical GEM Index Performance



Source: Bloomberg

You can obtain more information about the GEM Index at www.hsbcinvestorsolutions.com

Risk control mechanisms within the Strategy

Risk control mechanism 1: managing emerging markets exposure

Emerging markets equity prices tend to rise and fall to a greater extent than their developed markets counterparts. This characteristic is advantageous to the Strategy in a rising market, in which the outperformance is captured by the Strategy.

Conversely, in a falling market, emerging markets equity prices tend to fall more than those of developed markets. To manage the adverse effect this will have on the Strategy Value, the Strategy's exposure to the GEM Index (with the matching notional borrowing) is scaled back in times of falling markets.

Once a month, the GEM Index trend direction is assessed. The GEM Index is assessed to be trending upwards when the most recent GEM Index value is the same as or above the average of the last 20 days' GEM Index values. In such circumstances, the Strategy allocates full 100% exposure to the long and short positions in the portfolio (subject to the second risk control mechanism described below).

The GEM Index is assessed to be trending downwards when the most recent GEM Index value is below the average of the last 20 days' GEM Index values. In such circumstances, the long position in the GEM Index and the matching notional borrowing is scaled back to 70% while the short position remains at 100% (subject to the second risk control mechanism described below). This is done to reduce downside risk because in a falling market emerging markets equity prices tend to fall more than those of developed markets. Once the GEM Index moves back to an upward

trend, the long position in the GEM Index and the matching notional borrowing will be increased to 100% with the aim of capturing any outperformance of emerging markets.

Such rebalancing is done monthly on one of the first five Business Days of the month chosen randomly.

Risk control mechanism 2: volatility control

In addition to the "managing emerging markets exposure" risk control mechanism describe above, the Strategy also incorporates an additional risk control mechanism designed to manage the impact on the Strategy Value of drastic market movements during periods of heightened market volatility. This additional risk control mechanism is a volatility control mechanism, which aims to keep the volatility of the long-short portfolio (including after application of the first risk control mechanism) to approximately 15% or below, and adjusts the asset weightings within the long-short portfolio if volatility increases above 15%. This mechanism aims to achieve greater consistency of returns.

The volatility control mechanism is implemented using dynamic allocation to the long-short portfolio within the Strategy.

Depending on the daily observed volatility of the long-short portfolio, the asset weighting is rebalanced as required. The volatility of the long-short portfolio is measured as the higher of the volatility of the long-short portfolio calculated over 20 daily observations (20 day volatility) and the volatility of the long-short portfolio calculated over 130 daily observations (130 day volatility), both annualised. When the observed volatility is high, the asset weighting to the long-short portfolio is reduced. In the case of the long position in the GEM Index, this also results in a corresponding reduction in the notional borrowing referred to in the "The long-short portfolio" section previously. When the volatility is low, the asset weighting to the long-short portfolio is increased. The asset weighting targets are set out in the table below.

Band	Volatility band	Asset weighting
1	0% ≤ Volatility ≤ 15%	100%
2	15% < Volatility ≤ 17%	90%
3	17% < Volatility ≤ 19%	80%
4	19% < Volatility ≤ 21%	70%
5	21% < Volatility ≤ 25%	60%
6	25% < Volatility ≤ 30%	50%
7	Volatility > 30%	0%

The Strategy's asset weighting is assessed each business day (for the purposes of the Strategy) during the Investment Term and will be adjusted in the following circumstances:

1. If the volatility level increases to a higher band, then the actual asset weighting will be adjusted to match the target asset weighting. For example, assume that on day 1 the volatility level was 16.9%, and the asset weighting was 90%. If on day 2 the volatility level increased to 17.1%, the asset weighting would be adjusted to 80%.
2. If the volatility level decreases to a lower band and remains in a band lower than the current band for 10 consecutive business days (for the purposes of the Strategy), then the band will be decreased by one band only. For example, assume that on day 1 the volatility level was 17.1%, and the asset weighting was 80% (i.e. band 3). If on day 2 the volatility level decreased to 14.9% (i.e. from band 3 to band 1) and remained there for at least 20 consecutive business days, then on day 12 the asset weighting would be adjusted to 90% (i.e. band 2). On day 22 the asset weighting would again be adjusted to 100% asset weighting (i.e. band 1). It can be seen that any increase in the asset weighting happens gradually, moving at most one band each 10 consecutive business days.

This risk control mechanism applies in conjunction with the "managing emerging markets exposure" risk control mechanism described above. In general, this risk control mechanism would be implemented in relation to the Strategy over the course of approximately 2 business days.

The asset weighting of the Strategy on the Issue Date will be determined by HSBC based on the volatility of the Strategy on the business day immediately prior to the Issue Date. As of the date of this PDS (based on the latest data available dated 10 December 2010), the Strategy would have an asset weighting of 100%.

The two risk control mechanisms will be applied independently but if both risk control mechanisms are activated at the same time they will have a greater aggregate effect on the Strategy than if only one risk control mechanism was applied.

For example, if the GEM Index was assessed as trending downwards and the volatility of the long-short portfolio was above 15%, both risk control mechanisms would be activated and the long position in respect of the GEM Index and the matching notional borrowing would be less than

70% and the short position in respect of developed markets equity index futures would be less than 100%.

Historical performance

The graph below shows past performance of the Strategy from 27 July 2010 to 9 December 2010. For dates prior to 27 July 2010 the graph below shows simulated past performance of the Strategy. The simulated past performance of the Strategy does not reflect the actual past performance of the Strategy as the Strategy was only created on 27 July 2010. Past performance is not necessarily indicative of future performance. The actual and simulated past performance below should not be regarded as indicative of the likely future performance of the Strategy or of the Investments, or a forecast or projection of likely returns for the Investments.



Source: HSBC and Bloomberg.

Data from 2 August 2004 to 9 December 2010 (latest available as at date of PDS). In the generation of the simulated past performance of the Strategy, the following assumptions have been made:

- ▶ the return of the long-short strategy is based on the actual historical return of the long-short portfolio (that is, the actual performance of the GEM Index, with the matching notional borrowing, and the relevant developed markets equity index futures);
- ▶ the Strategy was applied as described in this PDS (including, without limitation, the application of the Strategy Fee and the Strategy Value Funding Fee);
- ▶ the simulated past performance of the Strategy does not include dealing costs (for example commissions paid when buying futures contracts or bid/offer spreads on futures contracts and foreign exchange

transactions) which may be incurred by the Strategy; and

- ▶ currency hedging is based on historical prices for spot and forward foreign exchange contracts similar to those which will be used in the Strategy.

Currency

The Strategy also involves the purchase of spot and forward foreign exchange contracts with the aim of managing the impact of exchange rate fluctuations between Australian Dollars and US Dollars, as the US Dollar is the currency of the HSBC Emerging Markets Outperformance Strategy underlying the Strategy.

Adjustments to the components of the Strategy

If any component of the Strategy (including without limitation the GEM Index or any of the developed markets equity index futures) is discontinued or altered or the Strategy is changed in any other way, the Hedging Counterparty may substitute a successor component in respect of HSBC's hedging arrangements or make other changes to HSBC's hedging arrangements.

Similarly, there may be a change in the formula or method of calculating the Strategy or some other change in the Strategy that HSBC determines materially modifies the Strategy (for example, making adjustments to components of the Strategy, the value, term or other variable relating to the Strategy).

If either of these events occur, HSBC may make any amendment to the Conditions (including any value, term or other variable relating to an Investment) and the Strategy as, in the reasonable opinion of HSBC, are necessary or desirable to preserve the economic position between you and HSBC as far as possible and to ensure that the Conditions and the Strategy continue to align with HSBC's hedging arrangements. If this cannot be done then this may constitute an Early Termination Event.

Early Withdrawal

The Investments are designed to be held until the Maturity Date and you should not invest in the Investments if you do not intend to hold the Investments until the Maturity Date. However, on any Business Day between the Issue Date and the day which is 25 Business Days prior to the Maturity Date, you may request that HSBC provide you with an estimate of the Early

Withdrawal Amount payable if you redeemed your Investments prior to the Maturity Date. If such a request is received, HSBC will provide an estimate to you within 5 Business Days. Any such estimate is an estimate only and you should note that HSBC does not represent that the actual Early Withdrawal Amount will be equal to the estimate. You may then, on any Business Day between the Issue Date and the day which is 20 Business Days prior to the Maturity Date, request that HSBC redeem your Investments by giving HSBC written notice to this effect in accordance with the notice provisions set out in the Conditions. A request for withdrawal, once received by HSBC, is irrevocable.

HSBC reserves the right to accept or reject a withdrawal request at its sole discretion. The Investments have an Investment Term of 3 years. They are designed to be a buy-and-hold investment. If you withdraw your Investment prior to the Maturity Date, capital protection will not apply. Depending on the performance of the Strategy Value and other market conditions, you may receive less than your Growth Investment Amount, Income Investment Amount or Total Investment Amount, as applicable. Therefore, if you withdraw your Investment prior to the Maturity Date, your losses may be significant. The general taxation summary in Section 10 "Tax" assumes that you will hold your Investment to Maturity. You should obtain your own tax advice prior to withdrawing your Investment early.

Where you choose to withdraw from an Investment early, you will receive any Early Withdrawal Amount in cash. You will not receive the Delivery Assets. The cash amount you receive will be calculated by HSBC in a commercially reasonable manner and will be the fair economic value of your Investment taking into account any loss or costs that may be incurred by HSBC in unwinding its position prematurely, which will depend upon a number of factors. The main factors which impact on the fair economic value of your Investment include:

- ▶ The level of the Strategy Value: the level of the Strategy Value will affect HSBC's calculation of the fair economic value of your Investment. For example, a lower level of the Strategy Value may result in a lower valuation of your Investment.
- ▶ Interest rates: the level of interest rates may affect HSBC's calculation of the fair economic value of your Investment and may also impact on the loss or costs that may be incurred by

HSBC in unwinding its position. For example, higher interest rates may result in a lower valuation of your Investment.

- ▶ The creditworthiness of HSBC: If HSBC's credit rating changes, the loss or costs it may incur in unwinding its position prematurely may change. For example, a decrease in HSBC's credit rating may result in a lower valuation of your Investment.
- ▶ Time to Maturity: the impact of the time to Maturity on HSBC's determination of the fair economic value of your Investment and the unwind costs are difficult to predict.

There will be no other fees and charges imposed by HSBC on your Early Withdrawal.

Early Termination

HSBC may declare an Early Termination in respect of either or both of the Investments if any of the following Early Termination Events occur:

- (a) a Tax Event; or
- (b) a Legislative Event; or
- (c) a Hedging Disruption Event; or
- (d) you become Insolvent; or
- (e) a Strategy Disruption Event; or
- (f) for any other reason HSBC deems it is not legal, consistent with HSBC's internal policies, practicable, economically viable (for HSBC or the Investor) or in the Investor's interest for the Investment to continue its existence.

If this occurs, your Investment will terminate before the Maturity Date and you will receive the Early Termination Amount for your Investment. Capital protection will not apply and you may receive less than your Growth Investment Amount, Income Investment Amount or Total Investment Amount, as applicable.

You will receive any Early Termination Amount in cash and will not receive Delivery Assets. The Early Termination Amount you will receive will be calculated by HSBC in a commercially reasonable manner and will be the fair economic value of your Investment taking into account any loss or costs that may be incurred by HSBC for unwinding its position prematurely, which will depend upon a number of factors. The main factors that impact on HSBC's determination of the fair economic value of your Investment, taking into account any loss or costs that may be

incurred by HSBC in unwinding its position prematurely, are described in the section headed "Early Withdrawal" above.

Timing of the Early Termination Amount Payment

HSBC will pay the Early Termination Amount to an Investor as soon as reasonably practicable after HSBC is entitled to receive an amount which HSBC, acting reasonably, determines is referable to the Early Termination Amount for that Investor from the Hedging Counterparty.

No interest will be payable by HSBC on any Early Termination Amount.

3. How does the Growth Investment work?

On the Initial Value Observation Date, HSBC will record the Strategy Value.

On each of the seven Growth Investment Observation Dates in the last six months of the Investment Term, HSBC will observe the Strategy Value and calculate the Ending Average Return and the Growth Investment Return.

Subject to any potential adjustments described in the definition of "Growth Investment Observation Date" in the Glossary, the Growth Investment Observation Dates are set out in the following table:

Growth Investment Observation Dates	Set Date
1	30 September 2013
2	31 October 2013
3	2 December 2013
4	6 January 2014
5	3 February 2014
6	28 February 2014
7	31 March 2014

What is the Strategy Value Return and how is it calculated?

The Strategy Value Return on a Growth Investment Observation Date is calculated as the increase of the Strategy Value since the Initial Value Observation Date.

$$\text{Strategy Value Return} = \left(\frac{\text{Strategy Value}}{\text{Initial Strategy Value}} - 1 \right)$$

Hypothetical Example

The following example is used to explain the calculation methodology for the Strategy Value Return as at a Growth Investment Observation Date. It is not intended to be indicative of the past or future performance of the Strategy Value or the Growth Investment.

Strategy Value at Initial Value Observation Date	Strategy Value at Growth Investment Observation Date	Strategy Value Return
1,100	1,188	$\left(\frac{1,188}{1,100} - 1 \right) = 8.0\%$

What is the Ending Average Return and how is it calculated?

At Maturity, HSBC will use the Strategy Value Return calculated on each of the seven Growth Investment Observation Dates to determine the Ending Average Return using the following formula:

$$\text{Ending Average Return} = \frac{X_1 + X_2 + \dots + X_7}{7}$$

where X_1 to X_7 equal the respective Strategy Value Returns calculated on each of the seven Growth Investment Observation Dates.

What is the Growth Investment Return?

You will receive a Growth Investment Return if the Ending Average Return is greater than zero.

The amount of the Growth Investment Return for each Growth Investment will be the multiple of:

- (i) the Growth Participation Rate; and
- (ii) \$1 multiplied by the Ending Average Return.

The formula is:

$$\text{Growth Participation Rate} \times \$1 \times \text{Ending Average Return}$$

Any Growth Investment Return will be included in your Maturity Amount.

The Growth Investment Return at Maturity cannot be less than zero. If the Ending Average Return is equal to or less than zero, there will be no Growth Investment Return.

What is the Growth Participation Rate?

The Growth Participation Rate is not capable of being determined at the time of preparation of

this PDS. The Growth Participation Rate will be determined by HSBC on the Issue Date. HSBC's determination of the Growth Participation Rate will be influenced by prevailing market conditions, such as Australian interest rates and the volatility of the Strategy Value.

The Investment will not proceed if HSBC determines on the Issue Date that the Growth Participation Rate is less than 75%. Depending on the prevailing market conditions on the Issue Date, the Growth Participation Rate may be higher (but will not be lower) than 75%. For example, if the Investment was issued on the date of this PDS, the Growth Participation Rate would be 100%.

Any change to market conditions between the date of this PDS and the Issue Date may result in the Growth Participation Rate being higher or lower than 100% (which is the level the Growth Participation Rate would be set at if the Investment were issued as at the date of this PDS). For example, if Australian 3 year swap interest rates decrease between the date of this PDS and the Issue Date, all other factors being equal, the Growth Participation Rate would be lower than 100% (but not lower than 75%). If Australian 3 year swap interest rates increase, all other factors being equal, the Growth Participation Rate would be higher than 100%.

If market conditions change between the date of this PDS and the Issue Date so that HSBC's determination of the Growth Participation Rate on the Issue Date is below the minimum level of 75%, the Growth Investment will not proceed and HSBC will return your Growth Application Amount to you without interest.

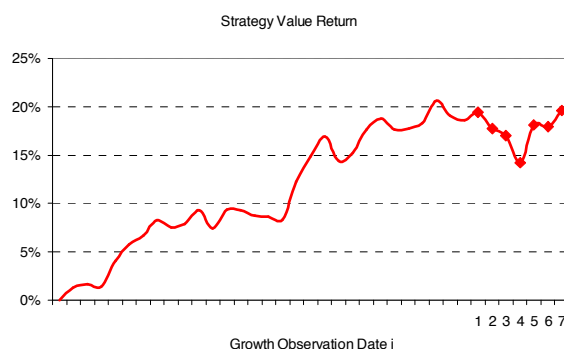
Once HSBC determines the Growth Participation Rate on the Issue Date, we will advise Investors of the Growth Participation Rate.

Hypothetical Examples

Each of the following three examples assumes a Growth Participation Rate of 100% (unless otherwise stated). You should note that the actual Growth Participation Rate may be as low as 75%.

The following examples are used to explain the potential return on the Growth Investment. They are not intended to be indicative of the past or future performance of the Strategy Value or the Growth Investment.

Example 1: Mildly Bullish Market



i	Strategy Value Return
1	19.50%
2	17.80%
3	17.00%
4	14.20%
5	18.10%
6	17.90%
7	19.60%

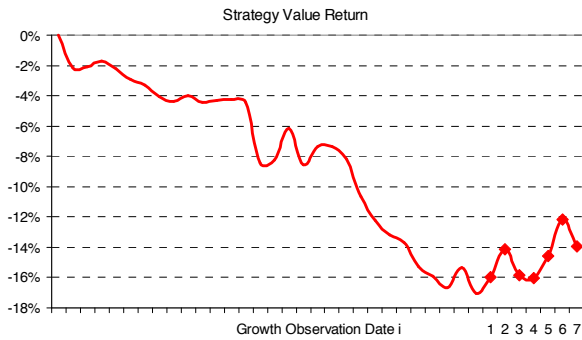
In the above example, the Ending Average Return is 17.73%. This is greater than zero, and so a Growth Investment Return will be included in the Maturity Amount.

The Growth Investment Return will be the Growth Participation Rate multiplied by the Ending Average Return multiplied by \$1 which is $100\% \times 17.73\% \times \$1 = \$0.1773$.

On a Growth Investment Amount of \$100,000, this equates to a Growth Investment Return of \$17,730 at Maturity and a Maturity Amount of \$117,730.

If the Growth Participation Rate in the above example were 75%, the Growth Investment Return for each \$1 invested would equal \$0.1330. On a Growth Investment Amount of \$100,000, this would equate to an Growth Investment Return of \$13,300 at Maturity and Maturity Amount of \$113,300.

Example 2: Bearish Market



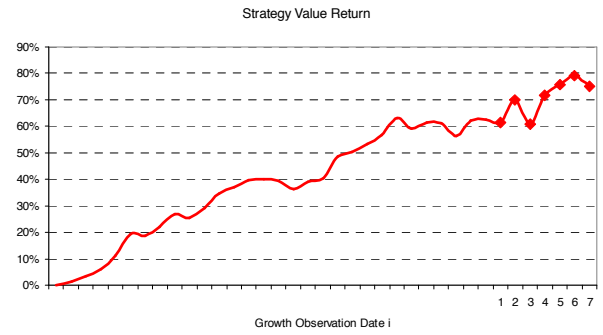
i	Strategy Value Return
1	-15.90%
2	-14.10%
3	-15.80%
4	-16.00%
5	-14.60%
6	-12.10%
7	-13.90%

In the above example, the Ending Average Return is negative at -14.63%.

As the Ending Average Return is less than zero, no Growth Investment Return will be paid. Your Maturity Amount for the Growth Investment will only be your Growth Investment Amount, i.e. \$1 per \$1 invested.

On a Growth Investment Amount of \$100,000, this equates to a Growth Investment Return of zero at Maturity and a Maturity Amount of \$100,000. This Growth Investment Return would be unaffected by any variation in the Growth Participation Rate.

Example 3: Bullish Market



i	Strategy Value Return
1	61.30%
2	70.00%
3	61.00%
4	71.60%
5	75.60%
6	79.00%
7	74.90%

In the above example, the Ending Average Return is 70.49%.

The Growth Investment Return will be the Growth Participation Rate multiplied by the Ending Average Return multiplied by \$1 which is $100\% \times 70.49\% \times \$1 = \$0.7049$.

On a Growth Investment Amount of \$100,000, this equates to a Growth Investment Return of \$70,490 at Maturity and a Maturity Amount of \$170,490.

If the Growth Participation Rate in the above example were 75%, the Maturity Amount for each \$1 invested would equal \$0.5286. On a Growth Investment Amount of \$100,000, this would equate to a Growth Investment Return of \$52,860 at Maturity and a Maturity Amount of \$152,860.

4. How does the Income Investment work?

On the Initial Value Observation Date, HSBC will record the Strategy Value.

On each of the three Income Investment Observation Dates, HSBC will observe the Strategy Value and calculate the Annualised Return and the Income Amount.

Subject to any potential adjustments described in the definition of "Income Investment Observation Date" in the Glossary, the Income Investment Observation Dates are set out in the following table:

Income Investment Observation Date	Set Date
1	2 April 2012
2	2 April 2013
3	31 March 2014

What is the Strategy Value Return and how is it calculated?

The Strategy Value Return on an Income Investment Observation Date is calculated as the increase of the Strategy Value since the Initial Value Observation Date.

$$\text{Strategy Value Return} = \left(\frac{\text{Strategy Value}}{\text{Initial Strategy Value}} - 1 \right)$$

Hypothetical Example

The following example is used to explain the calculation methodology for the Strategy Value Return as at an Income Investment Observation Date. It is not intended to be indicative of the past or future performance of the Strategy Value or the Income Investment.

Strategy Value at Initial Value Observation Date	Strategy Value at Income Investment Observation Date	Strategy Value Return
1,100	1,188	$\left(\frac{1,188}{1,100} - 1 \right) = 8.0\%$

What is the Annualised Return and how is it calculated?

The Annualised Return on any Income Investment Observation Date is the average per annum return of the Strategy Value up to that Income Investment Observation Date. It is calculated based on the Strategy Value Return on that date divided by the number of years i that have elapsed since the Initial Value Observation Date.

On the Income Investment Observation Date i , the Annualised Return is:

$$\begin{aligned} &\text{Annualised Return (on Income Observation Date } i) \\ &= \frac{1}{i} \times \text{Strategy Value Return (on Income Observation Date } i) \end{aligned}$$

Hypothetical Example

The following example is used to explain the calculation methodology for the Annualised Return as at an Income Investment Observation Date. It is not intended to be indicative of the past or future performance of the Strategy Value or the Income Investment.

Year	Strategy Value Return	Annualised Return
1	- 8.00%	$- 8.00\% \div 1 = - 8.00\%$
2	20.00%	$20.00\% \div 2 = 10.00\%$
3	25.00%	$25.00\% \div 3 = 8.33\%$

What is the Income Amount?

You will receive an Income Amount in respect of an Income Investment Observation Date if the Annualised Return is greater than zero.

The Income Amount for each Income Investment will be the multiple of:

- the Income Participation Rate; and
- \$1 multiplied by the Annualised Return.

The Income Amount cannot be less than zero for any Income Investment Observation Date. If the Annualised Return is equal to or less than zero you will receive no Income Amount for that Income Investment Observation Date.

When will the Income Amount be paid?

Any Income Amount will be paid to you within 15 Business Days following the relevant Income Investment Observation Date to which the Income Amount applies.

Any Income Amounts will be paid into the bank account nominated by you in the Application Form. If during the Investment Term you want to change the nominated bank account please contact Registries Limited and advise them of the new bank account details.

There will be no cheque payments of the Income Amount.

What is the Income Participation Rate?

The Income Participation Rate is not capable of being determined at the time of preparation of this PDS. The Income Participation Rate will be determined by HSBC on the Issue Date. HSBC's determination of the Income Participation Rate will be influenced by prevailing market conditions, such as Australian interest rates and the volatility of the Strategy Value.

The Income Investment will not proceed if HSBC determines on the Issue Date that the Income Participation Rate is less than 50%. Depending on the prevailing market conditions on the Issue Date, the Income Participation Rate may be higher (but will not be lower) than 50%. For example, if the Income Investment was issued on the date of this PDS, the Income Participation Rate would be 70%.

Any change to market conditions between the date of this PDS and the Issue Date may result in the Income Participation Rate being higher or lower than 70% (which is the level the Income Participation Rate would be set at if the Income Investment were issued as at the date of this PDS). For example, if Australian 3 year swap interest rates decrease between the date of this PDS and the Issue Date, all other factors being equal, the Income Participation Rate would be lower than 70% (but not lower than 50%). If Australian 3 year swap interest rates increase, all other factors being equal, the Income Participation Rate would be higher than 70%.

If market conditions change between the date of this PDS and the Issue Date so that HSBC's determination of the Income Participation Rate on the Issue Date is below the minimum level of 50%, the Investment will not proceed and HSBC

will return your Income Application Amount to you without interest.

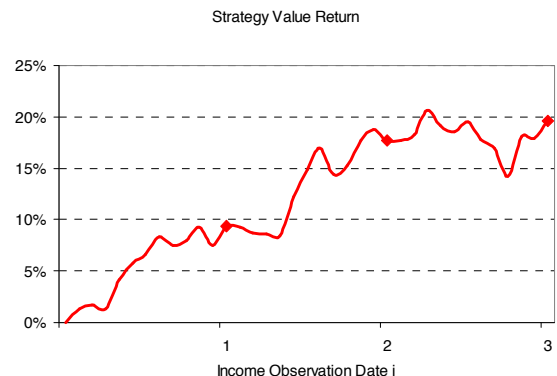
Once HSBC determines the Income Participation Rate on the Issue Date, we will advise Investors of the Income Participation Rate.

Hypothetical Examples

Each of the following three examples assumes an Income Participation Rate of 70% per \$1 invested (unless otherwise stated). You should note that the actual Income Participation Rate may be as low as 50%.

The following examples are used to explain the potential Income Amounts for the Income Investment. They are not intended to be indicative of the past or future performance of the Strategy Value or the Income Investment.

Example 1: Mildly Bullish Market



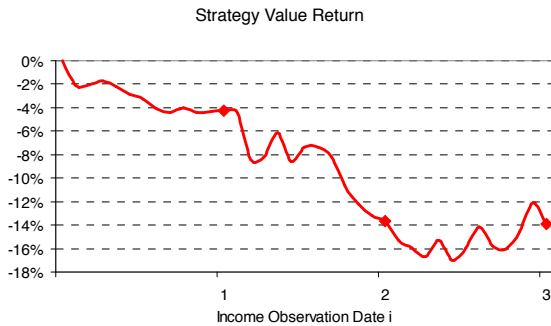
i	Strategy Value Return	Annualised Return	Participation Rate	Income Amount
1	9.30%	9.30%	70%	\$0.0651
2	17.70%	8.85%	70%	\$0.0620
3	19.60%	6.53%	70%	\$0.0457

In the above example, for year 2 as the Annualised Return is 8.85% you would receive this percentage multiplied the Income Participation Rate of 70%, multiplied by \$1 which gives an Income Amount of \$0.0620 per \$1 invested. On an Income Investment Amount of \$100,000, this equates to \$6,200.

Your Maturity Amount for the Income Investment will be your Income Investment Amount. For an Income Investment Amount of \$100,000, this equates to \$100,000. In the example above, you will also be paid the final Income Amount which, for an Income Investment Amount of \$100,000, equates to \$4,570.

If the Income Participation Rate in the above example were 50%, the final Income Amount for \$100,000 invested in the Income Investment would equate to \$3,265.

Example 2: Bearish Market



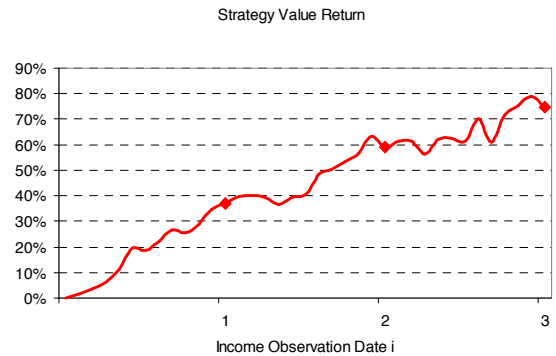
i	Strategy Value Return	Annualised Return	Participation Rate	Income Amount
1	-4.20%	-4.20%	70%	\$0.0000
2	-13.70%	-6.85%	70%	\$0.0000
3	-13.90%	-4.63%	70%	\$0.0000

In the above example, for each year the Annualised Return is less than zero.

When the Annualised Return is less than zero, no Income Amount will be paid for your Income Investment. For this example you would receive no Income Amount in respect of any Income Investment Observation Date. This outcome would be unaffected by any variation in the Income Participation Rate.

Your Maturity Amount for your Income Investment will be your Income Investment Amount. For an Income Investment Amount of \$100,000, this equates to \$100,000.

Example 3: Bullish Market



i	Strategy Value Return	Annualised Return	Participation Rate	Income Amount
1	37.00%	37.00%	70%	\$0.2590
2	59.20%	29.60%	70%	\$0.2072
3	74.90%	24.97%	70%	\$0.1748

In the above example, for year 2 as the Annualised Return is 29.60% you would receive this percentage multiplied by the Income Participation Rate of 70%, multiplied by \$1 which gives an Income Amount of \$0.2072 per annum per \$1 invested. On an Income Investment Amount of \$100,000, this equates to \$20,720.

Your Maturity Amount for the Income Investment will be your Income Investment Amount. For an Income Investment Amount of \$100,000, this equates to \$100,000. In the example above, you will also be paid the final Income Amount which, for an Income Investment Amount of \$100,000 equates to \$17,480.

If the Income Participation Rate in the above example were 50%, the final Income Amount for \$100,000 invested in the Income Investment would equal \$12,485.

5. What do I receive at Maturity?

To understand how the Maturity Amount is delivered or paid to you at Maturity it is necessary to understand the nature of a deferred purchase agreement.

This section explains:

- A. What is a deferred purchase agreement; and
- B. What do you receive at Maturity?

A. What is a deferred purchase agreement?

A deferred purchase agreement is an agreement where assets having a value approximately equivalent to the Maturity Amount are delivered to the Investor at Maturity. These assets are referred to as Delivery Assets.

The terms of the deferred purchase agreement are set out in Section 12 “Conditions” beginning on page 44.

B. What do you receive at Maturity?

At Maturity, you will receive either:

- ▶ the Delivery Assets; or
- ▶ the Sale Proceeds in cash if you elect that the Delivery Assets be sold on your behalf.

Your Delivery Assets or Sale Proceeds will be calculated on the basis of your Maturity Amount, less any costs and Taxes, including brokerage, applicable to the sale of the Delivery Assets.

Your Maturity Amount will be:

- ▶ in respect of the Growth Investment, your Growth Investment Amount and any Growth Investment Return; and
- ▶ in respect of the Income Investment your Income Investment Amount.

What are the Delivery Assets?

The Delivery Assets will be selected by HSBC on or before the Maturity Date. HSBC’s current intention is that the Delivery Assets will be shares in Woolworths Limited (“WOW”). However, HSBC may determine that the Delivery Assets will be other securities or managed investment products where the securities or products are, at

the Maturity Date, in a class of products that is a constituent of the S&P/ASX200 Index.

Woolworths Limited is a company listed on the ASX. The ASX code for Woolworths Limited is “WOW”. For more information about Woolworths visit www.woolworthslimited.com.au.

If in HSBC’s opinion it is not, or may not be, possible or practical for it to obtain or transfer the Delivery Assets to you, then other Delivery Assets may be substituted. Any substitute Delivery Assets will be securities or managed investment products where the securities or products are, at the Maturity Date, in a class of products that is a constituent of the S&P/ASX200 Index.

How many Delivery Assets will you receive?

You will receive a number of Delivery Assets equal to:

- ▶ the Maturity Amount
- divided by
- ▶ the weighted average price per Delivery Asset purchased by HSBC in the market after the Maturity Date but on or before the Settlement Date.

A fraction of a Delivery Asset cannot be delivered. The aggregate number of Delivery Assets will be rounded down to the nearest whole Delivery Asset. If the difference between the Maturity Amount and the value of the Delivery Assets to be delivered is more than \$20, then the difference may be satisfied either in cash or in other securities selected by HSBC. If the difference is less than \$20, then HSBC may elect not to make a payment or delivery to the Investor in respect of the difference.

Example

The following example is used to explain how the number of Delivery Assets is calculated. It is not intended to be indicative of the past or future performance of the Woolworths Limited or the Investments.

If the Maturity Amount of your Investment is \$20,000 and the price per Delivery Asset is \$29.00, then,

$$\frac{\$20,000}{\$29.00} = 689.66$$

and

the number of Delivery Assets you would receive is 689. The value of the Delivery Assets is $689 \times \$29.00 = \$19,981.00$.

The difference between the Maturity Amount of \$20,000 and the value of the Delivery Assets of \$19,981.00 is \$19.00. As this difference is less than \$20, you may not receive any payment or delivery in respect of the difference.

When are you able to elect whether to receive the Delivery Assets or have HSBC sell them on your behalf?

Before the Maturity Date you will receive a Settlement Election Form on which you can elect to receive the Delivery Assets or for the Delivery Assets to be sold on your behalf and the Sale Proceeds paid to you.

If you do not make an election then you will be deemed to have chosen to receive the Delivery Assets and HSBC will transfer the Delivery Assets to you. To facilitate the transfer of the Delivery Assets, you should provide your Holder Identification Number (HIN) on the Application Form or the Settlement Election Form which will be sent to you nearer to the Maturity Date. If you have not provided information to enable Physical Settlement for the Investments, HSBC will not be able to transfer the Delivery Assets to you. HSBC will have to then sell the Delivery Assets on your behalf and pay the Sale Proceeds to you. If the Delivery Assets are sold on your behalf, the general taxation summary in Section 10 "Tax" may not apply to you and you should seek your own advice.

When will HSBC deliver the Delivery Assets or pay the Sale Proceeds to you?

The Growth Investment Return (if any) and Maturity Amount of your Investments will be determined by HSBC following the Maturity Date. HSBC will arrange for the Delivery Assets to be transferred to you or the Sale Proceeds to be paid to you on or before the Settlement Date.

What are the tax implications if I receive the Delivery Assets at Maturity?

The delivery of the Delivery Assets at Maturity may give rise to a capital gain or a capital loss for the Investor or have other tax consequences.

When you receive the Delivery Assets at Maturity, you will have held the Investments for more than a year and, if you make a gain, you may be entitled to a capital gains tax discount. See Section 10 on page 32 for more information about the tax considerations.

6. About HSBC

HSBC Worldwide

Headquartered in London, the HSBC Group is one of the largest banking and financial services organisations in the world. Its international network comprises some 8000 properties in 87 countries and territories in Europe; Hong Kong; Rest of Asia-Pacific; the Middle East; North America and Latin America.

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

HSBC Group provides a comprehensive range of financial services to more than 100 million customers through four customer groups and global businesses: Personal Financial Services (including consumer finance); Commercial Banking; Global Banking and Markets; and Private Banking.

HSBC Group has assets of US\$2,418 billion at 30 June 2010. With a tier one capital ratio of 11.5% and a loan to deposit ratio under 80% at 30 June 2010, HSBC is one of the most strongly capitalised and liquid banks in the world.

HSBC started operations in Australia in 1965 and was granted a commercial banking licence in 1986. In Australia, HSBC offers an extensive range of financial services through a network of 34 branches and offices. This includes personal banking, financial planning and consumer finance, as well as commercial banking, global banking and markets, payments and cash management, trade and export finance, project finance, corporate finance and securities custody.

HSBC employs stringent and prudent liquidity policies, risk control frameworks and prudential requirements.

Issuer

HSBC Bank Australia Limited is the issuer of the Investments and this PDS. It is one of the

principal members of the HSBC Group operating in Australia.

HSBC is an authorised deposit-taking institution in Australia and holds an Australian financial services licence, number 232595.

For more information on HSBC see www.hsbc.com.au.

7. Risks to consider for each of the two Investments

There are a number of factors, both specific to an investment in the Investments and general investment risks, which may affect the future performance of the two Investments.

This section describes the significant risks associated with each of the two Investments, namely:

- A. risks of the Investments; and
- B. general risks.

You should carefully consider the range of risk factors outlined in this section, as well as the other information contained in this PDS, before deciding if the Investments are suitable for you. You should consider your financial targets, investment time frame and what degree of risk you will accept in order to achieve your investment objectives. We recommend that you seek independent financial advice and other expert advice before investing.

A. Risks of the Investments

The Investments themselves give rise to the following risks.

Market risk

The Growth Investment Return (for the Growth Investment) and Income Amount (for the Income Investment) are linked to the Strategy Value.

The Strategy Value is in turn linked to the performance of emerging markets. This give rise to two levels of risk.

(a) Emerging Markets risk

You should consider carefully the risks of investing in an Investment linked to emerging markets equities. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities in that market may cease or may be substantially curtailed and prices for the Strategy's investments in such markets may not be readily available.

Finally, you should also note that changes in the political climate in emerging market countries may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors

the benefit of tax exemptions or international tax treaties. Such changes may, for instance, result in taxes or penalties being levied against foreign investors. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the Strategy Value.

(b) The Strategy Value risk

The return on the Investments is linked to the performance of the Strategy. You will not own (directly or indirectly) any asset or component of or relating to the Strategy.

Two key market risks applicable to the Strategy are that:

(i) Developed markets equities may outperform emerging markets equities

The performance of the Strategy Value depends on the outperformance of emerging markets equity markets (as reflected in the GEM Index exposure funded by notional borrowings) compared to developed countries equity index futures.

Emerging markets may increase in value but may not increase as much as developed countries equity markets. If this is the case then the Strategy Value may fall and your investment return will be adversely impacted.

(ii) the Strategy Value may not capture emerging markets outperformance.

The Strategy may not capture any emerging market outperformance. This could happen if:

- the GEM Index does not reflect broader emerging market growth;
- the cost of notional borrowing to make the GEM Index notional investment may be greater than the return of the GEM Index;

- LIBOR and/or the HSBC Spread increase so that the funding cost is greater than the GEM Index gain; or
- the basket of four developed markets equity index futures may perform better than the broader developed markets.

The two risk control mechanisms could also adversely impact on the value of the Strategy. This could happen if, for example, the GEM Index is assessed as trending downwards so the exposure to the GEM Index (and the matching notional borrowing) is reduced to 70% but the GEM Index has a large increase in value, or if the volatility of the long-short portfolio increases so that the asset weighting is reduced and the markets moves favourably. In such circumstances the Strategy Value may not fully reflect any outperformance of the GEM Index. In other words, the risk control mechanisms aim to reduce volatility, but in doing so, they may in certain circumstances result in a lower Strategy Value than may otherwise have been the case.

The Strategy Value may depreciate as well as appreciate.

In respect of the Growth Investment, it is possible that the Ending Average Return will be at or below 0%, in which case the Growth Investment Return on the Investment will be zero and the Maturity Amount will be only the Growth Investment Amount. Therefore, you risk either receiving no return or a lower return than comparable instruments.

In respect of the Income Investment, it is possible that the Annualised Return as at an Income Investment Observation Date will be less than or equal to zero, in which case no Income Amount will be paid for that year. If this occurs for each year of the Investment Term, it is possible that no Income Amount will be paid during the Investment Term and you will only receive your Income Investment Amount at Maturity. Therefore, you risk either receiving no return or a lower return than comparable instruments.

As such, the Investments may not be suitable for persons unwilling or unable to bear the risks attached to the Investments.

The Investment is only 100% capital protected if held until Maturity. At any time prior to the Maturity Date, an Investment could be valued at less than 100% of the amount invested if market conditions are unfavourable.

Currency risk

There are two levels of currency-related risk in respect of the Investments.

(a) Exchange rate risk

Various components of the long-short portfolio within the Strategy are denominated in currencies other than Australian Dollars. The Strategy Value as calculated in Australian Dollars may be unfavourably impacted by changes in exchange rates between those currencies and the Australian Dollar.

(b) Currency hedging risk

The Strategy is the Australian Dollar unit class of the HSBC Emerging Markets Outperformance Strategy. The underlying HSBC Emerging Markets Outperformance Strategy is calculated in US Dollars. Spot and forward foreign exchange contracts will be purchased and held within the Strategy with the aim of hedging against movements in the Australian Dollar against the US Dollar. There can be no assurance that such foreign exchange hedging will have the desired effect, whether in whole or in part. As such there is a risk that the Strategy Value as calculated in Australian Dollars may be unfavourably impacted by changes in exchange rates between the US Dollar and the Australian Dollar.

Early Termination Event

An occurrence of an Early Termination Event gives HSBC the right to declare an Early Termination of an Investment. If this occurs, the Investment will terminate before the Maturity Date and you will receive the Early Termination Amount for your Investment.

Because capital protection applies only at Maturity, and not on Early Termination, there is a risk that the Early Termination Amount may be less than your Application Amount and you may therefore suffer a loss of some or all of your capital invested.

There may also be adverse tax consequences arising from an Early Termination. You should obtain your own tax advice if there is an Early Termination Event.

HSBC will pay the Early Termination Amount to an Investor as soon as reasonably practicable after HSBC is entitled to receive an amount from the Hedging Counterparty which HSBC, acting reasonably, determines is referable to the Early Termination Amount for that Investor. Depending on the circumstances surrounding the Early Termination, this may take some time.

You should carefully consider the matters which can give rise to an Early Termination Event as set out in the Glossary in Section 13 of this PDS. In particular, you should note that an Early Termination Event may arise from matters beyond your control, and an Early Termination Event may occur even if you have complied with all your obligations in respect of an Investment.

Hedging Adjustment Event

A Hedging Adjustment Event occurs if HSBC's Hedging Counterparty makes an adjustment to or under HSBC's hedging arrangements with that Hedging Counterparty.

If a Hedging Adjustment Event occurs, HSBC may adjust the terms of your Investments and/or the Conditions (including a value, term or other variable relating to an Investment) to ensure that the terms of the Investment are appropriate to preserve the economic position between you and HSBC as far as possible and continue to align with HSBC's hedging arrangements in the reasonable opinion of HSBC. Depending on the nature of the adjustment, this could potentially have an adverse effect on your Investments (for example and without limitation by delaying the time at which a payment may be made to you).

Growth Participation Rate and Income Participation Rate

An important component of the Growth Investment Return is the Growth Participation Rate and an important component of any Income Amount is the Income Participation Rate.

If the Growth Participation Rate or Income Participation Rate is less than 100% then your Growth Investment Return or Income Amounts respectively will not reflect the full return of the Strategy Value.

The Growth Participation Rate and the Income Participation Rate will be determined by HSBC on the Issue Date. In determining the Growth Participation Rate and the Income Participation Rate, HSBC will have regard to prevailing market conditions (primarily Australian interest rates).

The minimum Growth Participation Rate is 75%. If the minimum Growth Participation Rate cannot be achieved, the Growth Investment will not proceed. If the Growth Investment were to be issued on the date of this PDS, the Growth Participation Rate would be 100%. Some changes to market conditions between the date of this PDS and the Issue Date may result in the Growth Participation Rate being lower (or higher) than 100%. For example, if 3 year swap interest

rates decrease, the Growth Participation Rate may be less than 100%.

The minimum Income Participation Rate is 50%. If the minimum Income Participation Rate cannot be achieved, the Income Investment will not proceed. If the Income Investment were to be issued on the date of this PDS, the Income Participation Rate would be 70%. Some changes to market conditions between the date of this PDS and the Issue Date may result in the Income Participation Rate being lower (or higher) than 70%. For example, if 3 year swap interest rates decrease, the Income Participation Rate may be less than 70%.

Non-issue risk

If market conditions change so that HSBC's determination of the Growth Participation Rate or Income Participation Rate on the Issue Date is lower than 75% or 50% respectively, the issue of the relevant Investment will not proceed and HSBC will return your Growth Application Amount or Income Application Amount respectively to you without interest.

Interest rate risk

The Early Withdrawal Amount and Early Termination Amount of your Investments prior to the Maturity Date take into account costs (notional or otherwise) of terminating your Investment, including the costs of unwinding any hedging arrangements entered into by HSBC. The costs of unwinding any hedging arrangements entered into by HSBC may be affected by Australian interest rates. An increase in Australian interest rates may reduce the Early Withdrawal Amount or Early Termination Amount of your Investment.

Other factors that may affect the value of your Investments and/or costs of terminating your Investments include the level of the Strategy Value, the creditworthiness of HSBC and the time to Maturity. These factors are explained in Section 2.

Differing performance risk (Income Investment vs Growth Investment)

The returns paid on the Income Investment and the Growth Investment are different and could give investors different outcomes depending on market movements.

The following are a number of scenarios to illustrate where one Investment could give a better outcome for Investors over the other:

- (a) If the Strategy Value were to perform well over the first two years and then fall in value

so that at Maturity the Strategy Value and Ending Average Return are less than the Strategy Value was at the Initial Value Observation Date then:

- (i) The Income Investment would pay an Income Amount for the first two years and no Income Amount for the third year. At Maturity the Income Investment Amount would be paid in Delivery Assets.
- (ii) The Growth Investment would pay a zero Growth Investment Return as the Strategy Value Return would be less than zero. At Maturity you would only receive the Growth Investment Amount in Delivery Assets.

In this scenario the Income Investment would give Investors a better outcome than the Growth Investment.

- (b) If the Strategy Value performed poorly for the first two years so that for the first two years the Strategy Value Return was less than zero and then in the third year the Strategy Value increased substantially so that at Maturity it was significantly higher than it was at the Initial Index Observation Date then:

- (i) The Income Investment would pay no Income Amounts for the first two years as the Strategy Value Return would be less than zero. In the third year there would be an Income Amount. At Maturity the Income Investment Amount would be paid in Delivery Assets.
- (ii) The Growth Investment would pay a Growth Investment Return. At Maturity you would receive the Growth Investment Return plus Growth Investment Amount in Delivery Assets.

In this scenario the Growth Investment would give Investors a better outcome than the Income Investment.

These two scenarios are extreme examples to demonstrate that the different Investment options may provide different results.

Delivery Assets market risk

You will be entitled to receive the Delivery Assets approximately equal to the Maturity Amount of your Investment at Maturity. Nearer to the Maturity Date, you will be sent a Settlement Election Form. You can elect to receive the Delivery Assets or have HSBC sell the Delivery Assets on your behalf and pay you the Sale Proceeds. If you choose to receive the Delivery Assets, then from the Maturity Date you will be

subject to the market risk of those Delivery Assets. If the value of the Delivery Assets falls after the Maturity Date, you will receive something worth less than the Maturity Amount of your Investment when the Delivery Assets are transferred to you on or before the Settlement Date.

Also, HSBC can substitute the Delivery Assets. If HSBC determines, in its reasonable opinion, that it is not, or may not be, possible for it to obtain or transfer any Delivery Assets to you on or before the Settlement Date, (including due to a disruption, suspension, limitation or closure of trading on any financial market), it may replace any or all of the securities or managed investment products that would otherwise constitute the Delivery Assets with any other securities or managed investment products where those securities or products are, at the Maturity Date, in a class of products that is a constituent of the S&P/ASX200 Index.

Investment may not track the Strategy Value over the Investment Term

There is a risk that the Strategy Value will outperform the return on your Investments over the Investment Term because:

- (a) in respect of the Growth Investment:

- (i) HSBC uses an average of the Strategy Value across the seven Growth Investment Observation Dates to determine the Ending Average Return. The Ending Average Return could be lower than the Strategy Value Return on the final Growth Investment Observation Date; and
- (ii) your return is affected by the Growth Participation Rate. The Growth Investment will not participate in the full percentage increase in the Ending Average Return if the Growth Participation Rate is less than 100%; and

- (b) in respect of the Income Investment:

- (i) HSBC measures the Strategy Value at the Income Investment Observation Dates to determine the Annualised Return. The Strategy Value may increase from the Issue Date to the relevant Income Investment Observation Date more than the Annualised Return in any particular year during the Investment Term; and
- (ii) your return is affected by the Income Participation Rate. The Income Investment will not participate in the full percentage increase in the Annualised

Return if the Income Participation Rate is less than 100%.

Conflict of interest

HSBC Bank Australia Limited and other members of the HSBC Group may conduct transactions and be paid commissions as principal or agent in various instruments or securities including the Delivery Assets, the instruments and securities which constitute the Strategy Value or other financial products which are related to such instruments or securities.

Such dealings may (positively or negatively) affect the value of the Strategy Value and may therefore affect the return you receive on the Investment.

Early withdrawal risk

HSBC reserves the right to accept or reject any withdrawal request at its sole discretion.

If you seek to withdraw your Investment, whether in whole or in part, before the Maturity Date there is a risk that you will be unable to do so, or if you do so, you receive less than you initially invested.

Because capital protection applies only at Maturity, and not on Early Withdrawal, there is a risk that the Early Withdrawal Amount may be less than the amount you initially invested in the Investment. Therefore, if you withdraw your Investment prior to the Maturity Date, your losses may be significant. You should also consider the tax consequences of an Early Withdrawal.

Therefore you should not invest in an Investment unless you intend to remain invested in the Investment until Maturity.

Amendments to the Conditions

HSBC may from time to time amend the Conditions of the Investment provided that the amendment is:

- (a) necessary or desirable in the reasonable opinion of HSBC to comply with any statutory or other legal requirement; or
- (b) to be made for the purpose of curing an ambiguity, correcting a manifest error, or curing, correcting or supplementing any defective provision of the Conditions or effecting a modification of a formal, minor or technical nature, and does not materially prejudice the interests of Investors.

HSBC may also amend the Conditions of the an Investment as described in "Hedging Adjustment Event" above.

Exercise of discretion by HSBC

HSBC has a number of discretions which could affect the value of the Investment. These include powers to:

- (a) determine that a day is a Disrupted Trading Day;
- (b) amend the Conditions and/or adjust the terms of an Investment following a Hedging Adjustment Event;
- (c) determine the occurrence of an Early Termination Event; and
- (d) substitute the Delivery Assets.

Investors do not have the power to direct HSBC concerning the exercise of any discretion.

Disrupted Trading Day risk

HSBC has the discretion to delay a Growth Investment Observation Date or an Income Investment Observation Date by determining that the Growth Investment Observation Date or an Income Investment Observation Date be declared a Disrupted Trading Day. This may impact on the Strategy Value and may adversely affect the return on your Investment. Investors do not have the power to direct HSBC concerning the exercise of any discretion.

Inflation risk

There is a risk that an Investment at Maturity will not experience the same real increase in value as any investment return due to the likely effect of inflation and the time value of money over the Investment Term.

No Investigation

HSBC has not and will not investigate or review the underlying securities comprised in the GEM Index, or the developed markets equity indices underlying the basket of equity index futures in respect of which a short position is taken, for the purposes of forming a view as to the merits of any components of the Strategy Value. Nor is any guarantee or express or implied warranty made in respect of the selection of the underlying securities comprised in the GEM Index or securities in the equity indices in respect of which a short position is taken or the methodology of calculating the GEM Index or the developed markets equity indices underlying the basket of equity index futures in respect of which a short position is taken, nor is any assurance or guarantee given as to the performance of the Strategy Value.

Strategy calculations and other services

Certain calculations and other services relating to the Strategy are undertaken by members of the HSBC Group as well as by third parties. You will not have any contractual relationship with any of the sponsors, agents or other persons involved in the Strategy.

In certain circumstances, events relating to those HSBC Group members or third parties, including breach of contract, regulatory events or other events, may result in Strategy suspensions and/or adjustments.

Such events may (positively or negatively) affect the value of the Strategy Value and may therefore affect the return you receive on the Investment.

B. General risks

Exposure to HSBC Bank Australia Limited

When you invest in an Investment you are relying on the general creditworthiness of HSBC and its ability to meet its contractual obligations.

In the unlikely event that HSBC becomes Insolvent, your investment in the Investments will rank equally with other unsecured non-deposit obligations of HSBC. In this situation you might receive less than the amount to which you would be entitled under the terms of your Investment. Obligations created by an Investment do not constitute deposit obligations of HSBC.

Further information about HSBC is set out in Section 6. You can obtain financial information about HSBC from the financial information on HSBC's website at <http://www.hsbc.com.au/about/local/financial-information>

Although HSBC may enter into hedging arrangements with a Hedging Counterparty, HSBC will honour its contractual obligations to you (subject to the risk of insolvency noted above) even if HSBC's Hedging Counterparty fails to honour its contractual obligations to HSBC under the hedging arrangements.

Legal, Tax and Regulatory risks

Changes could occur in relation to the legal, tax and regulatory systems of Australia during the Investment Term of an Investment. Any such change may adversely affect your returns on the Investment. You should be aware that the Australian Taxation Office ("ATO") has issued two Taxation Determinations on taxation consequences for Investors who enter into certain deferred purchase agreements. **The**

ATO's views in the Determinations are discussed in the general taxation summary in Section 10 "Tax" on page 32. Please refer to the general taxation summary for further discussion of these issues. You should seek independent tax advice before deciding to invest in an Investment.

Operational risk

Operational risk is the risk of losses from inadequate or failed internal processes, people or systems.

Your investment in an Investment relies on HSBC undertaking the processes described in this document in a timely and accurate manner. HSBC is responsible for managing the operational risk of the Investment.

If HSBC's systems and processes are inadequate and you make a request to HSBC for an Early Withdrawal of your Investment, the potential delay may adversely affect your Investment.

8. Fees and other costs for the two Investments

You should read all of the information set out below about the fees and charges applicable to the Investments.

The fees for the Growth Investment and the Income Investment are the same. Where you make a decision to invest in both the Growth Investment and the Income Investment, the fees below apply to the sum of your Growth Application Amount and your Income Application Amount (i.e. the Application Amount).

The following fees are paid out of the Investments or otherwise affect its value.

The fees relating to the Investments (inclusive of any GST if applicable and disregarding any input tax credits HSBC may claim) are set out in the table below.

Type of fee	Amount	How and when paid
Fees when your money moves into an Investment		
Application fee	Nil	There is no Application fee.
Adviser Fee	3.00% of your Application Amount	<p>HSBC will pay an upfront fee of 3.00% of your Application Amount to your adviser.</p> <p>This fee will be funded by HSBC's revenue generated from the issuance of the Investment and is <i>not</i> a fee that is to be paid separately by you.</p>
Ongoing fee		
Trail fee	Nil	There is no ongoing fee for the Investments.
Early Withdrawal fee		
Early Withdrawal fee	Nil	<p>There is no Early Withdrawal fee.</p> <p>However, if you choose to withdraw your Investment early, your Early Withdrawal Amount will be calculated by HSBC in a commercially reasonable manner and will be the fair economic value of your Investment taking into account any loss or costs that may be incurred by HSBC for unwinding its position prematurely, which will depend upon a number of factors. There will not be any other fees or charges imposed by HSBC on your early withdrawal.</p>
Early Termination fee		
Early Termination fee	Nil	<p>There is no Early Termination fee.</p> <p>However if HSBC declares an Early Termination in respect of your Investment, the amount you receive will be calculated by HSBC in a commercially reasonable manner and will be the fair economic value of your Investment taking into account any loss or costs that may be incurred by HSBC for unwinding its position prematurely, which will depend upon a number of factors. There will not be any other fees or charges imposed by HSBC on Early Termination.</p>

You should be aware that the Strategy Value is also subject to certain fees.

Type of fee	Amount	How and when paid
Strategy		
Strategy Fee	0.587% per annum	This fee is the cost of calculating the Strategy. This value is calculated daily and deducted from the Strategy. This fee is <i>not</i> paid directly by you but impacts on the Strategy Value and so impacts on your Growth Investment Return or Income Amounts (as applicable). The Strategy Fee can be increased if the costs or expenses of effecting the Strategy increase.
Strategy Value Funding Fee	LIBOR plus the higher of 0.10% per annum and the HSBC Spread.	The GEM Index component of the Strategy Value is subject to a notional borrowing which has a borrowing charge called the Strategy Value Funding Fee. The Strategy Value Funding Fee value is calculated daily and deducted from the Strategy Value. This fee is <i>not</i> paid directly by you but impacts on the Strategy Value and so impacts on your Growth Investment Return or Income Amounts (as applicable).
GEM Index	Nil	There is no fee component within the GEM Index.

Worked examples of fees

Where the Application Amount is A\$20,000, the Adviser Fee would be as follows:

► Adviser Fee: A\$600

HSBC will pay a fee of 3.00% (including GST and disregarding any input tax credits) of the Application Amount to your adviser on the Issue Date. Where your Application Amount is A\$20,000, HSBC will pay your adviser a fee of A\$600 (including GST and disregarding any input tax credits).

► Strategy Fee

The Strategy Fee is a fee of 0.587% per annum. The Strategy Fee is calculated and deducted from the Strategy each day.

The Strategy Fee deducted will depend upon the value of the Strategy level. Where the Application Amount is A\$20,000, initially the Strategy Fee would be approximately \$0.32 per day. The fee is not paid directly from your Growth Investment and/or Income Investment but impacts on the Strategy Value and thus impact on your Growth Investment Return and/or Income Amount. If the Strategy Value was higher then the Strategy Fee amount would be more. Conversely if the

Strategy Value was lower then the Strategy Fee would be a lesser amount.

Brokerage costs

At Maturity, if you elect for Cash Settlement (or if you have not supplied information to enable Physical Settlement), HSBC will sell your Delivery Assets on your behalf. Brokerage costs will be deducted by HSBC from your Cash Settlement Amount. The amount of the brokerage cost which will be deducted will be the amount (if any) incurred by HSBC in selling your Delivery Assets. As it is not possible to ascertain the amount of the brokerage cost which may be payable at Maturity, the exact amount of such costs will be advised to you in the Settlement Election Form (which will be provided to you at least 20 Business Days prior to the Maturity Date).

Other information

HSBC will receive the Application Amount on the issue of the Investment. It aims to profit from the difference between the amount it receives and the amount payable to you under the Investment.

9. How to invest

Who you should contact

For general enquiries about the Investments, you may contact HSBC on 1300 308 008, Monday to Friday from 9.00 am to 5.00 pm (Sydney time), or email investments@hsbc.com.au

How to invest

Your Application to invest in the Investments should be made by completing the Application Form attached to this PDS.

Your completed Application Form must be received by HSBC by post no later than 18 March 2011, 5pm Sydney time.

Completed Application Forms must be mailed to:

HSBC Bank Australia Limited
HSBC 100+ Series Emerging Markets
Outperformance Investment
GPO Box 3096
Parramatta NSW 2124

Payment of the Application Amount

Payment of the Application Amount may be made by one of these methods:

- (a) **Cheque.** A cheque drawn on an Australian bank and made payable to HSBC Bank Australia Limited must be submitted together with the completed Application Form. The cheques will not be banked before 16 March 2011.
- (b) **Direct debit.** If you have an existing transactional savings account with an Australian bank (including HSBC Bank Australia Limited), you may opt to pay your Application Amount via direct debit from your transactional savings account. Fill in the account details in the designated section of the Application Form and the Application Amount will be automatically debited from your chosen account on 18 March 2011.

Acceptance of Applications

HSBC has the discretion to reject any Application without providing a reason and return the Application Amount, without interest, to you.

If HSBC decides to accept your Application, the acceptance will occur on or before the Issue Date. A confirmation of the acceptance of your Application to invest in the Investment will be sent to you within 5 Business Days of the Issue Date.

10. Tax

Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Blake Dawson

The Directors
HSBC Bank Australia Limited
580 George Street
SYDNEY NSW 2000

The Directors

**HSBC 100+ Series Emerging Markets Outperformance (Growth)
Investment and
HSBC 100+ Series Emerging Markets Outperformance (Income)
Investment
Australian Taxation Consequences**

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10 December 2010

This letter has been prepared for the purposes of inclusion in the product disclosure statement to be dated on or about 10 December 2010 (**PDS**) issued by HSBC Bank Australia Limited (**HSBC**) in respect of deferred purchase agreements known as either a HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment (**Growth Investment**) or a HSBC 100+ Series Emerging Markets Outperformance (Income) Investment (**Income Investment**) (each an **Investment**). The tax information set out in this letter is based on the terms of each Investment which will be entered into by HSBC and an Investor as set out in the PDS.

This letter provides a summary of the main Australian tax issues relevant to Investors who satisfy the assumptions set out below (each referred to in this letter as a **Holder**) and is subject to the scope and disclaimer set out below. The taxation issues relevant to other Investors are not addressed in this letter and those Investors should obtain their own tax advice.

Capitalised terms not otherwise defined in this letter have the meaning given to them in the PDS.

1. Assumptions

The comments in this tax summary are made on the assumption that an Investor:

- (a) is an Australian resident for income tax purposes and will not hold an Investment in carrying on business outside Australia at or through a permanent establishment of the Investor outside Australia;
- (b) is not carrying on a business of trading in shares and other securities;
- (c) does not have the intention to (when an Investment is made), and will not, request an Early Withdrawal and an Early Termination will not occur;
- (d) does not have the intention to (when an Investment is made),

Sydney Melbourne Brisbane Perth Canberra Port Moresby Shanghai Associated Office Jakarta

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and will not, elect for Cash Settlement of an Investment and will provide sufficient information to HSBC to enable Physical Settlement at Maturity; and

- (e) acquires and holds an Investment and the Delivery Assets on capital account. This should be the case if an Investor acquires an Investment with the intention of holding it to Maturity and then holding the Delivery Assets as a long term investment to derive assessable distribution income. An Investor who carries on a business of dealing in shares or other securities, or who has a purpose of disposing of an Investment or the Delivery Assets for a profit, would generally not be regarded as holding their Investment on capital account.

2. Scope and disclaimer

This tax summary is of a general nature only and does not take into account the specific circumstances of any particular Investor, or any elections that might be available to an Investor under the *Income Tax Assessment Act 1936 (1936 Act)* or *Income Tax Assessment Act 1997 (1997 Act)*. As the taxation profile of each potential Investor is different, all Investors should seek their own independent advice in relation to the taxation implications of acquiring an Investment.

This letter is provided solely for the benefit of HSBC and may not be relied on by any other person, and is based on the Australian tax laws and administrative practices applicable as at 9am (Sydney time) on the date of this letter. It should be noted that tax laws (and their interpretation by the Courts) and administrative practices change over time and this may impact upon the comments made in this tax summary. The comments in this letter are not binding on the Australian Taxation Office (**ATO**) or a State or Territory revenue authority (**OSR**) and there is no assurance that the ATO or a OSR will agree with the comments in this summary or that any contrary view of the ATO or a OSR would not ultimately be upheld by a Court.

The representatives of Blake Dawson involved in preparing this letter are not licensed to provide financial product advice in relation to dealing in securities. Blake Dawson does not seek to recommend, promote or otherwise encourage any Investor to enter into an Investment offered by HSBC under the PDS. The information provided in this letter does not take into account the objectives or circumstances of individual Investors and we recommend that Investors obtain their own independent advice before making any decision to enter into an Investment.

3. Characterisation of Investments for income tax purposes

Each Investment is a deferred purchase agreement (**DPA**) because it is a contract for the purchase of Delivery Assets which will be settled on a deferred basis. This is notwithstanding that the quantity of Delivery Assets is not known at the date of contract and the identity of the Delivery Assets may be substituted.

It is necessary to consider whether Division 16E of Part III of the 1936 Act (about "qualifying securities") or sections 26BB or 70B of the 1936 Act (about "traditional securities") apply to an Investment. Broadly, gains in respect of qualifying securities are taxed on an accruals basis and gains in respect of traditional securities are taxed on a realisation basis. In both cases, the gains are taxed as ordinary assessable income (rather than as capital gains) and losses should generally be deductible. Any corresponding capital gain should be reduced by the amount of any gains included in assessable income and a capital loss should not be made to the extent there are deductible losses.

In our view, the qualifying security and traditional security provisions should not apply to a Growth Investment because the Investment should not be a "security" for the purposes of those provisions. The Growth Investment takes the form of a contract to purchase Delivery

Assets and the Issuer is not presently liable under a contract to pay amounts and therefore a Growth Investment does not have sufficient debt-like characteristics.

In relation to the Income Investment, it is not entirely beyond question whether it is a "security" for the purposes of the qualifying security and traditional security provisions because the Issuer may be liable to pay Income Amounts. However, an Income Investment is arguably not a "security" for the purposes of those provisions because the Issuer does not have a present liability to pay Income Amounts (this is contingent on the performance of the Strategy, which itself is based on, among other things, the performance of the GEM Index and developed markets equity index futures) and the Income Investment does not otherwise have debt-like characteristics. However, even if an Income Investment was a "security" and the qualifying security provisions applied to an Income Investment, we are of the view that those provisions should not apply to materially alter the total assessable amount as described in this letter. In addition, as a Holder will receive Delivery Shares at Maturity approximately equal to the Income Application Amount by value, the traditional security provisions should not adversely apply to the Holder at Maturity.

The ATO expresses the view in Taxation Determination TD 2008/21 that a DPA with the features outlined in TD 2008/21 should not be a "security". A Holder should be able to rely on TD 2008/21 in relation to the Growth Investment because there are no material differences between its features and those described in TD 2008/21. However, the Income Investment does not strictly satisfy all of the features of a DPA described in TD 2008/21 (for example, because the Maturity Amount is not worked out by reference to the Strategy Value). Therefore Holders may not be able to rely on TD 2008/21 in relation to any Income Investment. Nevertheless, for the reasons set out above, even if the qualifying security or traditional security provisions applied to an Income Investment, provided the Income Investment is held to Maturity, those provisions should not, in our view, materially change the total assessable amount in respect of an Income Investment as described in this letter.

4. Tax treatment of Income Amounts

Any Income Amounts paid in respect of an Income Investment should be included in a Holder's assessable income as ordinary income when derived.

5. Tax consequences at Maturity

An Investment should be a capital gains tax (CGT) asset and a Holder should be taken to acquire an Investment when HSBC accepts the irrevocable offer by the Holder to purchase the Investment. The date of acceptance for all Investors is expected to be the Issue Date and will be set out in the confirmation letter that HSBC will send to Investors within 5 Business Days of the Issue Date.

In Taxation Determination TD 2008/22, the ATO expresses the view that the satisfaction of the right under a DPA with the features outlined in TD 2008/22 by delivery of Delivery Assets is a CGT event which happens upon delivery and therefore the holder of the DPA can make a capital gain or capital loss. Although the Income Investment does not have all of the features of a DPA as outlined in TD 2008/22, the ATO should not in our view form a different view to that expressed in TD 2008/22 on this aspect in relation to an Income Investment because an Income Investment has, in relation to this aspect, the relevant features of a DPA described in TD 2008/22.

A capital gain (or capital loss) is worked out by comparing the capital proceeds received on Maturity of an Investment with the cost base (or reduced cost base) of the Investment. The capital proceeds should be the market value of the Delivery Assets received at Maturity plus any cash amount or the market value of other securities delivered by HSBC referable to any fraction of a Delivery Asset which cannot be delivered. The cost base and reduced cost base of an Investment should include the Application Amount paid to acquire the

Investment plus any incidental acquisition costs. Holders may be entitled to claim a CGT discount (as discussed in section 8 below).

6. Tax consequences of holding and selling a Delivery Asset

Distributions received in respect of a Delivery Asset will generally be included in a Holder's assessable income. If the Delivery Asset is a share in Woolworths Limited (a company), distributions may include franked dividends. Holders should refer to the distribution statement provided by Woolworths Limited for more information on a particular distribution. Further advice should be obtained in relation to the tax consequences of holding or selling the Delivery Assets when the Delivery Assets are acquired as the tax law may change between the time a Holder acquires an Investment and when the Delivery Assets are acquired at Maturity.

If a Holder sells a Delivery Asset delivered at Maturity of an Investment, this should be a CGT event and may give rise to a capital gain (or capital loss), worked out by comparing the sale proceeds with the cost base (or reduced cost base) of the Delivery Asset. This CGT event is in addition to the CGT event that happens when the Delivery Asset is delivered.

Based on the ATO's views in TD 2008/22, Holders will be taken to acquire the Delivery Assets when they are delivered and the cost base of the Delivery Assets will include their market value on the delivery date and any incidental costs incurred in acquiring the Delivery Assets. Holders may be entitled to claim a CGT discount (as discussed in section 8 below).

7. Tax consequences of Early Termination and Early Withdrawal or sale before Maturity

A CGT event will happen on Early Termination and Investors may make a capital gain or a capital loss comparing the Early Termination Amount they receive with the cost base or reduced cost base of the relevant Investment. Investors may be entitled to claim a CGT discount (as discussed in section 8 below)

This tax summary does not address all the tax consequences for Investors with an Early Termination of their Investment or the tax consequences for Investors who request an Early Withdrawal or who sell their Investment before Maturity. Such Investors should obtain tax advice before requesting an Early Withdrawal or disposing of their Investment.

8. CGT discount

A Holder who is an individual, a trust (although some trusts are excluded, such as a trust that is a public trading trust for the purposes of the 1936 Act) or a complying superannuation entity may be entitled to claim the CGT discount (50% for individuals and trusts and 33⅓% for complying superannuation entities) in respect of any capital gain made:

- on Maturity in respect of their Investment;
- when there is an Early Termination of an Investment which has been held for at least 12 months after it was acquired; or
- on the sale of a Delivery Asset which has been held for at least 12 months after it has been delivered.

Investors that are companies (other than a company acting in the capacity of trustee of a trust) are not entitled to claim the CGT discount.

9. Borrowing money to acquire an Investment

Generally, an investor who borrows money to acquire an asset may be able to claim a deduction for borrowing costs associated with that asset (such as interest) if the investor is able to show that they incurred the costs for the purposes of deriving assessable income (other than capital gains) and the costs are not of a capital nature. In respect of an Investment, assessable income may include Income Amounts and distribution income from holding the Delivery Assets.

In respect of the Growth Investment, the ATO may seek to deny any claim by a Holder for a deduction for borrowing costs associated with the Growth Investment as the Growth Investment does not generate assessable income (other than capital gains) on or prior to Maturity.

A Holder should be able to claim a deduction for borrowing costs associated with an Income Investment, although the ATO may deny the deductibility of annual interest costs that exceed the Income Amount actually received.

Holders who are considering borrowing money to acquire an Investment should obtain their own tax advice in relation to the deductibility of borrowing costs associated with their Investment. Without limiting the matters which should be considered by Holders in relation to the deductibility of borrowing costs, considerations may include the application of the capital protected borrowing rules, the thin capitalisation rules and, if a Holder prepays interest, the prepayment rules (which may require deductions for any prepaid interest to be spread over the period to which the interest relates).

10. Impact of legislation on the taxation of financial arrangements

Division 230 of the 1997 Act operates to tax gains and losses arising from certain "financial arrangements" on revenue account and in some cases on a compounding accruals basis.

Certain types of Holders such as individuals, superannuation funds, managed investment schemes and financial entities may be exempt from the application of Division 230 of the 1997 Act unless they make an election for it to apply. Other entities which are considered small may also qualify for an exemption. As the application of Division 230 of the 1997 Act is dependent on the facts and circumstances of the Holder, Holders should obtain their own advice in relation to the potential applicability of Division 230 of the 1997 Act, in light of their own individual facts and circumstances.

11. The impact of the general anti-tax avoidance provisions

The question of the applicability of the general anti-avoidance provisions in Part IVA of the 1936 Act (which can operate to cancel certain tax benefits) is something which can only be conclusively determined on a case-by-case basis in light of the relevant facts and circumstances arising for a particular taxpayer.

Holders should not be affected by the general anti-tax avoidance provisions contained in Part IVA of the 1936 Act, provided that Holders have not entered into any Investment as part of a scheme with the dominant purpose of obtaining a tax benefit.

A Holder may be taken to have obtained a tax benefit if, very broadly, the tax outcomes under the scheme entered into by the Investor are more favourable than that which would, or might reasonably be expected to, have been the tax outcome if the scheme had not been entered into. However, even if a tax benefit has been obtained by a Holder, Part IVA can only apply if the scheme was entered into for the dominant purpose of obtaining that tax benefit. The existence of the dominant purpose should be determined on an objective basis, having regard to the list of relevant factual circumstances contained in Part IVA of the 1936 Act.

We are not aware of any public statement by the ATO that it would apply Part IVA to DPA products such as the Investments.

12. Stamp duty

No Australian stamp duty should be payable in connection with the acquisition of an Investment or a Delivery Asset comprising a share in Woolworths Limited or a share or unit in other ASX-listed entities. Holders who provide their interest in an Investment or Delivery Assets to a lender to secure their obligations under any borrowing arrangement should obtain their own advice on any potential stamp duty liabilities such as mortgage duty.

13. Goods and services tax (GST)

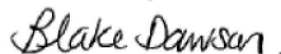
No Australian GST should be payable in respect of:

- the acquisition, disposal or satisfaction of an Investment; or
- the payment of Income Amounts; or
- the delivery or disposal of a Delivery Asset, being a share in Woolworths Limited or an interest in another unit trust or company; or
- a payment in respect of a fraction of a Delivery Asset,

on the basis that those transactions should be financial supplies and be input taxed.

Holders may not be able to claim input tax credits, or may only be entitled to reduced input tax credits, for GST paid to third party service providers such as a broker or financial adviser in connection with the acquisition or disposal of an Investment or a Delivery Asset. Holders should obtain their own advice in relation to recovery of GST they incur in connection with their Investment.

Yours faithfully



Blake Dawson

11. Other information

Application money and interest

Application money received from you will be held in a trust account until the Investments are issued. HSBC will keep any interest earned in the trust account.

HSBC reserves the right to cancel the offer at any time during the Application Period, in which case your Application Amount will be returned to you without interest.

Statements

HSBC will provide periodic updates on the performance of the Investments via statements that will be given to Investors annually.

Investor enquiries

This document is important and should be read in its entirety. You should consult your financial adviser, solicitor, accountant or other professional adviser before making an investment decision.

For general enquiries about an Investment, please call HSBC on 1300 308 008, Monday to Friday from 9.00 am to 5.00 pm (Sydney time), or email investments@hsbc.com.au

Consents

Blake Dawson has given its written consent to the inclusion in this PDS of the letter in Section 10 "Tax" in the form and context in which it is included in this PDS, and Blake Dawson has not withdrawn that consent before the date of this PDS. Blake Dawson has not caused the issue of this PDS or made any statement that is included in this PDS or any statement on which a statement in this PDS is based other than the letter in Section 10 "Tax". Blake Dawson expressly disclaims and takes no responsibility for any statements in, or omissions from, this PDS to the maximum extent permitted by law (other than in respect of the letter in Section 10 "Tax").

Other than as set out above, this PDS does not include any statements made by, or based on any statements made by, any person other than HSBC.

Complaints

If you are not completely satisfied with any aspect of our services regarding the Investments or HSBC itself, please contact HSBC via our website www.hsbc.com.au and record your complaints or feedback by clicking on the "Contact Us" link.

Alternatively, you may contact our Customer Relations team on 1300 308 008 at any time.

If you are not satisfied that the complaint has been properly handled by HSBC, you may refer it to the Financial Ombudsman Service ("FOS") of which HSBC is a member. FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers. The address of FOS is GPO Box 3, Melbourne VIC 3001 and its telephone number is 1300 780 808. Further information in respect of FOS may also be obtained at <http://www.fos.org.au>

Tax File Number (TFN) and Australian Business Number (ABN)

It is not compulsory for you to provide your TFN or ABN to HSBC. Declining to provide your TFN or ABN is not an offence. However, tax may be deducted from any payment to you at the highest marginal rate plus Medicare levy if your TFN or ABN is not provided and you do not fall within an applicable exemption. You can provide your TFN or ABN where indicated on the Application Form. Non-resident Investors or exempt entities must declare their status.

Other tax forms or information

You must promptly provide any tax forms (including US tax forms) or other information requested by HSBC so that HSBC can deliver the full amount of Delivery Assets and any associated cash or securities or pay the full Cash Settlement Amount, Early Withdrawal Amount, Early Termination Amount or any Income Amount (as applicable) without making deductions for any tax. If you fail to deliver the requested tax forms or information, the amount of Delivery Assets or the Cash Settlement Amount you receive may be reduced due to tax.

Ethical considerations

HSBC does not, and will not, take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments.

Nominee Deed

This is a summary of some of the key terms of the Nominee Deed. It does not purport to be a comprehensive summary of the relevant terms of the Nominee Deed. It highlights particular

provisions that HSBC wishes to encourage prospective Investors to consider in detail and discuss with their professional advisers. The Nominee Deed is available for inspection at the office of HSBC. A copy of the Nominee Deed is available free of charge to prospective Applicants and Investors in the Investments, or for a fee of \$5.00 each to other persons. Clause references are to clauses in the Nominee Deed.

Structure

HSBC sets up a nominee arrangement pursuant to the Nominee Deed. The Nominee Deed establishes the terms of the trust pursuant to which Investors and HSBC hold a beneficial interest in the relevant Nominee Asset.

Nominee Asset

In respect of each Investment, the Nominee Asset held by the Nominee (or its nominee) as at the Issue Date is one fully-paid share in Woolworths Limited. In certain circumstances, a different Nominee Asset can replace this share, in the manner set out in the Nominee Deed.

Beneficiaries

In respect of each Investment, the beneficial interest in the relevant Nominee Asset is held solely by the Investors and HSBC. These interests are held as follows:

- ▶ Investors hold the beneficial interest in the entirety of the relevant Nominee Asset (including the right to distributions of capital) except for the beneficial interest held by HSBC; and
- ▶ HSBC holds the beneficial interest in all distributions of income (in whatever form) in respect of the relevant Nominee Asset.

Each Investor holds a beneficial interest in the relevant Nominee Asset for each Growth Investment and each Income Investment held by that Investor.

Income distributions

The Nominee is entitled to the cash amount of any income distributions (in whatever form) in respect of the Nominee Assets. The Nominee will not participate in any plan conducted by the issuer of the relevant Nominee Asset for the reinvestment of such income distributions.

Entitlements

Investors are not entitled to receive notices of meetings or attend, speak or vote at any meetings of members of the issuer of the relevant Nominee Asset, or require the Nominee to do any of these things.

The Nominee must not cast any vote in respect of the share(s) comprising the relevant Nominee Asset. No Encumbrance may be created or permitted to subsist in respect of the relevant Nominee Asset. Each right, accretion or entitlement in respect of the Nominee Asset forms part of that Nominee Asset, subject to it being dealt with in accordance with the Nominee Deed.

End of trust

The trust in respect of the relevant Nominee Asset will end when all of the Investments have been discharged. The remaining Nominee Asset will be used to satisfy any outstanding costs or expenses of the Nominee. No Investor has any right to have any Nominee Asset delivered to it, or receive any capital distributions from the trust.

Consequences of disposal events

If an event occurs which requires the Nominee to sell some or all of the relevant Nominee Asset, the Nominee must sell the relevant Nominee Asset. The proceeds of any sale in these circumstances must be applied by the Nominee to acquire a substitute Nominee Asset.

The Investors have no right to challenge the validity of such a disposal. A certificate given by the Nominee or HSBC (where the Nominee is not HSBC) that an event requiring disposal has occurred will be sufficient evidence of the Nominee's right to dispose of the relevant Nominee Asset.

Corporate actions

If the issuer of the relevant Nominee Asset takes any corporate action in respect of its capital, then the Nominee may (at the direction of HSBC where the Nominee is not HSBC) generally take (and will not be liable for) any reasonable action in response to the corporate action.

Substitution of the Nominee Asset

Where the Nominee substitutes another asset for the relevant Nominee Asset, the substitute Nominee Asset will form part of that Nominee Asset.

Nominee obligations, holdings by the Nominee and HSBC, and replacement of the Nominee

The Nominee may rely on advice from advisers engaged by the Nominee. The Nominee is not liable for any acts or omissions of any person it employs or who acts as its agent, subject to the Nominee having acted with due care in selecting that person. The Nominee (where the Nominee is not HSBC) is not required to keep itself informed,

or inform Investors about HSBC's performance in relation to the Investments.

The Nominee, its officers, and any of its related bodies corporate and officers may enter into certain financial transactions with Investors. The Nominee may resign and HSBC may appoint a replacement. HSBC may remove the Nominee by giving the Nominee 30 days notice in writing. The Nominee must also retire if it does not comply with a material obligation under the Nominee Deed and the non-compliance (if remediable) is not remedied within 30 days of the Nominee becoming aware of it.

Nominee liability and indemnity

The Nominee's liability to the Investors and any other person under the Nominee Deed is limited to the extent to which the liability can be satisfied out of the aggregate amount it actually receives from the trust except for liability arising in certain circumstances (for example as a result of the Nominee's fraud, negligence or wilful misconduct). The Nominee is not liable for any losses or liabilities caused because the Nominee acted or failed to act in accordance with instructions of Investors.

The Nominee is not required to do, or not do, anything in respect of the Nominee Deed unless the Nominee's liability is limited in accordance with the Nominee Deed and it is held harmless and indemnified in a manner satisfactory to it.

Use of Customer Information

HSBC collects your information in order to comply with laws, regulations and policies applicable to HSBC and to consider whether to provide you with any product or service (Services). Your failure to supply your information to HSBC may result in HSBC being unable to provide any Services to you. Once collected:

- (a) HSBC may use your information for any and all purposes in connection with:
 - (i) the provision, and daily operation, of the Services;
 - (ii) the processing of data;
 - (iii) internal operational requirements of HSBC or the HSBC Group (such as risk management, staff training, system or product development, survey and research);
 - (iv) compliance by HSBC, or a member of the HSBC Group, with anti-money laundering and counter-terrorist

financing laws in Australia or another country;

- (v) prevention and/or investigation of actual or suspected crime or fraud;
 - (vi) compliance with disclosure requirements under any law binding on HSBC or any member of the HSBC Group;
 - (vii) matching, for whatever purpose, your information with other data in the possession of HSBC or the HSBC Group;
 - (viii) collection of amounts outstanding from any party;
 - (ix) requirements under any laws, regulations, codes and external systems relevant to the Service; and
 - (x) marketing, promoting, improving and developing any Service by HSBC and any other member of the HSBC Group to you generally;
- (b) HSBC may disclose your information to parties (within or outside Australia) including but not limited to the following:
- (i) other members of the HSBC Group;
 - (ii) external service providers to HSBC or the HSBC Group;
 - (iii) such parties as may be necessary for the provision of the Service to you;
 - (iv) any person acting on your behalf;
 - (v) beneficiaries of payments;
 - (vi) any transaction party;
 - (vii) alliance partners of HSBC or any member of the HSBC Group;
 - (viii) other financial institutions;
 - (ix) any party involved in the acquiring of interest or assuming risk in the Services provided to you; and
 - (x) regulatory bodies, government agencies, law enforcement bodies and courts;
- (c) you may request that your information not be used for direct marketing purposes;
- (d) you have a right to request access to your information. A fee may apply. HSBC will comply with such request unless it may or is required to refuse to do so under any applicable laws or regulations; and

- (e) if at any time your details have changed or you would require access to your information, you may contact the Privacy Officer, HSBC Bank Australia Limited, GPO Box 5302, Sydney NSW 2001.

If you give HSBC personal information about another person or you direct another person to give their personal information to HSBC, you must tell that person that:

- (a) HSBC is holding personal information about them;
- (b) personal information collected about them will be used for the purposes of HSBC and/or any member of the HSBC Group dealing with you and/or providing services to you;
- (c) HSBC may also give their information to any HSBC Group member or other third parties for such purposes;
- (d) if that person fails to provide their personal information to HSBC and does not agree to the use or disclosure of their information as set out above, HSBC may not be able to provide a Service to you;
- (e) collection of some of the information about them may be a requirement under laws or regulations applicable to HSBC or any member of the HSBC Group; and
- (f) they can access their information by contacting the Privacy Officer, HSBC Bank Australia Limited, GPO Box 5302, Sydney 2001. A fee may apply. HSBC will comply with such requests unless we may or we are required to refuse to do so under any applicable laws or regulations.

Anti Money Laundering and Counter Terrorist Financing

- (a) You acknowledge and agree that:
 - (i) HSBC and other members of the HSBC Group are required to act in accordance with laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to, amongst other things:
 - (A) the prevention of money laundering, terrorist financing, tax evasion and the provision of financial and other services to persons or entities which may be subject to sanctions; or

- (B) the investigation or prosecution of, or the enforcement against, any person for an offence against any laws or regulations (the "Relevant Laws");
- (ii) HSBC may take, and may instruct (or be instructed by) any other member of the HSBC Group to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take, to comply with the Relevant Laws, and group policies relating to the Relevant Laws;
- (iii) such action may include but is not limited to:
 - (A) interception and/or investigation of any payment messages and other information or communications sent to or by you or on your behalf via the network and systems of HSBC or any other member of the HSBC Group;
 - (B) investigation of any application for a product or service, or drawdown or utilisation of a financing facility, by you;
 - (C) making further enquiries as to whether a name which might refer to a sanctioned person or entity actually refers to that person or entity;
 - (D) delaying, blocking or refusing:
 - a. any payment;
 - b. provision of any product or service; or
 - c. drawdown or utilisation of any financing facility; and
 - (E) giving any information about any transaction or activity to any person authorised under a Relevant Law or group policy relating to the Relevant Laws to receive that information; and
- (iv) third parties (including the governments of the United States of America or Australia and other

governmental authorities) may also take action under the Relevant Laws. This may result in delays, blocking, seizure or confiscation of payments.

(b) Neither HSBC nor any member of the HSBC Group will be liable for loss (whether direct or consequential and including without limitation loss of profit or interest) or damage suffered by any party, arising out of:

- (i) any delay or failure by HSBC, or any member of the HSBC Group, in:
 - (A) processing any payment messages, information or communications;
 - (B) performing any of its duties or other obligations in connection with any nominated account;
 - (C) providing any product or service to any person; or
 - (D) effecting a drawdown or utilisation of any financing facility, caused in whole or in part by any steps taken by HSBC or such other member of the HSBC Group, in its sole and absolute discretion, considers appropriate to take in accordance with the Relevant Laws and group policies in relation to the Relevant Laws; or
- (ii) the exercise of any of HSBC's rights under this paragraph (b); or
- (iii) any action taken by third parties in connection with the Relevant Laws.

(c) You further acknowledge and agree that:

- (i) you do not acquire services from HSBC, or any member of the HSBC Group under an assumed name;
- (ii) any services HSBC, or any member of the HSBC Group may provide will not be used in relation to any criminal activities;
- (iii) if HSBC, or any member of the HSBC Group asks, you will provide HSBC with additional information HSBC reasonably requires for the purposes of Relevant Laws;
- (iv) HSBC, or any member of the HSBC Group may obtain information about

you from third parties if HSBC believes this is necessary to comply with Relevant Laws;

- (v) in certain circumstances, the action taken by HSBC, a member of the HSBC Group or a third party may prevent or cause a delay in the processing of certain information; and
- (vi) neither HSBC nor any member of the HSBC Group warrants that any information on the systems of HSBC or any member of the HSBC Group relating to any payment message or other information or communications which are the subject of any action taken pursuant to this clause is accurate, current or up-to-date at the time it is accessed, whilst such action is being taken.

Strategy Value Disclaimers

Short Exposure Basket Components

Both HSBC and HSBC Bank plc (as the Strategy Value calculation agent) advise that the Strategy is not sponsored, endorsed, sold or promoted by any of the indices to which the developed markets equity futures relate (each an "Index Future" and together, the "Index Futures") or by any of the sponsors of such Index Futures (each an "Index Sponsor") and no Index Sponsor makes any representation whatsoever, whether express or implied either as to the results to be obtained from the use of each Index Future at any particular time on any particular date or otherwise. No Index Futures or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming risk in connection with investing into the Strategy or Investments.

HSBC shall have no liability to any party for any act or failure to act by any Index Sponsor in connection with the calculation, adjustment or maintenance of any Index Future. Except as disclosed, neither HSBC nor its affiliates has any affiliation with or control over any Index Future or Index Sponsor or any control over the computation, composition or dissemination of any of the Index Futures. Although HSBC Bank plc (as the Strategy Value calculation agent) will obtain information concerning the Index Futures from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or

undertaking (express or implied) is made and no responsibility is accepted by HSBC, its affiliates or HSBC Bank plc (as the Strategy Value calculation agent) as to the accuracy, completeness and timeliness of information concerning any of the Index Futures.

HSBC Optimised Global Emerging Markets Total Return Index

The HSBC Optimised Global Emerging Markets Total Return Index (the "GEM Index") is promoted by HSBC, and HSBC Group. Whilst HSBC Group calculates and publishes the level of the GEM Index in good faith on sources which it believes to be reliable, it does not guarantee, represent or warrant the accuracy or completeness of the GEM Index or the data comprised therein.

Except in the case of fraudulent misrepresentation, no liability is accepted by HSBC Group whatsoever for any direct, indirect or consequential loss arising from the GEM Index.

Neither HSBC or HSBC Group makes any representation, warranty or guarantee whatsoever as to the performance of the GEM Index.

Investments can fluctuate in price or value and the prices, value or income may fall against an investor's interest.

Changes in rates of exchange and rates of interest.

Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the GEM Index.

Responsibility Statement

HSBC and HSBC Group makes no representation, warranty or guarantee whatsoever as to the performance of the Strategy Value. Investments can fluctuate in price or value and prices, values or incomes may fall against an Investor's interests. Changes in rates of exchange and rates of interest may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse affect on the value, prices or income of the Strategy Value. You are solely responsible for making your own independent appraisal of and investigation into the Strategy Value referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor HSBC Group are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. No opinions are expressed as to the merits or suitability of the Strategy Value.

Investments in the Strategy may not suitable for all requirements and if you have any doubts, seek advice from you investment adviser.

12. Conditions

The following are the Conditions of:

1. the HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment; and
2. the HSBC 100+ Series Emerging Markets Outperformance (Income) Investment.

If HSBC accepts your Application, these Conditions, the PDS, the Application Form and the Nominee Deed form the agreement between you, the Applicant, and HSBC that constitutes your investment in the Investment. If you invest in both Investments, a separate agreement is entered into between you and HSBC in respect of each Investment. This means that if you invest in both the Growth Investment and the Income Investment, you will be entering into two separate agreements with HSBC. Therefore, you and HSBC may exercise any rights independently under each contract (e.g. by you exercising your right to Early Withdrawal with respect to one Investment and not the other, or by HSBC electing to call an Early Termination Event in respect of one Investment and not the other) and any rights or obligations of either you or HSBC operate separately in relation to each agreement.

An Application for an Investment must be made on an Application Form and in the manner described in the PDS. An Application is an irrevocable offer from the Applicant to HSBC to purchase the number of Investments equal in value to the Application Amount specified in the Application Form for each Investment. HSBC may choose to accept or reject any Application at its sole discretion, without having to give any reasons if it chooses not to accept an Application. HSBC will endeavour to notify you as to whether your Application has been accepted as soon as is practicable after HSBC determines whether or not to accept it. However, the agreement constituting an investment in an Investment is entered into at the time that HSBC accepts the Application, even if there is a delay in notifying the Applicant.

No interest is payable by HSBC on the Application Amount.

If your Application is accepted, you will be issued the number of Investments equal to:

▶ the Application Amount

divided by

▶ the Issue Price.

Where your Application is an application for both Growth Investments and Income Investments, the number of each Investment issued to you will be calculated in accordance with the Application Amount allocated by you to each Investment under the Application Form and accepted by HSBC.

12.1 Nature of Investments

Each Investment is a deferred purchase agreement between the Investor and HSBC. Holding an Investment gives the Investor a beneficial interest in a fraction of the relevant Nominee Asset in accordance with the Nominee Deed. The obligations of HSBC to each Investor in respect of that Investor's Investments are separate and independent obligations governed by these Conditions. The obligations are direct unsecured obligations of HSBC to the Investor and do not constitute deposit liabilities of HSBC. No Investor is entitled to enforce Investments held by any other Investor or otherwise share in any of the benefits accruing to another Investor in connection with that other Investor's Investments.

12.2 Performance of Investments

12.2.1 Income Amount for Income Investment

Holding an Income Investment gives the Investor a right to receive the Income Amount where one is payable. All Income Amounts will be paid to you within 15 Business Days following the relevant Income Investment Observation Date. HSBC may determine in its absolute discretion, the way and the manner in which any Income Amount will be paid to you.

12.2.2 Notice

On or before the day which is 20 Business Days before the Maturity Date, HSBC must give to the Investor:

- (a) a Settlement Notice setting out:
 - (i) the number of Investments held by the Investor on the Business Day before the date of the Settlement Notice;
 - (ii) the Maturity Date; and
- (b) a blank Settlement Election Form.

12.2.3 Physical or cash settlement

An Investor may deliver a validly completed Settlement Election Form to HSBC in which they may specify that either Physical Settlement or Cash Settlement will apply in respect of some or all of their Investments.

HSBC will be entitled to treat a Settlement Election Form as invalid unless:

- (a) the Settlement Election Form is received by HSBC at least 5 Business Days prior to the Maturity Date; and
- (b) HSBC is of the view that the Settlement Election Form has been duly completed.

The Investor will be deemed to have elected Physical Settlement for any Investments in respect of which it does not deliver a valid Settlement Election Form to HSBC.

To facilitate the transfer of the Delivery Assets, a Holder Identification Number (HIN) should be provided by the Investor on the Application Form or the Settlement Election Form which would be sent to the Investor nearer to the Maturity Date. If the Investor has not supplied information to enable the Physical Settlement for any Investments, HSBC will not be able to transfer the Delivery Assets to the Investor. HSBC will have to then sell Delivery Assets on the Investor's behalf and pay the Sale Proceeds to the Investor.

12.2.4 Physical Settlement of Delivery Assets

Unless an Investor elects that Cash Settlement will apply (or if the Investor has not supplied information to enable Physical Settlement), HSBC agrees to transfer to the Investor the title to the Delivery Assets on or prior to the Settlement Date. The Delivery Assets transferred to the Investor must be free from any Encumbrance and must include all rights (including dividend rights), or the benefit of all rights, attached or accruing to them on and from the Settlement Date.

12.2.5 Substitution of Delivery Assets

If HSBC determines, in its reasonable opinion, that it is not, or may not be, possible for it to obtain or transfer any Delivery Assets to the Investor on or prior to the Settlement Date (including due to a disruption, suspension, limitation or closure of trading on any financial market), it may replace any or all of the securities or managed investment products that would otherwise constitute the Delivery Assets with any other securities or managed investment products where those securities or products are, at the Maturity Date, in a class of products that is a constituent of the S&P/ASX200 Index.

12.2.6 Delivery of a whole number of Delivery Assets

An Investor that has elected (or is deemed to have elected) that Physical Settlement will apply will only be entitled to receive a whole number of Delivery Assets. A fraction of a Delivery Asset cannot be delivered. The aggregate number of Delivery Assets will be rounded down to the nearest whole Delivery Asset. If the difference between the Maturity Amount and the value of such Delivery Assets to be delivered is more than \$20, then the difference may be satisfied either in cash or in securities selected by HSBC. If the difference is less than \$20, then HSBC may elect not to make a payment or delivery to the Investor in respect of the excess.

12.2.7 Cash Settlement

If an Investor elects that Cash Settlement will apply or has not provided settlement information to the satisfaction of HSBC to enable Physical Settlement (in which case Cash Settlement and not Physical Settlement will apply to the Investor's Investments under this condition) HSBC agrees to:

- (a) arrange for the Delivery Assets to be delivered to HSBC or its Nominee to be held on behalf of the Investor and sold by HSBC or its Nominee as agent of the Investor; and
- (b) pay the Cash Settlement Amount to the Investor, on or prior to the Settlement Date.

12.2.8 Notice on completion

HSBC must send to the Investor a notice in respect of the Investor's Investments as soon as reasonably practicable after the Maturity Date, which sets out the Growth Investment Amount (if applicable), the Income Investment Amount (if applicable), the Growth Investment Return (if applicable) and:

- (a) the Delivery Assets and any associated cash amount payable or other securities deliverable in accordance with condition 12.2.6; or
- (b) the Cash Settlement Amount, as applicable.

12.2.9 Satisfaction of Physical Settlement or Cash Settlement obligations

On Physical Settlement of an Investment in accordance with condition 12.2.4 or Cash Settlement of an Investment in accordance with condition 12.2.7 (as the case may be):

- (a) HSBC's obligations to the Investor in connection with the Investment are satisfied and discharged; and
- (b) the Investor's interest in the relevant Nominee Asset is extinguished in accordance with the terms of the Nominee Deed.

12.3 Early withdrawal at Investor's request

12.3.1 Early withdrawal

An Investor may, on any Business Day between the Issue Date and the day which is 25 Business Days prior to the Maturity Date, request that HSBC provide the Investor with an estimate of the Early Withdrawal Amount payable if the Investor redeemed its Investments prior to the Maturity Date. If such a request is received, HSBC must provide an estimate to the Investor within 5 Business Days. Any such estimate is an estimate only and the Investor acknowledges that HSBC does not represent that the actual Early Withdrawal Amount will be equal to the estimate. The Investor may, on any Business Day between the Issue Date and the day which is 20 Business Days prior to the Maturity Date, request that HSBC redeem its Investments by giving HSBC written notice to this effect. Unless HSBC advises otherwise, the request for withdrawal should be for all of an Investor's Investments (including all of the Investor's Growth Investments and Income Investments, if applicable). Where HSBC agrees to a withdrawal of some, but not all, of your Investments, HSBC may impose any conditions that it considers necessary in its sole discretion. Once provided to HSBC, a withdrawal notice is irrevocable. HSBC reserves the right to accept or reject the withdrawal request at its sole discretion.

If HSBC accepts the withdrawal request, as soon as reasonably practicable after receiving such a request, HSBC agrees to calculate, on a day selected by HSBC, the actual Early Withdrawal Amount for the Investor's relevant Investments and to pay that amount to the Investor on withdrawal of the Investor's relevant Investments.

12.3.2 Satisfaction of obligations relating to full Early Withdrawal

Where HSBC agrees to an Early Withdrawal by the Investor of all its Investments following a request by the Investor in accordance with condition 12.3.1, then on and from payment of the Early Withdrawal Amount in respect of Investments to the Investor:

- (a) the Investments are terminated and cease to exist;
- (b) HSBC's obligations to the Investor in connection with the Investments are satisfied and discharged; and
- (c) the Investor's interest in the relevant Nominee Assets is extinguished in accordance with the terms of the Nominee Deed.

12.3.3 Variation of obligations relating to a partial Early Withdrawal

Where HSBC agrees to an Early Withdrawal by the Investor of some, but not all, of its Investments following a request by the Investor in accordance with condition 12.3.1, then, on and from payment to the Investor of the Early Withdrawal Amount in respect of those Investments subject to the Early Withdrawal, the Growth Investment Amount (if applicable), the Income Investment Amount (if applicable) and the Investor's Beneficial Fraction in the relevant Nominee Assets is reduced accordingly.

12.4 Early Termination

12.4.1 Early Termination Event

If an Early Termination Event occurs at any time from the Issue Date up to and including the Business Day immediately preceding the Maturity Date, HSBC may, without prior notice to the Investor and in addition to any other rights or remedies conferred by these Conditions or by law:

- (a) determine that Early Termination will occur in respect of an Investment; and
- (b) specify a date (which may be any date from the date of the declaration up to and including the Business Day immediately preceding the Maturity Date) as the Early Termination Date.

12.4.2 Effect of Early Termination

If HSBC determines that Early Termination will occur under condition 12.4.1, HSBC must:

- (a) send an early termination notice to the Investor as soon as reasonably practicable after the date on which the Early Termination Event is declared stating the Early Termination Date and specifying which Investments are subject to the Early Termination Date; and
- (b) pay the Investor the Early Termination Amount for that Investor's Investments to which Early Termination applies as soon as

reasonably practicable after HSBC is entitled to receive an amount which HSBC, acting reasonably, determines is referable to the Early Termination Amount for that Investor from the Hedging Counterparty.

No interest will be payable by HSBC on any Early Termination Amount.

12.4.3 Satisfaction of obligations relating to Early Termination

On and from the payment of the Early Termination Amount in respect of an Investment to the Investor:

- (a) the Investment is terminated and ceases to exist;
- (b) HSBC's obligations to the Investor in connection with that Investment are satisfied and discharged; and
- (c) the Investor's interest in the relevant Nominee Asset in respect of that Investment is extinguished in accordance with the terms of the Nominee Deed.

12.5 Transferability

An Investor may request a transfer of all (and not some only) of its Investments by providing HSBC with a completed Transfer Form which is signed by the Investor and the transferee. A Transfer Form once lodged with HSBC is irrevocable. The transfer will only take effect if HSBC (in its sole discretion) consents to the transfer and accepts the Transfer Form and the transfer is registered by or on behalf of HSBC.

By signing a Transfer Form, a transferee of Investments agrees to the transfer of the Investments and, upon acceptance of the transfer by HSBC, to be bound by the Investments (including the terms set out in these Conditions) once the transfer of Investments is effective.

12.6 Taxes and incidental fees

12.6.1 Taxes

The Investor agrees to:

- (a) pay and account for any Taxes or charges levied in connection with any transaction effected pursuant to or contemplated by these Conditions in connection with the Investments held by the Investor; and
- (b) indemnify and keep indemnified HSBC against any liability arising as a result of the Investor's failure to do so. This indemnity is a continuing obligation.

12.6.2 Incidental fees and costs

An Investor must bear the cost of any fees incurred or expected to be incurred by HSBC (or any agent, delegate or nominee of HSBC) in connection with the transfer of the Delivery Assets or payment of any amounts to the Investor or the Investor's nominee in connection with the Investments.

12.6.3 Tax forms

The Investor agrees to provide to HSBC during the Investment Term any tax forms or information requested by HSBC that are required by HSBC to pay to the Investor the full amount of the Cash Settlement Amount, the Early Withdrawal Amount, the Early Termination Amount, any Income Amount or deliver to the Investor the full amount of Delivery Assets and any associated cash amount payable or other securities deliverable in accordance with condition 12.2.6 on Physical Settlement (as the case may be), without deduction on account of any Tax. Failure to deliver the requested tax forms or information may result in the amount of such payments or deliveries being reduced by the amount of any such deduction.

12.7 Set-off rights

Without limiting any other rights which it may have, HSBC may, without notice to the Investor or any other person, set off any obligation of the Investor to make payment to HSBC for whatever reason against HSBC's liability to the Investor in respect of all or any of the Investor's Investments.

12.8 Notices

Every notice or other communication of any nature whatsoever that is required to be given, served or made under or arising from these Conditions:

- (a) must be in writing;
- (b) (where the party is a corporation) must be executed on behalf of the party giving, serving or making the same by any attorney, director, secretary or solicitor of that party;
- (c) will be deemed to have been duly given, served or made in relation to a party if it is delivered to the address of that party set out in this PDS (in the case of HSBC) or the Application Form (in the case of the Investor) or delivered to the address or sent by facsimile to the number notified in writing by that party to the other party from time to time;
- (d) will be deemed to be given, served or made:

- (i) (in the case of facsimile) on receipt of a transmission report confirming successful transmission at the conclusion of the transmission; and
- (ii) (in the case of delivery by hand) on delivery, provided that if any notice is given, served or made outside of normal business hours it will not be deemed to be given, served or made until the commencement of business on the next Business Day.

Service by any of these methods will be valid and effectual even if a party does not receive the notice or communication or if the notice or communication is returned to the sender unclaimed.

12.9 Amendment of Conditions

HSBC may from time to time amend these Conditions (including without limitation a value, term or other variable relating to an Investment) provided that the amendment:

- (a) is necessary or desirable in the reasonable opinion of HSBC to comply with any statutory or other legal requirement; or
- (b) is to be made for the purpose of curing an ambiguity, correcting a manifest error, or curing, correcting or supplementing any defective provision of these Conditions or effecting a modification of a formal, minor or technical nature, and does not materially prejudice the interests of Investors; or
- (c) follows the occurrence of a Hedging Adjustment Event, provided the amendment is in the reasonable opinion of HSBC necessary or desirable to preserve the economic position between the Investor and HSBC as far as possible and ensure that these Conditions (including without limitation a value, term or other variable relating to an Investment) continue to align with HSBC's hedging arrangements in respect of Investments.

HSBC must give each Investor notice of any amendment to the Conditions. However, failure to give notice will not invalidate the amendment.

12.10 Code of Banking Practice

Each relevant provision of the Code of Banking Practice will apply to the Investments.

General descriptive information about our banking services and the use of cheques is set out in "Your Personal Banking Guide".

The guide mentioned above includes the following information:

- (a) HSBC's account opening procedures;
- (b) HSBC's obligations regarding the confidentiality of your information;
- (c) complaint handling procedures;
- (d) general descriptive information regarding cheques including bank cheques;
- (e) a recommendation that you inform HSBC promptly if you are in financial difficulty; and
- (f) a recommendation that you read the applicable Conditions (which in relation to your Investments means you should carefully read this PDS).

A copy of "Your Personal Banking Guide" is available from HSBC on request.

12.11 General Provisions

12.11.1 Interpretation

In these Conditions the following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a reference to any instrument or document (including these Conditions) is a reference to that instrument or document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;
- (c) a reference to a party means a party to the Investments;
- (d) a reference to amend includes without limitation to vary or replace;
- (e) a reference to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;
- (f) a reference to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange;

- (g) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (h) headings are for convenience only and do not affect interpretation;
- (i) unless otherwise specified in these Conditions, if a payment or other act must (but for this paragraph) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day;
- (j) if a period occurs from, after or before a day or the day of an act or event, it excludes that day;
- (k) these Conditions may not be constructed adversely to a party only because that party was responsible for preparing them; and
- (l) any term not defined in these Conditions and which is defined in this PDS has the same meaning as in this PDS unless the contrary intention appears or the context otherwise requires.

12.11.2 Discretion

Any determination made by HSBC will be in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, and will be conclusive and binding on all parties, except in the case of manifest error.

12.11.3 Mode of delivery and payment

Where HSBC is required under these Conditions:

- (a) to deliver (or procure delivery of) the Delivery Assets, that obligation is to be satisfied by causing the Delivery Assets to be transferred to the Investor to the extent permitted by, and in accordance with, the rules applicable to the assets of the Delivery Assets; or
- (b) to pay a sum of money, that obligation is to be satisfied by:
 - (i) the delivery of a cheque for the relevant amount to the Investor's last advised address – in which case the date of dispatch of the cheque shall be deemed to be the date of payment; or
 - (ii) the use of a direct credit authority – in which case the date that, in the ordinary course of banking business would be reasonably expected to result in the relevant funds reaching the applicable account upon the

giving of the electronic transfer instructions, shall be deemed to be the date of payment.

12.11.4 Waiver of rights

A failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, any right, remedy, power or privilege under these Conditions by HSBC shall not in any way preclude or operate as a waiver of any further exercise or enforcement thereof or the exercise or enforcement of any other right, remedy, power or privilege under these Conditions or provided by law.

12.11.5 Agents etc

HSBC may appoint any other person to act as its agent or delegate in connection with the Investments or to otherwise perform any act or exercise any discretion of HSBC in connection with the Investments.

12.11.6 Currency

All amounts payable by either party under these Conditions will be paid in Australian Dollars unless specified otherwise.

12.11.7 Entire agreement

These Conditions, the PDS, the Investor's Application Form and the Nominee Deed contain the entire agreement between HSBC and that Investor about their subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by these Conditions and the Nominee Deed and has no further effect.

12.11.8 No merger

HSBC's rights under these Conditions are additional to and do not merge with or affect and are not affected by any mortgage, charge or other Encumbrance held by HSBC or any other obligation of the Investor to HSBC, despite any rule of law or equity or any other statutory provision to the contrary.

12.11.9 Governing law

These Conditions and the Application Form are governed by the laws of New South Wales.

The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

13. Glossary

In this PDS, unless the context requires otherwise:

Adviser Fee has the meaning given to that term in Section 8.

Annualised Return means, as at an Income Investment Observation Date, the Strategy Value Return divided by the number of years since the Initial Value Observation Date.

Applicant means a person who applies for an Investment.

Application means an application by an Applicant to HSBC for an Investment made on an Application Form.

Application Amount means the total amount specified by your Application for the Investments.

Application Form means the application form attached to or accompanying this combined FSG and PDS.

Application Period means the period commencing from 7 February 2011 to, and including, 18 March 2011, 5pm Sydney time.

ASX means ASX Limited (ABN 98 008 624 691) or the stock market conducted by ASX Limited, as the context requires.

Australian Dollars, AUD or A\$ means the lawful currency of Australia.

Beneficial Fraction means, in respect of each Investment, the proportion of the relevant Nominee Asset applicable to that Investment to which an Investor in that Investment is beneficially entitled under the Nominee Deed. This is the fraction the numerator of which is the number of the Investments held by that Investor and the denominator of which is the total number of the relevant Investments on issue at the relevant time.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and London.

Cash Settlement means the payment of the Sale Proceeds to the Investor in accordance with condition 12.2.7.

Cash Settlement Amount means, for an Investor, a cash amount equal to the Sale Proceeds in respect of that Investor received by HSBC or its nominee in accordance with condition 12.2.7.

Conditions means the conditions of the Investments, as set out in Section 12 of this PDS. A specific condition is referred to by its number.

Delivery Assets means, in respect of an Investor, the securities or managed investment products selected by HSBC on or before the Maturity Date from the securities and managed investment products described in Section 5 of this PDS, for delivery to the Investor. The quantity of Delivery Assets that will be delivered to an Investor is determined as follows:

$$\frac{A}{B}$$

where "**A**" means the Maturity Amount; and

"**B**" means the weighted average price of the Delivery Assets purchased by HSBC in the market after the Maturity Date but on or before the Settlement Date.

If a security or managed investment product is substituted under condition 12.2.5, the Delivery Assets will be the replacement security or managed investment product.

Disrupted Trading Day means any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) there is a suspension or limitation imposed on trading by a Relevant Exchange or any Related Exchange:
 - (i) relating to securities that comprise 5% or more of any component of the Strategy Value; or
 - (ii) in futures or options contracts relating to the Strategy Value on any Related Exchange;
- (c) an event disrupts or impairs (as determined by HSBC, acting reasonably) the ability of market participants in general to effect transactions in, or obtain market values for:
 - (i) securities that comprise 5% or more of any component of the Strategy Value; or
 - (ii) futures or options contracts relating to the Strategy Value on any relevant Related Exchange;

- (d) a relevant Exchange or Related Exchange closes prior to its scheduled closing time unless the earlier closing time is announced at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such exchange on that day and (ii) the submission deadline for orders to be entered into the exchange system for execution at the valuation time on such day;
- (e) any of the following occur:
 - (i) the Strategy Value is not published;
 - (ii) the calculation and/or publication of the Strategy Value is suspended; and/or
 - (iii) any component of the Strategy is adjusted,

or any Scheduled Trading Day which:

- (f) HSBC's Hedging Counterparty declares is a day similar or analogous to a Disrupted Trading Day; or
- (g) HSBC determines, in its reasonable opinion, that it is practical or economically viable (for HSBC or the Investor) that the Scheduled Trading Day be declared a Disrupted Trading Day.

Early Termination means the termination of an Investment prior to the Maturity Date in accordance with condition 12.4.

Early Termination Amount means, in respect of an Investor's Investments on any date, the fair economic value as calculated by HSBC in a commercially reasonable manner (not subject to any minimum amount) of those Investments at the close of business (London time) on a day selected by HSBC taking into account any loss or costs that may be incurred by HSBC for unwinding its position prior to maturity, which will depend on a number of factors. The main factors impacting the fair economic value of your Investments include the level of the Strategy Value, the volatility of the Strategy Value, the creditworthiness of HSBC, prevailing interest rates and the time to the Maturity Date. The Early Termination Amount cannot be less than zero.

Early Termination Date means the date determined in accordance with condition 12.4.1.

Early Termination Event means, in respect of an Investment, any of the following events:

- (a) a Tax Event; or
- (b) a Legislative Event; or

- (c) a Hedging Disruption Event; or
- (d) the Investor becomes Insolvent; or
- (e) a Strategy Disruption Event occurs; or
- (f) for any other reason HSBC, acting reasonably, deems it is not legal, consistent with HSBC's internal policies, practical, economically viable (for HSBC or the Investor) or in the Investor's interests for the Investments to continue its existence.

Early Withdrawal means the withdrawal of some or all of an Investor's Investments prior to the Maturity Date at the request of an Investor in accordance with condition 12.3.

Early Withdrawal Amount means, on any day, the Early Termination Amount of the Investor's Investments on that day, or where an Early Withdrawal is in respect of only some but not all of an Investor's Investments, the Early Termination Amount of that number of the Investor's Investments which are subject to the Early Withdrawal.

Encumbrance means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Ending Average Return means in respect of the Growth Investment, the arithmetic average of the Strategy Value Returns calculated on each of the 7 Growth Investment Observation Dates.

Exchange means any of the following:

- (a) in respect of the S&P 500 Index, the Chicago Mercantile Exchange and other exchanges as determined from time to time by HSBC Bank plc;
- (b) in respect of the Eurostoxx 50 Index, EUREX exchange and other exchanges as determined from time to time by HSBC Bank plc ;
- (c) in respect of the Nikkei 225 Index, the Tokyo Stock Exchange and the Osaka Securities Exchange;

- (d) in respect of the FTSE 100 Index, the London Stock Exchange and the LIFFE exchange; or
- (e) in respect of the GEM Index a regulated exchange in an emerging market country that the GEM Index is notionally invested in. This includes China, Russia, Brazil, India, South Korea, Czech Republic, Hungary, Poland, Romania, Mexico, Taiwan, South Africa and other countries. Additionally this includes exchanges in developed countries on which emerging markets securities are quoted and in which the GEM Index is invested,

or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in shares underlying the Strategy Value has temporarily relocated (provided that HSBC has determined that there is comparable liquidity relative to the shares underlying the Strategy Value on such temporary substitute exchange or quotation system as on the original Exchange).

GEM Index means the HSBC Optimised Global Emerging Markets Total Return Index

Growth Application Amount means that part of an Investor's Application Amount which is directed to be applied towards the Growth Investment in the Investor's Application.

Growth Investment means a HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment.

Growth Investment Amount means for any Investor at any time, the number of Growth Investments held by the Investor multiplied by the Issue Price. An Investor's Growth Investment Amount will equal their Growth Application Amount (if any) unless the Investor makes a partial Early Withdrawal.

Growth Investment Observation Date means each date for observing the Strategy Value for the purposes of calculating the Ending Average Return. Each Growth Investment Observation Date is listed in the table in Section 3 of this PDS under the heading "How Does the Growth Investment work?" If a scheduled Growth Investment Observation Date is a Disrupted Trading Day, then the Growth Investment Observation Date for that Strategy Value will be the first succeeding Scheduled Trading Day that is not a Disrupted Trading Day, unless each of the eight Scheduled Trading Days immediately following the initial Scheduled Trading Day are Disrupted Trading Days. In that case, the eighth

Disrupted Trading Day after the initial Disrupted Trading Day will be the Growth Investment Observation Date and HSBC will calculate the Strategy Value in accordance with the formula for and method of calculating the Strategy Value last in effect prior to the occurrence of the first Disrupted Trading Day.

Growth Investment Return means, in respect of Growth Investment, the amount which is the multiple of:

- (a) the Growth Participation Rate; and
- (b) \$1 multiplied by the Ending Average Return.

If the Ending Average Return is less than or equal to zero then the Growth Investment Return will be zero.

Growth Participation Rate means the Growth Participation Rate determined by HSBC on the Issue Date. If the Growth Participation Rate is less than 75%, the Growth Investment will not proceed. If the Investment were to be issued on the date of this PDS, the Growth Participation Rate would be 100%.

GST means a goods and services tax or similar tax imposed in Australia.

Hedging Adjustment Event means an event whereby a Hedging Counterparty makes or is entitled to make an adjustment to or under HSBC's hedging arrangements with that Hedging Counterparty.

Hedging Counterparty means the counterparty to any hedging arrangements entered into by HSBC in respect of an Investment.

Hedging Disruption Event means the determination by HSBC, acting reasonably, that it is in its sole opinion unable to, or unable to continue to, hedge its exposure in connection with an Investment or the actual, threatened or potential termination of any hedging arrangements entered into by HSBC with a Hedging Counterparty or the determination by HSBC that it is likely to incur a materially increased amount of tax, duty, expense, fee or cost as a result hedging its exposure in connection with an Investment.

HSBC means HSBC Bank Australia Limited (ABN 48 006 434 162).

HSBC Group means HSBC Holdings plc and any of its subsidiaries and affiliates.

HSBC Spread means the HSBC Bank plc CDS 1-year rate or such spread as HSBC Bank plc may, from time to time, reasonably determine

accurately reflects the notional cost of funding (exclusive of the relevant base rate) the long component of the Strategy Value.

Income Amount means, in respect of an Income Investment, the amount payable by HSBC to an Investor in that Income Investment in each year of the Investment Term where the Annualised Return is greater than zero. The Income Amount is the amount which is the multiple of:

- ▶ the Income Participation Rate; and
- ▶ \$1 multiplied by the Annualised Return.

The Income Amount will be rounded to six decimal places.

In respect of any year during the Investment Term for which the Annualised Return is less than or equal to zero, the Income Amount will be zero and no Income Amount will be paid for that year.

Income Application Amount means that part of an Investor's Application Amount which is directed to be applied towards the Income Investment in the Investor's Application.

Income Investment means a HSBC 100+ Series Emerging Markets Outperformance (Income) Investment.

Income Investment Amount means for any Investor at any time, the number of Income Investments held by the Investor multiplied by the Issue Price. An Investor's Income Investment Amount will equal their Income Application Amount (if any) unless the Investor makes a partial Early Withdrawal.

Income Investment Observation Date means each date for observing the Strategy Value for the purposes of calculating the Income Amount. Each scheduled Income Investment Observation Date is listed in the table in Section 4 of this PDS under the heading "How does the Income Investment work?" If a scheduled Income Investment Observation Date is a Disrupted Trading Day, then the Income Investment Observation Date will be the first succeeding Scheduled Trading Day that is not a Disrupted Trading Day, unless each of the eight Scheduled Trading Days immediately following the initial Scheduled Trading Day are Disrupted Trading Days. In that case, the eighth Disrupted Trading Day after the initial Disrupted Trading Day will be the Income Investment Observation Date and HSBC will calculate the Strategy Value in accordance with the formula for and method of calculating the Strategy Value last in effect prior to the occurrence of the first Disrupted Trading Day.

Income Participation Rate means the Income Participation Rate determined by HSBC on the Issue Date. If the Income Participation Rate is less than 50%, the Income Investment will not proceed. If the Investment were to be issued on the date of this PDS, the Income Participation Rate would be 70%.

Initial Value Observation Date means in respect of each Investment, the date which is 2 Business Days before the Issue Date, or if such date is a Disrupted Trading Day, then the Initial Value Observation Date will be the first succeeding Scheduled Trading Day that is not a Disrupted Trading Day, unless each of the eight Scheduled Trading Days immediately following the initial Scheduled Trading Day are Disrupted Trading Days. In that case, the eighth Disrupted Trading Day after the initial Disrupted Trading Day will be the Initial Value Observation Date and HSBC will calculate the Strategy Value in accordance with the formula for and method of calculating the Strategy Value last in effect prior to the occurrence of the first Disrupted Trading Day.

Insolvent means, for a person, being taken by law or a court to be unable to pay their debts, being the subject of voluntary or involuntary liquidation, voluntary administration, bankruptcy, insolvency, dissolution, winding-up, having a receiver or controller appointed or any analogous proceeding in any jurisdiction, entering into any arrangement with any of its members or creditors or dying or otherwise becoming incapable of managing their own affairs for any reason.

Investment Term means in respect of each Investment, the period from the Issue Date until the Maturity Date.

Investments mean the HSBC 100+ Series Emerging Markets Outperformance (Growth) Investment and the HSBC 100+ Series Emerging Markets Outperformance (Income) Investment and **Investment** means either one of them.

Investor means a person (or more than one person where the Investment is held by joint holders) who has entered into a deferred purchase agreement constituting an Investment with HSBC, as recorded in the Register.

Issue Date means 31 March 2011.

Issue Price means \$1.00 per Growth Investment and \$1.00 per Income Investment.

Legislative Event means the receipt by HSBC of an opinion from a reputable legal counsel that, as a result of the introduction of, or any amendment to, or clarification of, or change in or

announcement of a prospective introduction of, or amendment to, the interpretation of any law or regulation of the Commonwealth of Australia or any State or Territory of Australia, any other country, or other political subdivision or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which would impose additional material requirements on HSBC, any other member of the HSBC Group or any person in relation to an Investment, which HSBC then reasonably determines to be unacceptable.

LIBOR means the London Interbank Offered Rate or such other base rate as HSBC Bank plc may, from time to time, reasonably determine which (together with the HSBC Spread) accurately reflects the hypothetical cost of funding or borrowing deemed to have been provided in the Strategy Value.

Maturity means the Physical Settlement or Cash Settlement of the Investment on or before the Settlement Date.

Maturity Amount means:

- (a) in respect of an Income Investment, your Income Investment Amount; and
- (b) in respect of a Growth Investment, your Growth Investment Amount plus the Growth Investment Return (if any).

Maturity Date means in respect of each Investment, 5 Business Days after the final Growth Investment Observation Date or Income Investment Observation Date (as the case may be), currently scheduled to be 7 April 2014.

Nominee means HSBC or any other person nominated by HSBC from time to time.

Nominee Asset has the meaning given to it in the Nominee Deed.

Nominee Deed means the document entitled "HSBC Structured Products Nominee Deed Poll" executed by the Nominee on 5 May 2008.

Physical Settlement means the transfer to the Investor of the Delivery Assets in accordance with condition 12.2.4.

Product Disclosure Statement or **PDS** means Part A of this combined Financial Services Guide and Product Disclosure Statement (including the electronic form of this document), and includes any supplementary or replacement product disclosure statement in relation to this document.

Register means the register of holders of Investments maintained on behalf of HSBC by Registries Limited.

Related Exchange means in respect of a component of the Strategy Value, each exchange or quotation system where trading has a material effect (as determined by HSBC) on the overall market for futures or option contracts relating to that component of the Strategy Value.

Sale Proceeds means the proceeds from the sale of the Delivery Assets on behalf of the Investor, less any costs and Taxes, including brokerage, applicable to the sale of the Delivery Assets.

Scheduled Trading Day means any day on which the Strategy Value is scheduled to be published.

Settlement Date means in respect of each Investment, the day that is 15 Business Days after the Maturity Date (or such other time as reasonably determined by HSBC).

Settlement Election Form means the form sent to each Investor with the Settlement Notice to be completed by an Investor if the Investor wishes to elect that Cash Settlement or Physical Settlement will apply on Maturity.

Settlement Notice means a notice issued to each Investor no less than 20 Business Days before the Maturity Date notifying an Investor of the impending Maturity of their Investments and enclosing a Settlement Election Form.

Strategy means the Australian Dollar unit class of the HSBC Emerging Markets Outperformance Strategy.

Strategy Disruption Event means the occurrence or existence at any time of:

- (a) any market, trading, exchange, index or other disruption event under any of HSBC's hedging arrangements including without limitation any of the following events:
 - (i) the failure to publish the Strategy Value;
 - (ii) a suspension of calculation and/or publication of the Strategy Value;
- (b) any adjustment to any component of the Strategy (including any value, term or other variable relating to the Strategy); or
- (c) any change, or any announcement of a change, in the formula or method of calculating the Strategy or any other change that materially modifies the Strategy as determined by HSBC.

Strategy Fee means the fee of 0.587% per annum applied to the Strategy Value.

Strategy Value means the level of the Strategy from time to time, as published daily under Bloomberg code HEMOSAUD

Strategy Value Funding Fee means the fee of LIBOR plus the higher of 0.10% per annum and the HSBC Spread applied to the Strategy Value.

Strategy Value Return means, at any particular time, the return of the Strategy Value since the Initial Value Observation Date.

Tax Event means the receipt by HSBC of an opinion from a reputable legal counsel or other reputable tax adviser experienced in the tax laws of the Commonwealth of Australia, or any State or Territory of Australia, to the effect that, as a result of any:

- (a) amendment to, clarification of the interpretation of, or change (including any announced prospective change) in the laws (including any regulations thereunder) of any such jurisdiction or any political subdivision or taxing authority thereof or therein affecting taxation;
- (b) judicial decision, published official administrative pronouncement, or ruling, determination or interpretation, including any draft of any of the foregoing, or regulatory procedure, notice or announcement (including any notice or other announcement of intent to adopt such interpretation or procedure) (an "Administrative Action") in relation to such tax laws; or
- (c) amendment to, clarification of the interpretation of, or change in a pronouncement that provides for a position with respect to an Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known,

there is more than an insubstantial risk that HSBC would be exposed to more than a de minimis increase in its economic costs in relation to the Investments as a result of increased Taxes, duties or other governmental charges or civil liabilities.

Taxes means Taxes (including GST and stamp duty), levies, imposts, deductions, charges, withholding imposed by any government agency

together with any related interest, penalties, fines, expenses or other amount incurred in connection with them, except if imposed on the overall net income of HSBC.

Total Investment Amount means in respect of an Investor, the Growth Investment Amount and the Income Investment Amount.

Transfer Form means a form provided by HSBC at the request of an Investor, which specifies all information required by HSBC in order to be able to process the transfer of all (and not some only) of an Investor's Investment.

US Dollars, USD or US\$ means the lawful currency of the United States of America.

Part B – Financial Services Guide

Dated: 10 December 2010

The purpose of this Financial Services Guide

As the issuer of the Investment, HSBC Bank Australia Limited (ABN 48 006 434 162, Australian financial services licence number 232595) is responsible for this Financial Services Guide (FSG) and the Product Disclosure Statement with which this FSG is combined. In this FSG, when the terms we, our, HSBC or us are used, it means HSBC Bank Australia Limited (ABN 48 006 434 162).

This FSG is an important document. We are required to give you an FSG if we provide certain financial services to you as a retail client.

This FSG provides you with information to assist you in deciding whether to use any of the financial services described in it.

The following pages provide you with information about:

- ▶ who we are;
- ▶ how we can be contacted;
- ▶ an outline of the financial services we provide under this guide and the products to which those services relate;
- ▶ what you can expect to pay for the financial services we provide relating to the Investment;
- ▶ what remuneration, commissions and other benefits are payable to us or other persons in respect of the financial services we provide under this guide;
- ▶ what relationship we have with any other organisations affiliated with us or with product issuers, which might influence us in providing a service relating to the Investment; and
- ▶ information about the dispute resolution system that covers complaints by customers and what to do if you have a dispute or wish to register a complaint about any of our products or services.

If you are interested in investing in the Investment, details of the Investment are contained in the Product Disclosure Statement (PDS) in Part A of this combined FSG and PDS. The PDS assists you in making an informed decision about whether to acquire the Investment. You should consider the PDS before making any decision about whether to acquire the Investment.

If we provide you with personal advice in selecting the Investment, we will, where we are required to do so under the law, issue you with a Statement of Advice that will set out the personal advice we have given you, including any recommendations we offer along with our rationale for our recommendations and information about any fees, commissions, associations or relationships which might influence the provision of that advice.

Licensee – who we are

HSBC Bank Australia Limited (ABN 48 006 434 162) is an entity licensed under the Corporations Act 2001(Cth) to provide the financial services described in “Services we provide under this guide and the products those services relate to” below. HSBC holds an Australian financial services licence (AFS licence) number 232595.

Our contact details

You can contact us by phone, mail, fax or email:

Our head office is: 580 George Street,
Sydney NSW 2000

Our postal address is: GPO Box 5302,
Sydney NSW 2001

Our phone number is: 1300 308 008 Monday to
Friday from 9.00am to 5.00pm (Australian Eastern
Standard Time)

Our fax number is: (02) 9255 2647

Or visit our website at: www.hsbc.com.au

A complete list of our branches, their addresses
and phone numbers is available on our website.

Customer instructions

For the purposes of the Investment issue, your
instructions should be directed to us in writing via
post.

Services we provide under this guide and the products those services relate to

This section contains a description of some of the
financial services which HSBC is authorised to
provide under its AFS licence. If you need to know
more, please contact us.

HSBC is authorised under its AFS licence to
provide to wholesale and retail clients, among
other services:

- ▶ a custodial and depository service (other than
Investor directed portfolio services); and
- ▶ dealing (issuing and dealing on behalf of
another) in derivatives and securities.
- ▶ Advising in relation to derivatives and
securities.

Relevant to the Investment, our AFS licence
allows us to hold a fully-paid ordinary share in
Woolworths Limited, and any substitute share, as
Nominee on behalf of all Investors and HSBC in
our personal capacity. The scope of our AFS
licence is broader than this. Our full AFS licence
authorisations can be viewed at www.asic.gov.au.

Who we act for

HSBC acts on its own behalf and under its own
AFS licence when it provides services to you.

Participation in licensed markets: Clearing, Futures Broking and Settlement facilities

Futures

HSBC is a Full Participant of Sydney Futures
Exchange Limited (SFE) and a Clearing Participant
of SFE Clearing Corporation Pty Ltd.

Settlements

HSBC has memberships with AUSTRACLEAR and
memberships with Clearstream Banking.

Our financial partners

Companies within the HSBC Group manage,
market, issue and provide products and services
that you may acquire through us.

How we are remunerated for services we provide under this guide

When you invest in the Investment offered by
HSBC, we will receive adviser fees in relation to
your investment in the Investment if HSBC acts
as your financial adviser. Other than this fee, in
putting together and issuing the Investment to
you, HSBC will make a profit from which it will
pay the Adviser Fees and will then keep any
remaining balance.

All our staff receive a base salary. In addition to
the base salary, employees can also receive
bonuses and other rewards for sales and referrals
they make and customer service they provide.
The quantum of these additional payments will
usually depend on the type of referrals made, the
products they have successfully sold and on the
various sales and customer service targets that
employees may have.

Where other companies in the HSBC Group
introduce you to us, we may share our fees or pay
them a referral fee.

Fees we pay to Financial/Investment Advisers

If you invest in this product we may pay your Adviser the Adviser Fee. Please refer to Section 8 "Fees and other costs for the two Investments" on page 29 of the PDS for further information about the fees relevant to the Investment.

Fees we pay to referrers

If a customer is referred to us by an external party, we may pay the referrer a commission. The commission that we may pay depends on the arrangements that we have with the external party. You may request details of such commission before any product is provided to you by us as a result of the referral.

Fees we receive from referrals

If we refer a customer to an external party (e.g. for a loan for the Investment), we may receive a commission from such external party. The commission that we may receive depends on the arrangements that we have with the external party. You may request details from us regarding such commission at the time such referral is made.

What to do if you have a dispute or complaint

We are committed to the delivery of excellence through the highest customer service standards. Whether you are providing feedback, paying a compliment or making a complaint, your input is important.

We aim to resolve most issues within five working days. If the issue is more complex, it can take longer but we'll keep you informed of the progress.

If you believe a transaction is wrong or unauthorised, or there is an error in an account statement, or if you have any concerns about a procedure, compliance issue, or have encountered a problem with our service, we want you to tell us about it. We have designed a simple customer complaint process.

If you have a complaint or concern, you can make it known to us by phone, mail or email. Please refer to our contact details on page 57 of this FSG.

If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, you may wish to contact an approved external dispute resolution scheme. You may refer your complaint to the Financial Ombudsman Service (FOS) of which HSBC is a member. FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers. FOS' address is GPO Box 3, Melbourne VIC 3001 and its telephone number is 1300 780 808. Information may also be obtained at <http://www.fos.org.au>.

However, before an external dispute resolution scheme can investigate a matter, we would like you to give us the opportunity to review it first.

As an authorised deposit taking institution, we are exempt from the requirements of Section 912B of the Corporations Act 2001, however the arrangements necessary under that section are in place.

Part C – Application Package

How to complete an Application

A How to fill in the Application Form

1 Application Amount

Enter the amount you wish to apply to invest in the Growth Investment (if any) and the Income Investment (if any). Please then enter the combined amount of these two application amounts. The minimum Application amount is \$20,000, increasing in increments of \$1,000. This minimum amount can be split between the Growth Investment and the Income Investment in increments of \$1,000.

Please indicate the source of funds for this Application by ticking one of the boxes. If not on the list please tick “Other” and provide more information.

2 Application Details

Please indicate if the Applicant is an existing customer of HSBC Bank Australia Ltd and if so please provide the Applicant’s HSBC account number.

Tick one of the boxes to indicate the type of Applicant.

3 Applicant Details

In Section 2 next to the “Type of applicant” is a guide to which parts of Section 3 need to be completed.

3A. Individual(s) or sole trader

In Section 3A please enter the details for individuals including employment and contact details. All of this information is required for the Application to be accepted.

For sole traders, please provide also the full name, Australian Business Number (“ABN”), and address of the business.

3B. Superannuation Fund

Please complete Section 3B with details of the superannuation fund. Please provide full name of the SMSF, the ABN and all beneficiaries.

If the Trustee(s) are individual(s) please also complete Section 3F.

Alternatively if the Trustee is a company please complete Section 3D for the Trustee company and Section 3F for at least 2 directors (including the managing director).

It is obligatory to advise who made the first contribution to the SMSF. Often the first contribution to the SMSF is by an individual Trustee or by a director of a Trustee company. If this is the case please tick the appropriate box and provide the name of the Trustee or Director. Otherwise if the first contribution was made by another party (i.e. accountant or lawyer) please provide name of the individual and the name of the company that they worked for and complete Section 3F for the first contributor.

3C. Trust

Complete this Section 3C if the Application is made in the name of a Trust. Please provide full name of the Trust, the type of the Trust, the ABN, where the Trust was established, all beneficiaries and whether the Trust is regulated.

If the Trustee(s) are individual(s) please provide their details in Section 3F.

Otherwise if the Trustee is a company, complete Section 3D for the Trustee company and Section 3F for at least 2 directors (including the managing director).

It is obligatory to advise who made the first contribution to the Trust. Often the first contribution to the Trust is by an individual Trustee or by a director of a Trustee company. If this is the case please tick the appropriate box and provide the name of the Trustee or Director. Otherwise if the first contribution was made by another party (i.e. accountant or lawyer) please provide name of the individual and the name of the company that they worked for and complete Section 3F for the first contributor.

3D. Company as Trustee

If the Applicant is a SMSF or Trust with a company as the Trustee complete this section. Please provide full company name, ACN, registered office address, the type of company and if the company has business beyond that as the trustee and the approximate annual turnover.

The full names of all Directors are required. Also for at least two Directors (including the Managing Director) please complete Section 3F.

For any party with beneficial ownership of 10% or more please supply names and please complete Section 3F.

3E. Company

Complete this section if the Application is made in the name of a company. Please provide full company details including the ACN, registered and business addresses, the nature of the business, general descriptions of key supplier, general descriptions of customer types and approximate annual turnover.

Additional information is needed for different types of companies:

If the company is proprietary, tick the "Proprietary Company" checkbox and provide the full names of ALL Directors of the company. Details of two Directors (including the Managing Director) must be provided in Section 3F.

List the full names, residential addresses and nationalities of ALL individual beneficial owners who own 10% or more of the company's issued capital. Please complete Section 3F for all such beneficial owners.

If the company has other regulators beyond the ATO or ASIC please provide details.

If the company is not a proprietary company please tick the Other box and provide more details.

3F. Details of Individuals in relation to the Applicant

Insert here the information about the individuals as required under Sections 3B to 3E.

4 Tax File Number

Please enter your Tax File Number (TFN) or an exemption category. Where applicable, please enter the TFN for both joint Applicants.

Companies and other legal entities may instead quote their ABN. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) is not compulsory and will not affect your Application. However, tax may be deducted from any payment to you at the highest marginal rate plus Medicare levy if a TFN or an ABN is not provided and you do not fall within an applicable exemption.

5 Contact Details for Correspondence

Please enter your postal address and email address for all correspondence. All communication from HSBC and the registry will be sent to the Applicant(s) appearing on this Application form. For joint Applicants, only one postal address and one email address can be entered. Please also provide your telephone number(s) including full international direct dialling codes in case we need to contact you in relation to your Application.

6 Applicant's CHES Details

If you are a CHES participant or are sponsored by a CHES participant and have a Holder Identification Number (HIN) please enter the number in the box provided. If you do not currently have a HIN number, if required, you will have an opportunity to provide a HIN number to HSBC closer to the Maturity Date.

7 Payment Details

Please indicate the preferred payment method for your Application money.

If you are paying by personal or bank cheque the amount paid by cheque should be entered. Cheques or bank drafts should be drawn on an Australian bank and made payable to "HSBC Bank Australia Ltd". The cheques will not be banked until 16 March 2011.

If you have a bank account with an Australian bank (including HSBC Bank Australia Limited), you can request for a direct debit of an amount to be applied to your account by HSBC. Please provide account details for this to be arranged. Please note that under this option the amount will be debited on 18 March 2011.

The total of the payment amounts must equal the Total Application Amount in Section 1.

8 Bank Account Details for the Income Amount (if applicable)

If you are applying to invest in the Income Investment please supply your bank account details. The annual Income Amounts will be paid into this account.

9 Adviser Details

Please enter the details of your financial adviser here.

10 Investor Declarations

Please ensure that you read, understand and accept the Investor declarations before signing the Application form.

11 Authorisation

Please print your name, sign and date that application form after you have read the Investor Declaration.

If the Applicant is NOT an existing HSBC customer, documents to verify the identity of the Applicant and all related parties are required for the Application to be processed. Please see the next section for more details.

2 Verification of Documents

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) requires issuers to confirm the identity of each Applicant.

If the Applicant is an existing HSBC customer then HSBC has previously undertaken the identity verification and thus you don't need to supply the documents again.

If the Applicant is not an HSBC customer then the Applicant must provide the required documentation. If HSBC is not able to confirm an Applicant's identity, we will not be able to accept the Application.

Each document provided with the Application form must be certified as a true copy by an acceptable certifier. Photocopies or faxes of a certification will not be accepted.

What to do

- 1) Get together the required identification documentation. See Section (a) Identity Documentation below.
- 2) Choose someone to certify your documents. See Section (b) Acceptable Certifiers below.
- 3) If you are using a financial adviser or are going to an HSBC branch, then you can take your original documents. The adviser or an HSBC staff member will photocopy relevant documents and certify them as true copies.
- 4) If you are not using a financial adviser or going to an HSBC branch, then please make a photocopy of the relevant documents and take both the originals and the copies to a certifier.
- 5) The certifier will put their stamp on all photocopies of the original documents and sign the copies.
- 6) The signed copies must be sent to HSBC together with the Application.

(a) Identity Documentation

(i) Documents for Individuals

If you completed Section 3A or 3F, you need to provide the following in relation to every person noted in those sections:

Where the first contributor is not one of the Trustees but is a professional who set up the SMSF/Trust and paid the initial nominal sum to settle the SMSF/Trust. If identity documentation

is not available for the professional a declaration from the Trustee specifying the professional's current control of the SMSF/Trust is required in lieu of verifying the professional identification.

Two forms of identity documentation (ID), at least one of which is a primary ID form. These ID documents must show the Applicant's full name, residential address (and permanent address if different), date of birth, nationality (if not Australian), photo and signature. Where a former or other name is provided, documentary proof is required.

Primary ID forms include:

- ▶ a birth certificate
- ▶ an Australian or foreign citizenship certificate
- ▶ a passport
- ▶ an Australian (non-paper version) or foreign driver's licence containing a photograph of the person
- ▶ an Australian Proof of Age or Photo card
- ▶ a foreign national identity card
- ▶ a pension card issued by Centrelink

Secondary ID forms include:

- ▶ Australian Medicare card
- ▶ credit or debit card issued by an Australian or foreign bank
- ▶ a bank account statement or letter recording the provision of a service issued by an Australian or foreign bank in the preceding three months
- ▶ a document issued by the Australian Taxation Office within the preceding 12 months which contains the individual's name and residential address
- ▶ a document issued by a local government body or utilities provider within the preceding 3 months
- ▶ a Centrelink card issued by the Australian government such as a Health Care Card, Commonwealth Seniors Health Card or Ex-carer Allowance (child) Health Card
- ▶ a document issued by the Commonwealth or State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address

Please note: Documents not written in English must be accompanied by an English translation prepared by an accredited translator.

AND for sole traders

- ▶ Document that shows the ABN and business address.

(ii) Documentation for SMSFs and Trusts

Provide the following identity documentation:

- ▶ An extract of the trust deed or additional trust documentation showing the trust's name, and all parties to the trust

AND

- ▶ If the Trustee is an individual the identification documents for the individuals as listed in Section 3F

OR

- ▶ If the Trustee is a Company then identification documentation as listed in Section 3D for:
 - at least two Directors including the Managing Director

AND

- ALL individual beneficial owners of more than 10% of the company

AND

IF the first contributor to the SMSF is not a Trustee or Director of the Trustee Company then please provide:

- ▶ Identification documentation for the first contributor as listed in Section 3F.

(iii) Documents for a Company

- ▶ Certificate of incorporation from ASIC

AND

Identification documentation for:

- ▶ at least two Directors, including the Managing Director as listed in Section 3F

AND

- ▶ ALL individual beneficial owners of more than 10% of the company as listed in Section 3F

(b) Acceptable Certifiers

The authorised certifiers must satisfy one of the occupations below and can not be an immediate family member.

When certifying the documents the authorised certifier must sign, print their full name,

employer's name, work phone number and work address.

- (1) a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described);
- (2) a judge of a court;
- (3) a magistrate;
- (4) a chief executive officer of a Commonwealth court;
- (5) a registrar or deputy registrar of a court;
- (6) a Justice of the Peace;
- (7) a notary public (for the purposes of the Statutory Declaration Regulations 1993);
- (8) a police officer;
- (9) an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- (10) a permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public;
- (11) an Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955);
- (12) an officer with 2 or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993);
- (13) a finance company officer with 2 or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993);
- (14) an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees;
- (15) a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

The most accessible certifiers are:

- ▶ Your financial adviser
- ▶ HSBC bank officers
- ▶ Other bank officers
- ▶ Post office agents (9) and (10)
- ▶ Accountants

Complete the form using a BLACK PEN and print in clear CAPITAL LETTERS

This is an Application form for the Investment under the offer on the terms set out in the Combined Financial Services Guide and Product Disclosure Statement ("PDS") dated 10 December 2010 (the "Investment").

This Application form together with your Application amount must be received by HSBC Bank Australia Limited (ABN 48 006 434 162) (AFSL 232595) before 5pm Sydney time on 18 March 2011 by submitting them to:

**HSBC Bank Australia Limited
HSBC 100+ Series Emerging Markets
Outperformance Investment
PO Box 3096
Parramatta NSW 2150**

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer or other professional adviser. The PDS contains information relevant to a decision to invest in the Investment and you should read the entire PDS carefully before applying.

Please refer to page 59 of the PDS for instructions on how to complete this Application Form.

1 APPLICATION AMOUNT

Growth Application Amount	\$
Income Application Amount	\$
Total Application Amount	\$

The minimum Investment Amount is \$20,000 in increments of \$1,000 thereafter.

Source of funds

Savings <input type="checkbox"/>	Superannuation Money <input type="checkbox"/>
Salary <input type="checkbox"/>	Inheritance <input type="checkbox"/>
Other <input type="checkbox"/>	Specify <input type="text"/>

2 APPLICATION DETAILS

Is the applicant an existing customer of HSBC Bank Australia Ltd?

Yes Specify account number

No Please ensure you provide the required certified identification documentation – see page 61 of the PDS.

Wealth Focus Pty Ltd
PO Box 760
Manly
NSW 1655
Tel: 1300 55 98 69
AFSL: 314 872

Type of applicant

Individual Give details in Section **3A**

Sole Trader Give details of the Applicant and Sole Trader in Section **3A**

Joint Individuals Give details of both individuals in Section **3A**

Superannuation Fund Give details in Section **3B** and:

- if the Trustees are individuals then complete Section **3F** for all Trustees.
- If the Trustee is a company, then complete Section **3D** and then Section **3F** for at least 2 directors (including the managing director).

Trust Give details in Section **3C** and:

- if the Trustees are individuals then complete Section **3F** for all Trustees.
- If the Trustee is a company, then complete Section **3D** and then Section **3F** for at least 2 directors (including the managing director).

Company Give details in Section **3E** and then complete Section **3F** for at least 2 directors (including the managing director).

3 APPLICANT DETAILS

3A INDIVIDUAL APPLICANTS

APPLICANT 1

Title Given name(s)

Surname

Former or other name (if any)

Date of birth / / Gender M F Nationality

Occupation

Employer name/Nature of business (if self employed)

Residential address (not a PO Box)

Postcode

Telephone number

APPLICANT 2 (JOINT APPLICANT)

Title Given name(s)

Surname

Former or other name (if any)

Date of birth / / Gender M F Nationality

Occupation

Employer name/Nature of business (if self employed)

Residential address (not a PO Box)

 Postcode

Telephone number

SOLE TRADER

Full business name (sole traders only)

ABN

Principal place of business

 Postcode

3B SELF MANAGED SUPER FUND (SMSF)

Full name of superannuation fund

ABN

Full name of ALL beneficiaries

Trustees

- Company as trustee
Give full details of the company trustee in section **3D**
- Individual(s) as trustee
Give full details of ALL individual trustee in section **3F**

Who made the first contribution to the SMSF?

- A trustee ► Specify trustee's name
- Not a trustee
Give details of the individual trustees in section **3F**

3C**TRUSTS**

Full name of trust

Type of trust

ABN

Was the trust established in Australia?

Yes No

Which country?

Full name of ALL beneficiaries

Was the trust regulated by a body other than ASIC/ATO?

No Yes

Give details

Trustees

Company as trustee

Give full details of the company trustee in section 3D

Individual(s) as trustee

Give full details of ALL individual trustee in section 3F

Who made the first contribution to the trust?

A trustee ► Specify trustee's name

Not a trustee

*Give details of the individual trustees in section 3F***3D****COMPANY AS A TRUSTEE**

Full registered company name

ACN (*applicable to domestic companies registered with ASIC*)

Address of registered office

Postcode

Type of company

Proprietary company Other

Give details

Company's business beyond acting as a trustee

Annual turnover

Less than AUD 1 million More than AUD 1 million

Full names of ALL directors

Please make sure you give details of at least 2 directors (including the Managing Director) in Section 3F

Give details of ALL Beneficial owners (individuals who own 10% or more of the company's issued capital).

Please make sure you give full details of ALL owners listed here in Section 3F.

If not an Australian company, please provide more details

Full registered company name

Two stacked empty text boxes for the full registered company name.

ACN (applicable to domestic companies registered with ASIC)

One empty text box for the ACN.

If not an Australian company, please provide more details

Three stacked empty text boxes for providing more details if not an Australian company.

Address of registered office

Three stacked empty text boxes for the address of the registered office, with the label 'Postcode' at the bottom right.

Address of principal place of business

Three stacked empty text boxes for the address of the principal place of business, with the label 'Postcode' at the bottom right.

Nature of business

Two stacked empty text boxes for the nature of the business.

List the countries that the company operates in

Two stacked empty text boxes for listing the countries the company operates in.

General description of main suppliers

Two stacked empty text boxes for the general description of main suppliers.

General description of main customers

Two stacked empty text boxes for the general description of main customers.

Approximate annual turnover

Four checkboxes for approximate annual turnover: Less than AUD 1 million, AUD 1 to 5 million, AUD 5 to 50 million, and More than AUD 50 million.

Type of company

Proprietary company – Give details below

Full name of ALL directors

Please make sure you give details of at least 2 directors (including the Managing Director) in Section 3F

Seven stacked empty text boxes for providing the full names of all directors.

Give details of ALL Beneficial owners (individuals who own 10% or more of the company's issued capital). Please make sure you give full details of ALL owners listed here in Section 3F.

Seven stacked empty text boxes for providing details of all beneficial owners.

Is the company regulated

No Yes What is the name of the regulator (other than ASIC/ATO)?

One empty text box for the name of the regulator if the company is regulated.

Other – Give details below

Three stacked empty text boxes for providing details if the company is of another type.

INDIVIDUAL 1

Information contained here pertains to an individual as

Trustee <input type="checkbox"/>	Director <input type="checkbox"/>	First contributor <input type="checkbox"/>	Beneficial owner <input type="checkbox"/>
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Title	Given name(s)
<input type="text"/>	<input type="text"/>

Surname
<input type="text"/>

Former or other name (if any)
<input type="text"/>

Date of birth	Gender	Nationality
<input type="text"/> / <input type="text"/> / <input type="text"/>	M <input type="checkbox"/> F <input type="checkbox"/>	<input type="text"/>

Occupation
<input type="text"/>

Employer name/Nature of business (if self employed)
<input type="text"/>

Residential address (not a PO Box)
<input type="text"/>
<input type="text"/>
Postcode
<input type="text"/>

Telephone number
<input type="text"/>

INDIVIDUAL 3

Information contained here pertains to an individual as

Trustee <input type="checkbox"/>	Director <input type="checkbox"/>	First contributor <input type="checkbox"/>	Beneficial owner <input type="checkbox"/>
----------------------------------	-----------------------------------	--	---

Title	Given name(s)
<input type="text"/>	<input type="text"/>

Surname
<input type="text"/>

Former or other name (if any)
<input type="text"/>

Date of birth	Gender	Nationality
<input type="text"/> / <input type="text"/> / <input type="text"/>	M <input type="checkbox"/> F <input type="checkbox"/>	<input type="text"/>

Occupation
<input type="text"/>

Employer name/Nature of business (if self employed)
<input type="text"/>

Residential address (not a PO Box)
<input type="text"/>
<input type="text"/>
Postcode
<input type="text"/>

Telephone number
<input type="text"/>

INDIVIDUAL 2

Information contained here pertains to an individual as

Trustee <input type="checkbox"/>	Director <input type="checkbox"/>	First contributor <input type="checkbox"/>	Beneficial owner <input type="checkbox"/>
----------------------------------	-----------------------------------	--	---

Title	Given name(s)
<input type="text"/>	<input type="text"/>

Surname
<input type="text"/>

Former or other name (if any)
<input type="text"/>

Date of birth	Gender	Nationality
<input type="text"/> / <input type="text"/> / <input type="text"/>	M <input type="checkbox"/> F <input type="checkbox"/>	<input type="text"/>

Occupation
<input type="text"/>

Employer name/Nature of business (if self employed)
<input type="text"/>

Residential address (not a PO Box)
<input type="text"/>
<input type="text"/>
Postcode
<input type="text"/>

Telephone number
<input type="text"/>

INDIVIDUAL 4

Information contained here pertains to an individual as

Trustee <input type="checkbox"/>	Director <input type="checkbox"/>	First contributor <input type="checkbox"/>	Beneficial owner <input type="checkbox"/>
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Title	Given name(s)
<input type="text"/>	<input type="text"/>

Surname
<input type="text"/>

Former or other name (if any)
<input type="text"/>

Date of birth	Gender	Nationality
<input type="text"/> / <input type="text"/> / <input type="text"/>	M <input type="checkbox"/> F <input type="checkbox"/>	<input type="text"/>

Occupation
<input type="text"/>

Employer name/Nature of business (if self employed)
<input type="text"/>

Residential address (not a PO Box)
<input type="text"/>
<input type="text"/>
Postcode
<input type="text"/>

Telephone number
<input type="text"/>

4 TAX FILE NUMBER OR EXEMPTION CATEGORY

Collection of TFN(s) is authorised by taxation laws. Quotation is not compulsory and will not affect your application. However tax may be deducted from any payments to you at the highest marginal rate plus Medicare levy if a TFN or ABN is not provided or you do not fall within an applicable exemption.

Applicant

Joint applicant

5 CONTACT DETAILS FOR CORRESPONDENCE

Postal address

<input type="text"/>
<input type="text"/>
Postcode

Email address

Preferred form of correspondence

Mail Email

Daytime phone number

Mobile phone number

6 APPLICANT'S CHESS DETAILS

HIN

This is the account you will receive your delivery assets in at Maturity. If not provided this will not affect your application. Additional opportunity to supply this information will be provided prior to Maturity.

7 PAYMENT DETAILS

Payment method

Attached cheque – Give details

Amount paid by cheque

Cheque number

Name of drawer of cheque

BSB number

Account number

Direct debit – Give details

Amount paid by direct debit

Please complete the attached Direct Debit Agreement

8 BANK ACCOUNT DETAILS FOR PAYMENT OF INCOME AMOUNTS (IF APPLICABLE)

Bank account name

Bank

BSB number

Account number

9 ADVISER DETAILS

Adviser

Dealer group

Postal address

PO Box 760
Manly
NSW Postcode 2095

Name of contact person

Email address

Contact phone number

Adviser stamp

By subscribing for the **HSBC 100+ Series Emerging Markets Outperformance Investment** (the "Investment") pursuant to this application form, I/we confirm that:

- ▶ I/we have received the offer to subscribe for the Investment, and the PDS (electronically or otherwise), in Australia.
- ▶ I/we have received, read and understood the PDS and the declarations in this Application Form before I/we complete this Application Form.
- ▶ by signing this Application Form and submitting it to HSBC (whether directly or through a financial adviser) together with payment of the Application Amount, I/we agree to be bound by the terms and conditions contained in the PDS and make the declarations contained in this Application Form.
- ▶ I/We agree to indemnify HSBC and any of its related bodies corporate against any loss, liability, damages, claim, cost or expense incurred as a result, directly or indirectly, of any declarations contained in this Application Form proving to be incorrect or untrue.
- ▶ where I am/we are natural person(s), I am/we are 18 years of age and not under any legal disability preventing me/us from applying for the Investment.
- ▶ where I am/we are subscribing for the Investment as trustee of a trust, I/we have all the power, authority and discretion vested as trustee to apply for and hold the Investment.
- ▶ where I am/we are subscribing for the Investment through my/our financial adviser (other than through a financial adviser on an execution only basis), by signing this Application and arranging for my/our financial adviser to submit it on my/our behalf, I/we represent that I/we have received, and understood, any advice (including as to risks) required by me/us to make the investment decision to subscribe for the Investment in the Application Form.
- ▶ where I am/we are subscribing for the Investment directly or through a financial adviser on an **execution only basis**:
 - (i) I/we have not provided HSBC with any details of my/our financial situation or objectives or specific needs;
 - (ii) I/we have not received any advice and I/we understand that by electing not to receive advice, I/we risk making a financial commitment that may not be entirely appropriate for my/our financial situation, objectives or specific needs;
 - (iii) I/we fully understand that it is my/our responsibility to assess and ensure that the Investment is appropriate for my/our objectives, financial situation and particular needs;
 - (iv) the only action, which I/we require HSBC to take, is to consider my/our Application and if accepted, issue me/us with the Investment; and
 - (v) I/we do not require any ongoing review of the products listed above or any other ongoing service from HSBC.
- ▶ I/we have considered and determined that the Investment is an investment which is suitable to my/our investment objectives, financial situation and needs.

I/we acknowledge that:

- ▶ once submitted, I/we cannot withdraw my/our Application unless HSBC agrees otherwise.
- ▶ the acceptance of my/our Application and the allocation of the Investment will be at the discretion of HSBC, which has the right to reject my/our Application or allocate me/us a lesser number of Investment than I/we have applied for.
- ▶ the information contained in this PDS is not investment advice or a recommendation that the Investment suits my/our individual investment objectives, financial situation or other specific needs.
- ▶ neither HSBC nor any of its related bodies corporate nor its advisers have provided any tax advice or otherwise

made any representations regarding the tax consequences of my/our application to purchase the Investment and to the extent that I/we require, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser. I/we waive and agree not to make any claim against HSBC or any of its related bodies corporate or its advisers with respect to tax aspects of the Investment.

- ▶ my/our investment in the Investment is not a deposit of HSBC. The Investment can be subject to investment risk, including possible delays in repayment and loss of income and principal invested in the event of early termination or early withdrawal.
- ▶ neither HSBC Bank Australia Limited, nor any of its related bodies corporate, guarantees the performance of the Investment, or any particular rate of return. None of HSBC's related bodies corporate, will repay the principal invested. If the Investment is held until the Maturity Date I am/we are only entitled to receive Delivery Assets with an aggregate market value approximately equal to the Maturity Amount plus potentially a cash amount in respect of any fraction of a Delivery Asset (or the Sale Proceeds from selling those Delivery Assets if I/we elect for Cash Settlement or you do not provide sufficient information to HSBC to enable Physical Settlement).
- ▶ I/we have read and understood the "Use of Customer Information" provision on page 40 of the PDS and agree that information about me/us in this Application Form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we provided information about any other individual, I/we will make that individual aware of the "Use of Customer Information" provisions.
- ▶ I/we agree that for the purposes of my Application for the Investment, HSBC may provide my/our personal information to my/our financial adviser, Registries Limited (ABN 14 003 209 836) and any other persons or entities including entities in the HSBC Group who are involved in the whole, or part of, the Investment. I/we understand that once the information is provided to such persons, HSBC will not be able to control the way in which that information is used and I/we agree that HSBC is not liable for any loss, expense, damage or claim directly or in respect of any disclosure of information by HSBC.
- ▶ I/we confirm that if I/we have obtained a loan to fund my/our investment in the Investments, I/we have obtained my/our own independent tax advice regarding my/our position and potential outcomes. I/we agree and acknowledge that by allowing me/us to fund my/our investment in the Investments or by making any referrals to any third party financiers, HSBC does not make any representations whatsoever regarding my/our tax position or any potential outcomes in respect of such loan.
- ▶ I/we understand that the Investment is designed to be held to Maturity upon which I/we will take delivery of the Delivery Assets. I/We understand that if I/we elect for Cash Settlement of my/our Investment or if I/we do not supply HSBC with my/our HIN number either now in this Application Form or later in the Settlement Election Form, HSBC will not be able to transfer the Delivery Assets in my/our name(s) and HSBC will need to sell the Delivery Assets on my/our behalf and pay me/us the Sale Proceeds. I/We understand that if the Delivery Assets are sold on my/our behalf, the general taxation summary in Section 10 "Tax" may not apply to me/us and I/we will seek my/our own independent tax advice before making a decision for Cash Settlement to apply.
- ▶ I/we have consented to members of the HSBC Group contacting me/us from time to time with various product offers and special promotions via mail, email or telephone. This consent is effective until I/we withdraw it by contacting HSBC by telephoning 1300 308 008 or writing to HSBC Bank Australia Limited, Marketing Department, GPO Box 5302 Sydney NSW 2001

Where this Application Form is executed by an attorney, then by signing this Application Form, the attorney represents and warrants that it has not received any notice of revocation of the relevant Power of Attorney under which this Application Form is signed (whether by death of the grantor or otherwise). If you are signing on behalf of a company then you do so pursuant to s127(1) of the Corporations Act 2001 (Cth).

Applicant 1/Authorised Signatory 1Full name *(please print)*

Signature

Date

Applicant 2/Authorised Signatory 2Full name *(please print)*

Signature

Date

- I have completed the application form
- I have completed the Authority to Debit Account Form on the following page (if applicable)
- The applicant is an existing HSBC customer so I/we do not have to supply certified documentation

OR

As the applicant is not an existing HSBC customer I/we have attached the required identity documentation (see page 61 of the PDS) and these documents have been signed by an authorised certifier.

- Take the application(and if applicable cheque) to you financial adviser OR your closest HSBC branch OR send to:

HSBC Bank Australia Limited
HSBC 100+ Series Emerging Markets
Outperformance Investment
PO Box 3096
Parramatta NSW 2150

BANK USE ONLY

HUB

KYC

Wealth Focus Pty Ltd
 PO Box 760
 Manly
 NSW 1655
 Tel: 1300 55 98 69
 AFSL: 314 872

Authority to Debit Account

PERSON(S) GIVING AUTHORITY

Individual(s) or sole traders or individuals as trustee

Given name(s)

Surname

Work phone number

Home phone number

Address

Postcode

Company or company as trustee for SMSF/Trust

Company Name ("The Company")

ACN/ARBN/ABN (please circle)

Contact phone number

Address

Postcode

REQUEST AND AUTHORITY TO DEBIT

In accordance with the Terms and Conditions of my/our **HSBC 100+ Series International Investment** (the "Investment") and subject to the terms and conditions of the Direct Debit Request Service Agreement and any further instructions provided below I/we request and authorise HSBC Bank Australia Limited (User ID 368180) to debit my/our nominated account below through the Bulk Electronic Clearing System and pay my/our Investment Amount:

The amount of \$ Australian Dollars

Frequency

Starting on

Nominated Account holders name(s)

Bank/financial institution name

BSB number

Account number

You may cancel or alter this authority or stop a debit or payment to be made under this authority by calling customer service on 1300 308 008 or sending your written instruction to HSBC Bank Australia Limited 580 George Street Sydney NSW 2000.

This authority relates to my/our investment and is to fund my/our investment in the sum of \$ Australian Dollars.

SIGNATURE(S)

Before signing this section, please read the Service Agreement (over the page). Your signature below will acknowledge you have read, understood and accepted the terms and conditions governing the debit arrangements as set out in this request and in your Service Agreement and confirm that the details on the form have been checked and are correct. If a joint account please sign in accordance with the authority for the nominated account. If you are signing on behalf of another person or entity, please state the capacity in which you sign in the signature box below. If you are signing on behalf of a company then you do so pursuant to s127(1) of the Corporations Act 2001 (Cth.).

Applicant 1/Authorised Signatory 1

Full name (please print)

Signature

Date

Applicant 2/Authorised Signatory 2

Full name (please print)

Signature

Date

If the authority is given by Trustees of a SMSF/Trust then the individual Trustees must sign. If the authority is given by a Company or Company as Trustee then the Company Secretary and another Director must sign.

DIRECT DEBIT REQUEST SERVICE AGREEMENT

Definitions

account means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

Act means the *Privacy Act 1988 (Commonwealth)*

agreement means this Direct Debit Request Service Agreement between you and us, including the direct debit request.

business day means a day other than a Saturday or Sunday or a listed public holiday throughout Australia.

debit day means the day that you have instructed us to make a debit payment in or in accordance with the direct debit request.

debit payment means a particular transaction where a debit is made, according to your direct debit request.

direct debit request means the Direct Debit Request between us and you.

direct debit system means the Bulk Electronic Clearing System.

personal information means any information (including any sensitive information) which we collect, use, hold and disclose about you (including your account details and any amounts to be debited from your account) in accordance with the Act.

privacy and related law means the Act including the National Privacy Principles, and all other privacy law or codes of practice relevant to our collection, use and disclosure of *your personal information* and our processing of *your direct debit request*.

DISTRIBUTION: This Copy to HSBC Bank Australia Limited; duplicate to be retained by Client.

Issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595. 580 George Street Sydney NSW 2000

privacy policy means our Privacy Policy which can be obtained by contacting our Privacy Officer on 1300 308 008 or by visiting any HSBC Bank Australia Limited branch or agency.

us and *we* and *our* means HSBC Bank Australia Limited ABN 48 006 434 162.

you and *your* means the customer who signs the direct debit request

your financial institution is the financial institution where you hold the account that you have authorised us to arrange to debit under the agreement.

1 Debiting your account

1.1 By signing a direct debit request, you authorise us to arrange for funds to be debited from your account according to the agreement we have with you and you also authorise your financial institution to debit your account accordingly.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request

1.3 If the debit day falls on a day that is not a business day, we may direct your financial institution to debit your account on the following business day. If you are unsure about which day your account has been or will be debited, please check with your financial institution.

2 Changes by us

2.1 We may vary any details in this agreement or a direct debit request at any time by giving you at least 14 days written notice.

3 Changes by you

3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on 1300 308 008.

3.2 If you wish to stop or defer a debit payment you can: give us reasonable notice in writing that you wish to do so; and/or arrange it through your financial institution.

3.3 You may cancel your authority for us to debit your account at any time by: giving us reasonable notice in writing; and/or arranging it through your financial institution.

4 Your obligations

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account on the date a debit payment is to be made to allow that debit payment to be made.

4.2 If there are insufficient clear funds available in your account to meet a debit payment:

- ▶ you or your account may be charged a fee and/or interest by your financial institution;
- ▶ you or your account may be charged a fee to reimburse us for charges we have incurred for the failed transaction; and
- ▶ you must arrange for the payment to be made by another method or arrange for sufficient clear funds to be in your account within the next 3 days or another time we agree with you so that we can process the debit payment

Nothing in this agreement affects or overrides the terms of your account or investment product.

If the result of a debit payment being returned is that you do not make a payment due under your account or investment product on time then a default event will occur for the purpose of that contract and default interest may accrue on the unpaid amount.

4.3 Please check your account statement to verify that the amounts debited from your account are correct.

4.4 If we are liable to pay goods and services tax ("GST") on a supply made in connection with this agreement, then you agree to pay us on demand an amount equal to the GST included in the consideration payable for the supply

5 Dispute

5.1 If you believe that there has been an error in debiting your account you can: take it up with your financial institution direct; and/or call us on 1300 308 008 and confirm the details by writing to us, at the address below as soon as possible so that we can try to resolve your query quickly.

5.2 If our investigations show that your account has been incorrectly debited we will arrange for your financial institution to adjust your account (including interest and charges) accordingly. We will notify you in writing of the amount by which your account has been adjusted.

5.3 If our investigations show that your account has not been incorrectly debited we will respond to your query by providing you with reasons and copies of any evidence for this finding.

6 Accounts

6.1 You should check:

- ▶ with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions;
- ▶ your account details which you have provided us are correct by checking them against a recent account statement; and
- ▶ with your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request or whether direct debiting is available from your account.

6.2 Warning: if the account number you have quoted is incorrect, you may be charged a fee to reimburse our costs in correcting any deductions from:

- ▶ an account you do not have authority to operate; or
- ▶ an account you do not own.

7 Confidentiality and Privacy

7.1 When we collect, use and disclose your personal information including any in your direct debit request (such as your account details), we comply with the privacy and related law and our privacy policy.

7.2 We will disclose information about you for the purposes of this service agreement which may include providing information to your financial institution or others involved in the direct debit system (for example we may need to do so in connection with a claim that there has been an incorrect or wrongful debit).

7.3 If you fail to provide any information requested in the direct debit request then we will not be able to arrange debit payments. You can access most personal information that we and our related companies hold about you by contacting our privacy officer on 1300 308 008.

Sometimes that access will not be possible, in which case you will be told why.

8 More information and Notices

8.1 If you wish to make an enquiry or express a concern about the way we collect, use and disclose your personal information contact us on 1300 308 008 or speak to us personally at one of our branches.

8.2 If you wish to notify us in writing about anything relating to this agreement, you should contact us on 1300 308 008 to confirm our correct mailing address

Issuer

HSBC Bank Australia Limited
Level 32, 580 George Street
Sydney, NSW 2000

Legal Adviser

Blake Dawson
Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000

Registry

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000