

## BASE PROSPECTUS



### HSBC Holdings plc

*(a company incorporated with limited liability in England with registered number 617987)  
as Issuer*

#### DEBT ISSUANCE PROGRAMME

On 28 June 2000, HSBC Holdings plc ("**HSBC Holdings**" or the "**Issuer**") established a Debt Issuance Programme which is described in this document (the "**Programme**") under which notes (the "**Notes**") may be issued by the Issuer. This document (and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Notes and has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus ("**Base Prospectus**") for the issuance of Notes on a regulated market, as described below. In relation to any Notes, this Base Prospectus must be read as a whole and together also with the relevant Final Terms. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

#### AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE PAGE 1 FOR RISK FACTORS.

Application has been made to admit Notes issued under the Programme to listing on the Official List of the Financial Conduct Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**UK Listing Authority**"), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**") which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). Such admission is expected to take effect on or about 17 March 2015. Any tranche of Notes intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to listing and trading upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject in each case to the issue of the relevant Notes. This Base Prospectus shall be valid for a period of 12 months after the date hereof.

Notes issued under the Programme may be rated. The rating assigned to an issue of Notes may not be the same as the Issuer's credit rating generally. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The rating, if any, of a certain series of Notes to be issued under the Programme may be specified in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Economic Area ("**EEA**") and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

This Base Prospectus includes details of the long-term and short-term credit ratings assigned to the Issuer by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch are established in the EEA and are registered as Credit Rating Agencies under the CRA Regulation. As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Notes will be issued under the Programme in denominations of at least EUR100,000 or the equivalent in any other specified currency as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws and accordingly may only be offered or sold within the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act and outside the United States in offshore transactions to, or for the benefit of, non-U.S. persons as defined in Regulation S under the Securities Act and in compliance with any applicable state securities laws. The Notes may include Notes in bearer form that are subject to U.S. tax law requirements.

**Programme Arranger and Dealer**

**HSBC**

12 March 2015

## IMPORTANT NOTICES

*HSBC Holdings accepts responsibility for the information contained in this document and the relevant Final Terms for each Tranche of Notes issued under this Programme. To the best of the knowledge of HSBC Holdings, which has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The dealer named under "Subscription and Sale" below (the "**Dealer(s)**", which expression shall include any additional dealers appointed under the Programme from time to time) and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include any successor to The Law Debenture Trust Corporation p.l.c. as trustee under the trust deed dated 28 June 2000 between HSBC Holdings and the Trustee (such Trust Deed as last modified and restated by a modified and restated trust deed dated 12 March 2015 and as further modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Trustee as to the accuracy or completeness of this Base Prospectus or any document incorporated by reference herein or any further information supplied in connection with any Notes. The Dealers and the Trustee accept no liability in relation to this Base Prospectus or its distribution or with regard to any other information supplied by or on behalf of HSBC Holdings.*

*No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by HSBC Holdings, the Trustee or any of the Dealers.*

*This Base Prospectus should not be considered as a recommendation by HSBC Holdings, the Trustee or any of the Dealers that any recipient of this Base Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of HSBC Holdings. No part of this Base Prospectus constitutes an offer or invitation by or on behalf of HSBC Holdings, the Trustee or the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.*

*Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that there has been no change in the affairs of HSBC Holdings since the date hereof, or that the information contained in this Base Prospectus is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of HSBC Holdings or its subsidiary undertakings during the life of the Programme.*

*The distribution of this Base Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus, see "Subscription and Sale" below.*

*In this Base Prospectus and in relation to any Notes, references to the "**relevant Dealers**" are to whichever of the Dealers enters into an agreement for the issue of such Notes as described in "Subscription and Sale" below and references to the "**relevant Final Terms**" are to the Final Terms relating to such Notes.*

**THE NOTES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

*Notwithstanding any provision herein, every person (and each employee, representative or other agent of such person) may disclose to any and all other persons, without limitation of any kind, any information provided to him by or on behalf of the Issuer relating to the U.S. tax treatment and U.S. tax structure of transactions under the Programme and all materials of any kind (including opinions or other tax analyses) that are provided by or on behalf of the Issuer to that person relating to such U.S. tax treatment and U.S. tax structure.*

*In this Base Prospectus, characters in the Chinese language in the "Risk Factors" section below, are direct and accurate translations of their English equivalents. In the event of any discrepancy, the Chinese language version shall prevail.*

*All references in this Base Prospectus to "£", "**pounds**", "**Pounds Sterling**" and "**Sterling**" are to the lawful currency of the United Kingdom, all references to "\$", "**dollars**", "**U.S.\$**", "**USD**" and "**U.S. dollars**" are to the lawful currency of the United States of America and all references to "€", "**euro**" and "**EUR**", are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended and all references to "**RMB**", "**CNY**" and "**Renminbi**" are to the*

*lawful currency of the People's Republic of China (the "PRC" or "China"), excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.*

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

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## **RISK FACTORS**

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular, the risk factors described below and the risk factors set out in the registration document, incorporated by reference (the "**Registration Document**"). The Issuer considers such risk factors to be the principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and its subsidiaries, the value of the Notes and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.*

### **Risks relating to the Issuer**

The section entitled "Risk Factors" on pages 111a to 111k of the Form 20-F, as incorporated by reference herein on page 11, sets out a description of the risk factors that may affect the ability of the Issuer to fulfil its obligations to investors in relation to the Notes.

### **Risks relating to particular Notes**

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

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

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Subordinated Notes***

Subordinated Notes are unsecured and subordinated obligations of the Issuer. In the event that a particular Tranche of Notes is specified as subordinated in the relevant Final Terms and the Issuer is declared insolvent and a winding up is initiated, the Issuer will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Notes.

#### ***Resettable Notes***

In the case of any Series of Resettable Notes, the rate of interest on such Resettable Notes will be reset by reference to the then prevailing Resettable Note Reference Rate, as adjusted for any applicable margin, on the reset dates specified in the relevant Final Terms. This is more particularly described in Condition 3(b) (*Interest on Resettable Notes*). The reset of the rate of interest in accordance with such provisions may

affect the secondary market for and the market value of such Resettable Notes. Following any such reset of the rate of interest applicable to the Notes, the First Reset Rate of Interest or any Subsequent Reset Rate of Interest on the relevant Resettable Notes may be lower than the Initial Rate of Interest, the First Reset Rate of Interest and/or any previous Subsequent Reset Rate of Interest.

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

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

***In certain circumstances a portion of payments made on or with respect to Notes may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld***

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (commonly referred to as "FATCA"). Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme* (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository or common safekeeper for the ICSDs (as bearer or registered holder (as applicable) of the Notes) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the United Kingdom (the "IGA"). Under the IGA, as currently drafted, the Issuer does not expect non-U.S. source payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

***Risks relating to Notes generally***

***There is no active trading market for the Notes***

Any Series of Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for Notes issued under the Programme to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted, that an active trading market will develop or that any listing or admission to trading will be maintained. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### ***Notes with multiple Denominations***

Where the Notes of a Series issued under the Programme are specified as having a denomination consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of the minimum specified denomination that are not integral multiples of the minimum specified denomination. In such a case, should definitive Notes be required to be issued, Noteholders who, as result of trading such amounts, hold a principal amount that is less than the minimum specified denomination may not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that their holding amounts to, or is in excess of, the minimum specified denomination.

### ***The Notes may be redeemed prior to maturity***

In the event that (a) the Issuer would be obliged to increase the amounts payable in respect of any Tranche of Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, or (b) (unless the relevant Final Terms specify otherwise) the interest payments (or funding costs of the Issuer as recognised in its accounts) under or with respect to the Notes are no longer fully deductible for UK corporation tax purposes, the Issuer may redeem all outstanding Notes of such Tranche in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

If Condition 6(i) (*Redemption upon Capital Disqualification Event*) is specified as being applicable in the relevant Final Terms, Notes may also be redeemed at the option of the Issuer if there are changes in the applicable regulatory capital requirements.

*Because the Global Notes and the Global Registered Notes (each as defined below) may be held by or on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and, in the case of Global Registered Notes only, the Depository Trust Company ("DTC") investors will have to rely on their procedures for transfer, payment and communication with the Issuer.*

Notes issued under the Programme may be represented by one or more temporary global notes (each, a **"Temporary Global Note"**), permanent global notes (each, a **"Permanent Global Note"** and, together with a Temporary Global Note, the **"Global Notes"**), interests in an unrestricted global registered note certificate exchangeable for interests in a Restricted Note (as defined below) (an **"Unrestricted Global Registered Note"**), interests in a restricted global registered note certificate exchangeable for interests in an Unrestricted Global Registered Note (a **"Restricted Global Registered Note"**), interests in an unrestricted global registered note which is not so exchangeable (a **"Regulation S Global Registered Note"**) or interests in a restricted global note which is not so exchangeable (a **"Rule 144A Global Registered Note"** and, together with the Unrestricted Global Registered Note, the Regulation S Global Registered Note and the Restricted Global Registered Note, the **"Global Registered Notes"**). Such Global Notes and Global Registered Notes may (i) in the case of Global Notes in NGN form, be delivered to a common safe-keeper (the **"Common Safe-keeper"**), or (ii) in the case of Global Notes which are in CGN form, be deposited with a common depository for Euroclear and Clearstream, Luxembourg and, (iii) in the case of Unrestricted Global Registered Notes or Regulation S Global Registered Notes not held under the New Safekeeping Structure, be deposited with and registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, (iv) in the case of Unrestricted Global Registered Notes or Regulation S Global Registered Notes held under the New Safekeeping Structure, be deposited with and registered in the name of a Common Safe-keeper (or its nominee) for Euroclear and Clearstream, Luxembourg and (v) in the case of Restricted Global Registered Notes and Rule 144A Registered Notes, be deposited with a custodian for and registered in the name of a nominee of DTC. Except in the circumstances described in the relevant Global Note or Global Registered Notes, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the interests in the Global Notes or, as the case may be, Global Registered Notes.

While the Notes are represented by one or more Global Notes, or as the case may be, Global Registered Notes, investors will be able to trade their interests only through Euroclear, Clearstream, Luxembourg or DTC, as the case may be.

While Notes are represented by one or more Global Notes or, as the case may be, Global Registered Notes, the Issuer will discharge its payment obligations under such Notes by making payments to (i) in the case of Global Notes in NGN form, the common service provider (the "**Common Service Provider**") acting as agent for Euroclear and Clearstream, Luxembourg in respect of Global Notes, as appropriate, or (ii) in the case of Global Notes in CGN form, the common depositary for Euroclear and Clearstream, Luxembourg, as appropriate, or (iii) in the case of Global Notes Certificates, the Custodian for DTC, for distribution to their account holders. A holder of an interest in a Global Note or Global Registered Notes must rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Notes or Global Registered Notes.

Holders of interests in the Global Notes or Global Registered Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies.

***Credit ratings may not reflect all risks; effect of reductions in credit ratings.***

One or more independent credit rating agencies may assign credit ratings to the Issuer and to any Series of Notes. Such credit ratings may not reflect the potential impact of all risks related to structure, market, risk factors discussed herein or other factors that may affect the value of the Notes. Accordingly, an investor may suffer losses if the credit rating assigned to any Notes does not reflect the true credit risks relating to such Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the relevant rating agency at any time.

As of the date of this Base Prospectus the Issuer's long-term rating outlooks by Fitch Ratings Limited and Standard & Poor's ("**S&P**") are stable and Moody's Investor Service Limited's ("**Moody's**") rating outlook is negative. Among other things, Moody's rating outlook reflects the potential removal of government support (in whole or in part) as a factor in the Issuer's rating due to the European resolution framework, including the BRRD (as defined below) and the bail-in power under the Banking Act (as defined below).

The rating agencies that currently, or may in the future, publish a rating for the Issuer or the Notes may change the methodologies that they use for analysing notes with features similar to the Notes.

The value of any Notes may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by credit ratings. Real or expected downgrades, suspensions or withdrawals of, or changes in the methodology used to determine, credit ratings accorded to any securities of the Issuer, including the Notes, or to the Issuer's debt securities generally, by any credit rating agency, could result in a reduction of the trading value of the Notes.

**Modification, waiver and substitution**

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes, subject to a guarantee of the Issuer.

**Change of law**

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



## Applicable Bank Resolution Powers

HSBC Holdings, as the parent company of a UK bank, is subject to the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulatory Authority or the United Kingdom Financial Conduct Authority (each a "**relevant UKRA**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. The Banking Act implements the provisions of Directive 2014/59/EU (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Notes issued by the Issuer under the Programme), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

The powers granted to the relevant UKRA include (but are not limited to) a "write-down and conversion of capital instruments" power and a "bail-in" power.

The write-down and conversion of capital instruments power may be used where the relevant UKRA has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments is required (however the use of the write-down power does not preclude a subsequent use of the bail-in power) or where the conditions to resolution are met. Any write-down effected using this power must reflect the insolvency priority of the written-down claims – thus common equity must be written off in full before subordinated debt is affected. Where the write-down and conversion of capital instruments power is used, the write-down is permanent and investors receive no compensation (save that common equity tier 1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard.

The bail-in power gives the relevant UKRA the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Notes) into another security, including ordinary shares of the surviving entity, if any. The Banking Act requires the relevant UKRA to apply the "bail-in" power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the relevant UKRA must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) eligible senior claims. As a result, subordinated Notes which qualify as capital instruments may be fully or partially written down or converted even where other subordinated debt that does not qualify as capital is not affected. This could effectively subordinate such Notes to the Issuer's other subordinated indebtedness that is not additional tier 1 or tier 2 capital.

Although the exercise of bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Issuer or not directly related to the Issuer) which the relevant UKRA would consider in deciding whether to exercise such power with respect to the Issuer and its securities (including the Notes). Moreover, as the relevant UKRA may have considerable discretion in relation to how and when it may exercise such power, holders of the Issuer's securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and its securities.

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers of the relevant UKRA under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an

entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the relevant UKRA power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinuing the listing and admission to trading of debt instruments.

The exercise by the relevant UKRA of any of the above powers under the Banking Act (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Notes losing some or all of their investment. Moreover, trading behaviour in relation to the securities of the Issuer (including the Notes), including market prices and volatility, may be affected by the use or any suggestion of the use of these powers and accordingly, in such circumstances, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the relevant UKRA or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Notes, the market value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

### **Risks relating to Renminbi-denominated Notes**

***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi-denominated Notes***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

The People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") on 13 October 2011 as part of PBoC's detailed Renminbi foreign direct investment ("**FDI**") accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC issued a circular setting out the operation guidelines for FDI. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBoC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investments in PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi-denominated Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi-denominated Notes***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Bank only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi-denominated Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service Renminbi-denominated Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in Renminbi-denominated Notes is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to Renminbi-denominated Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another currency, the value in that currency of the investment made by a holder of Renminbi-denominated Notes will decline.

***Investment in Renminbi-denominated Notes is subject to currency risk***

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on Renminbi-denominated Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in Renminbi-denominated Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets

outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

Renminbi-denominated Notes will generally carry a fixed interest rate ("**Fixed Rate Notes**") or have a resettable interest rate ("**Resettable Notes**"). Consequently, the trading price of Renminbi-denominated Notes which are Fixed Rate Notes or Resettable Notes will vary with the fluctuations in the Renminbi interest rates. If holders of such Renminbi-denominated Notes propose to sell their Renminbi-denominated Notes before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to Renminbi-denominated Notes may be made only in the manner designated in Renminbi-denominated Notes***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All payments to investors in respect of Renminbi-denominated Notes will be made solely (i) for so long as Renminbi-denominated Notes are represented by global notes or global registered notes held with the common depositary or common safekeeper, as the case may be, for Clearstream Banking *société anonyme* and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as Renminbi-denominated Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

***Gains on the transfer of Renminbi-denominated Notes may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules as amended from time to time, any gain realised on the transfer of Renminbi-denominated Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholder from the transfer of the Notes. However, uncertainty remains as to whether the gain realised from the transfer of Renminbi-denominated Notes by a non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to the EIT or the IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for the avoidance of double taxation, holders of Notes who are residents of Hong Kong including enterprise holders and individual holders, will not be subject to the EIT or IIT on any capital gains derived from a sale or exchange of Renminbi-denominated Notes.

Therefore, if non-PRC resident enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi-denominated Notes (such EIT is currently levied at the rate of 10 per cent of gains realised and such IIT is currently levied at the rate of 20 per cent of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Renminbi-denominated Notes reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities)), the value of their investment in Renminbi-denominated Notes may be materially and adversely affected.

### ***Remittance of proceeds into or out of the PRC in Renminbi***

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under Renminbi-denominated Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

### ***PRC Currency Controls - Current Account Items***

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 24 August 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (关于扩大跨境贸易人民币结算试点有关问题的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (关于扩大跨境贸易人民币结算地区的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (关于出口货物贸易人民币结算企业管理有关问题的通知) (together as "**Circulars**"). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, provided that the relevant provincial government has submitted to PBoC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**").

On 5 July, 2013, the PBoC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBoC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

As new regulations, the Circulars and the 2013 PBoC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBoC Circular and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

### ***PRC Currency Controls - Capital Account Items***

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("**SAFE**") promulgated the "Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors" (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime. Furthermore, according to the 2013 PBoC Circular, upon enforcement of foreign security in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. However, SAFE has not amended its positions under the current applicable rules, nor has it issued any regulations to confirm the positions in the 2013 PBoC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBoC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

The SAFE Provisions, the MOFCOM Circular and the PBoC FDI Measures, which are new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- the Registration Document of HSBC Holdings dated 12 March 2015 submitted to and filed with the UK Listing Authority;
- the 2013 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2013 submitted to and filed with the UK Listing Authority;
- the 2014 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2014 submitted to and filed with the UK Listing Authority;
- the Form 20-F of the Issuer for the year ended 31 December 2014 dated 26 February 2015 filed with the U.S. Securities and Exchange Commission (as set out at: [http://www.sec.gov/Archives/edgar/data/1089113/000119312515065289/d879000d20f.htm#tx879000\\_95](http://www.sec.gov/Archives/edgar/data/1089113/000119312515065289/d879000d20f.htm#tx879000_95)) (the "**Form 20-F**");
- the terms and conditions set out on pages 33 to 64 of the Base Prospectus dated 7 March 2014 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2014 Conditions**");
- the terms and conditions set out on pages 29 to 61 of the Base Prospectus dated 11 April 2013 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2013 Conditions**");
- the terms and conditions set out on pages 47 to 72 of the Base Prospectus dated 7 March 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2011 Conditions**");
- the terms and conditions set out on pages 45 to 73 of the Base Prospectus dated 8 March 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2010 Conditions**");
- the terms and conditions set out on pages 45 to 73 of the Base Prospectus dated 17 March 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2009 Conditions**");
- the terms and conditions set out on pages 43 to 71 of the Base Prospectus dated 10 March 2008 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2008 Conditions**"); and
- the terms and conditions set out on pages 43 to 69 of the Base Prospectus dated 7 December 2006 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2006 Conditions**").

The Issuer will, at its registered office and at the specified offices of the Paying Agents, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Base Prospectus and any document incorporated by reference in this Base Prospectus. Written or oral requests for inspection of such documents should be directed to the specified office of any Paying Agent. Additionally, this Base Prospectus and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes'). For the avoidance of doubt, any websites referred to in this Base Prospectus or any information appearing on such websites and pages do not form part of this Base Prospectus.

Any information incorporated by reference in the above documents does not form part of this Base Prospectus and to the extent that only certain parts of the above documents are specified to be incorporated by reference hereunder, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Base Prospectus.

## FORMS OF NOTES; SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Notes may, subject to all applicable legal and/or regulatory requirements, be issued in Tranches or Series comprising either Notes in bearer form ("**Bearer Notes**") or Notes in registered form ("**Registered Notes**"), as specified in the relevant Final Terms. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

All Bearer Notes will be issued in either (i) new global note ("**NGN**") form (as set out in Part I(A) and Part I(B) of Schedule 1 of the Trust Deed) or (ii) classic global note ("**CGN**") form, as agreed by the Issuer and the relevant Dealer(s).

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Registered Notes may be issued under the new safekeeping structure the ("**New Safekeeping Structure**" or "**NSS**") or, if not intended to be issued under the New Safekeeping Structure, will be issued under the classic safekeeping structure.

Following the introduction of the NGN form in June 2006, the Eurosystem required the ICSDs to review the custody arrangements for international debt securities in global registered form. Further to this review, the NSS has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue. Each time that Bearer Notes are issued in NGN form or Registered Notes are issued under the NSS, the ICSDs shall be notified as to whether or not such Notes are to be held in a manner which will permit them to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations of the Eurosystem.

### **Registered Notes**

In the case of Registered Notes, the relevant Final Terms may specify that the Notes will be issued in global form ("**Global Registered Notes**") held in specified clearing systems, as described below, or in definitive form ("**Definitive Registered Notes**").

### **Global Registered Notes**

If Notes are to be issued in the form of Global Registered Notes, the Issuer will deliver:

- (a) a Regulation S Global Registered Note;
- (b) a Rule 144A Global Registered Note; or
- (c) an Unrestricted Global Registered Note and a Restricted Global Registered Note (as each such term is defined below), subject to the Agency Agreement (as defined herein) and in accordance with their respective terms and as specified in the relevant Final Terms.

### **Regulation S Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold solely outside the United States (as defined in Regulation S) in reliance on Regulation S, such Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Regulation S Global Registered Note**") and will either be: (a) in the case of a Regulation S Global Registered Note which is not to be held under the New Safekeeping Structure, registered in the name of the common depositary for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee for such common depositary and the Regulation S Global Registered Note will be deposited on or about the closing date for the relevant Tranche (the "**Closing Date**") with the common depositary; or (b) in the case of a Regulation S Global Registered Note which is to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the Regulation S Global Registered Note will be deposited on or about the Closing Date with the common safekeeper for



Euroclear and/or Clearstream, Luxembourg. Interests in any Regulation S Global Registered Note will be exchangeable (in circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes ("**Regulation S Definitive Registered Notes**") in the relevant form scheduled to the Trust Deed.

#### **Rule 144A Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold solely in the United States (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Rule 144A Global Registered Note**"), which, unless otherwise provided in the relevant Final Terms, will be deposited on or about the Closing Date for the relevant Tranche with a custodian for DTC and registered in the name of Cede & Co. as nominee for DTC. Interests in any Rule 144A Global Registered Note will be exchangeable (in the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes ("**U.S. Definitive Registered Notes**") in the relevant form scheduled to the Trust Deed. Rule 144A Global Registered Notes (and any U.S. Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

#### **Unrestricted and Restricted Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold both pursuant to Regulation S and in reliance on Rule 144A such Tranche of Registered Notes will be represented by two Global Registered Notes, each without interest coupons, (in the case of Registered Notes forming part of such Tranche which are sold pursuant to Regulation S, an "**Unrestricted Global Registered Note**" and, in the case of Registered Notes forming part of such Tranche which are sold in reliance on Rule 144A, a "**Restricted Global Registered Note**").

The Unrestricted Global Registered Note will either be: (a) in the case of an Unrestricted Global Registered Note which is not to be held under the New Safekeeping Structure, deposited on or about the issue date for the relevant Tranche with, and registered in the name of a nominee for the common depositary for Euroclear and Clearstream, Luxembourg or (b) in the case of an Unrestricted Global Registered Note which is to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the Unrestricted Global Registered Note will be deposited on or about the Closing Date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Note may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Note will unless otherwise provided in the relevant Final Terms, be deposited on or about the issue date for the relevant Tranche with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. In the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*", interests in any Unrestricted Global Registered Note will be exchangeable for Regulation S Definitive Registered Notes and interests in any Restricted Global Registered Note will be exchangeable for U.S. Definitive Registered Notes and Regulation S Definitive Registered Notes, in each case in the relevant form scheduled to the Trust Deed. Restricted Global Registered Notes (and any U.S. Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Notes as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

Each Unrestricted Global Registered Note and each Restricted Global Registered Note will have an ISIN number and/or a CUSIP number.

#### **Exchange of Interests in Unrestricted and Restricted Global Registered Notes; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg**

On or prior to the fortieth day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Note only upon receipt by the Registrar (as defined in the Agency Agreement) of a written certification from the transferor (in the applicable form provided in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably

believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Note, as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

Beneficial interests in a Restricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Note, whether before, on or after such fortieth day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available) or to the Issuer or its affiliates.

Any beneficial interest in either the Restricted Global Registered Note or the Unrestricted Global Registered Note relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Note relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Note and become a beneficial interest in the other Global Registered Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Note for as long as it remains such an interest.

#### **Owner of Global Registered Notes and Payments**

Subject to certain provisions of the Trust Deed relating to directions, sanctions and consents of Holders of Registered Notes and to meetings of Holders of Notes, so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository or common safekeeper as the case may be is the registered owner or holder of a Global Registered Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, interest and additional amounts (pursuant to Condition 7 (*Taxation*)), if any, on Global Registered Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Trustee, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Each such payment in respect of a Global Registered Note will be made to the person shown as the registered owner or holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

#### **Exchange and Transfer of Global Registered Notes for Definitive Registered Notes**

Beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable (free of charge) for U.S. Definitive Registered Notes: (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Restricted Global Registered Note or ceases to be a "*clearing agency*" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within ninety days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if the Notes become immediately payable in accordance with Condition 10 (*Enforcement*); or (iv) the holder of the relevant Rule 144A Global Registered Note or Restricted Global Registered Note requests that such interest be exchanged for U.S. Definitive Registered Notes, to the extent that this is stated to be applicable in the relevant Final Terms; or (v) at the option of the Issuer, if the Issuer, any Paying Agent or the Registrar, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if such Notes were in definitive form. Where a Global Registered Note is exchangeable for Definitive Registered Notes, then such Notes shall be tradeable only in principal amounts of at least the

Specified Denomination (or if there is more than one Specified Denomination, the lowest Specified Denomination).

Beneficial interests in a Regulation S Global Registered Note or an Unrestricted Global Registered Note will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Notes: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) if the Notes become immediately payable in accordance with Condition 10 (*Enforcement*); or (iii) if so specified in the relevant Final Terms, if the holder of the relevant Regulation S Global Registered Note or Unrestricted Global Registered Note requests that such interest be exchanged for Regulation S Definitive Registered Notes; or (iv) at the option of the Issuer, if the Issuer, any Paying Agent or the Registrar, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if such Notes were in definitive form.

In such circumstances, (a) the Registrar will be required to notify all Holders of interests in the relevant Global Registered Notes registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository or common safekeeper, as the case may be, of the availability of Definitive Registered Notes and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Notes and/or U.S. Definitive Registered Notes, as the case may be, to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Note must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver the relevant Definitive Registered Note; and
- (ii) in the case of a Rule 144A Global Registered Note or a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. U.S. Definitive Registered Notes issued in exchange for a beneficial interest in a Rule 144A Global Registered Note or a Restricted Global Registered Note will bear the legends applicable to transfers pursuant to Rule 144A (as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*").

If an Unrestricted Global Registered Note relating to a Series or (if issued in Tranches) Tranche of Notes, of which the Restricted Global Registered Note forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Notes, beneficial interests in the Restricted Global Registered Note may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Note. Such Regulation S Definitive Registered Notes shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Registrar by the Custodian that the appropriate debit entry has been made in the account of the relevant participant of DTC and (ii) receipt by the Registrar of a certificate, in the form scheduled to the Agency Agreement, given by the transferee of the beneficial interest in the Restricted Global Registered Note and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Notes, and pursuant to and in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Registrar will (against presentation by DTC or its custodian of the Restricted Global Registered Note at the specified office of the Registrar or the Transfer Agent, all in accordance with the provisions of the Agency Agreement and, in particular, the regulations concerning the transfer, exchange and registration of Notes set out in Schedule 4 thereto) decrease the aggregate principal amount of Notes registered in the name of the holder of, and represented by, the Restricted Global Registered Note and shall, without charge, procure, in exchange therefor, the delivery, within five Relevant Banking Days of the receipt by the Registrar of the Restricted Global Registered Note of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Notes, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Notes substantially in the form (subject to completion) scheduled to the Agency Agreement.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 1 (*Form, Denomination and Title*) of the Terms and Conditions of the Notes.

The holder of a Definitive Registered Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of U.S. Definitive Registered Notes issued in exchange for beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note bearing the legend referred to under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*", or upon specific request for removal of the legend on a U.S. Definitive Registered Note, the Issuer will only deliver U.S. Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note for Definitive Registered Notes for a period of fifteen calendar days preceding the due date for any payment in respect of the Notes.

With respect to the registration of transfer of any U.S. Definitive Registered Notes, the Registrar will register the transfer of any such U.S. Definitive Registered Notes if the transferor, in the form of transfer on such U.S. Definitive Registered Notes, has certified to the effect that such transfer is (i) to persons whom the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Notes may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Note; and U.S. Definitive Registered Notes may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Note; in each case, upon receipt by the Registrar of a duly completed certificate in the form of Schedule 4 to the Agency Agreement and in accordance with the requirements of the Agency Agreement.

For further information, see "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

## **Bearer Notes**

Bearer Notes will be issued either in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any successor rules for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986) or in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**", which definition shall include any successor rules for the purposes of Section 4701 of the U.S. Internal Revenue Code). Bearer Notes issued in accordance with TEFRA D will be represented upon issue by a temporary global note in bearer form without interest coupons (a "**Temporary Global Note**"). Bearer Notes issued in accordance with TEFRA C will be represented upon issue by a permanent global note in bearer form without interest coupons (a "**Permanent Global Note**") or by a Temporary Global Note. Each Temporary Global Note and Permanent Global Note will be delivered on or prior to the issue date for the relevant Tranche to a common depositary (in the case of Notes in CGN form) or Common Safe-keeper (in the case of Notes in NGN form) acting as an agent for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Temporary Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Bearer Notes in definitive form ("**Definitive Bearer Notes**"), in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms. Interests in a Temporary Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive Bearer Notes or for interests in a Permanent Global Note, on or after the date which is forty days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms. Where a Global Note is exchangeable for Definitive Bearer Notes, then such Notes shall be tradeable only in principal amounts of at least the

Specified Denomination (or if there is more than one Specified Denomination, the lowest Specified Denomination). If so specified in the relevant Final Terms, the Issuer will waive its right to elect to exchange Permanent Global Note for Definitive Bearer Note in the circumstances described in paragraph (d) of the Permanent Global Note (namely, where the Issuer at its sole discretion considers that it would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction, which would not be suffered were the Notes in definitive form.)

For purposes of complying with TEFRA D, Bearer Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

Interests in any Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes, against presentation and (in the case of final exchange) surrender of such Permanent Global Note at the specified office from time to time of the Principal Paying Agent (i) if either of Euroclear or Clearstream, Luxembourg or any other clearing system by which the Notes have been accepted for clearing is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention to cease business permanently, (ii) the Notes of the relevant Series become immediately repayable in accordance with Condition 10 (*Enforcement*); (iii) if the Issuer so elects, where the Issuer or any Paying Agent, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if such Notes were in definitive form, or (iv) if the Issuer so elects, where the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction, which would not be suffered were the Notes in definitive form.

Definitive Bearer Notes will, if interest-bearing and if so specified in the relevant Final Terms, have interest coupons ("**Coupons**") and, if applicable, a talon for further Coupons. All Definitive Bearer Notes will, if the principal thereof is repayable by instalments, have endorsed thereon a grid for recording the payment of principal.

#### **Payments in respect of Bearer Notes**

All payments, if any, in respect of Bearer Notes when represented by a Temporary Global Note or Permanent Global Note in CGN form or in NGN form, will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents. On each occasion on which a payment is so made, the Issuer shall procure that, in respect of a CGN, record of such payment is noted on a schedule to the relevant Global Note and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

In the case of Bearer Notes represented by Global Notes, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes.

The records of the relevant clearing systems which reflect the amount of Noteholders' interests in the Notes shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes.

If any date on which a payment of interest or principal is due on the Notes of a Series issued in accordance with TEFRA D occurs while any of the Notes of that Series are represented by a Temporary Global Note, the relevant interest or principal payment will be made on such Temporary Global Note only

to the extent that certification has been received by Euroclear and/or Clearstream, Luxembourg as to the beneficial ownership thereof, as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note.

## **Notices**

(i) So long as any Bearer Notes are represented by a Temporary Global Note or a Permanent Global Note, notices to holders of Bearer Notes may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), depositary or Common Safe-keeper (as may be agreed between the Issuer and the Dealer)) for communication by them to entitled accountholders in substitution for publication as required by the Conditions, and (ii) so long as any Regulation S Global Registered Note or Unrestricted Global Registered Note is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, notices to holders of Notes represented by a beneficial interest in such Global Registered Note may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg or, as the case may be, such Alternative Clearing System, and (iii) so long as any Rule 144A Global Registered Note or Restricted Global Registered Note is held on behalf of DTC or an Alternative Clearing System, notices to holders of Notes represented by a beneficial interest in such Global Registered Note may be given by delivery of the relevant notice to DTC or, as the case may be, such Alternative Clearing System; except that in the case of (i), (ii) and (iii) above, so long as any Notes are listed on any stock exchange, notices will also be published as required by the rules and regulations of such stock exchange.

## **Meetings**

The provisions for meetings of Holders of Notes scheduled to the Trust Deed provide that, where all the Notes of the relevant Series are held by one person, the quorum in respect of the relevant meeting will be one person present (being, in the case of an individual, present in person or, being, in the case of a corporation, present by a representative) holding all the outstanding Notes of the relevant Series or holding voting certificates or being a proxy in respect of such Notes.

## **Purchase and Cancellation**

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Temporary Global Note, Permanent Global Note or, as the case may be, Global Registered Note and, in the case of a Global Registered Note, will be recorded in the Register by the Registrar.

## **Issuer's Option to Redeem in Part**

No drawing of Bearer Notes or redemption *pro rata* of Registered Notes will be required under Condition 6(c) (*Redemption at the Option of the Issuer*) in the event that the Issuer exercises any option to redeem such Notes in part while all such Notes which are outstanding are represented by a Temporary Global Note, Permanent Global Note or, as the case may be, Global Registered Note. In such event, the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or, as the case may be, the Alternative Clearing System shall operate to determine which interests in such Global Notes are to be subject to such option. In relation to Bearer Notes, such partial redemption is to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion.

## **Early Redemption at the option of the Holder — Provisions relating to Registered Notes held in Clearing Systems**

Condition 6(d) (*Redemption at the Option of the Noteholders*) allows for early redemption of Notes at the option of the Holder of such Notes if so specified in the relevant Final Terms. Such option is exercisable by the Holder of the relevant Notes by depositing such Notes, together with a notice of exercise of such option (an "**Option Notice**"), duly completed and signed in accordance with Condition 6(d) (*Redemption at the Option of the Noteholders*), at the specified office of any Paying Agent (in the case of Bearer Notes, outside the United States). In respect of any Registered Notes of the relevant Series of which a nominee for HSBC Bank plc, as common depositary for Euroclear and Clearstream, Luxembourg or the common safekeeper for Euroclear and Clearstream, Luxembourg or Cede & Co. as nominee for DTC, as the case may be, is the registered Holder, such Option Notice will be deemed to have been duly completed and signed by the Holder of the relevant Notes if it has been completed and signed by or on behalf of a person

in respect of whom notification has been given by Euroclear or Clearstream, Luxembourg or DTC, as the case may be, to the Registrar that such person is a person who is shown in the records of Euroclear or Clearstream, Luxembourg or DTC, as the case may be, as having relevant Registered Notes of a specified principal amount standing to the credit of its account with Euroclear or Clearstream, Luxembourg or DTC, as the case may be, or delivered from its account with Euroclear and Clearstream, Luxembourg or DTC, as the case may be, for the purpose of exercising such option.

## **CLEARING AND SETTLEMENT**

Custodial, depositary and safe-keeping links have been established with Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issuance of Notes and cross-market transfers of Notes between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant system.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

### **DTC**

DTC is a limited-purpose trust company organised under the laws of the State of New York and a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic book-entry changes in accounts of DTC participants. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organisations. Indirect access to DTC is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the Notes holding through DTC will receive, to the extent received by the Principal Paying Agent, all distributions of principal and interest with respect to book-entry interests in the Notes from the Principal Paying Agent through DTC. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the Issuer and DTC participants. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Registered Note to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Registered Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of (i) Euroclear and Clearstream, Luxembourg and (ii) DTC to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.



Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a nominee for the common depositary for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or Holders of Notes represented by Definitive Registered Notes. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear and Clearstream, Luxembourg, as the case may be, and the Principal Paying Agent will also be responsible for ensuring that payments received by the Principal Paying Agent from the Issuer for Holders of interests in the Notes holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of the book entry interests in the Notes; however, Holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Interests in an Unrestricted Global Registered Note and a Restricted Global Registered Note will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Global Registered Notes will be credited to Euroclear participants' securities clearance accounts on the business day following the relevant issue date against payment (value such issue date), and to Clearstream, Luxembourg participants' securities custody accounts on the relevant issue date against payment in same day funds. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement ("**SDFS**") system. DTC participant securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the relevant issue date.

#### **Secondary Market Trading in relation to Global Registered Notes**

***Trading between Euroclear and/or Clearstream, Luxembourg participants:*** Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

***Trading between DTC participants:*** Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's SDFS system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

***Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser:*** When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Registered Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in an Unrestricted Global Registered Note (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

***Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser:*** When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the

Restricted Global Registered Note (subject to the certification procedures provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Principal Paying Agent, the Registrar, any Paying Agent, any Transfer Agent, any Dealer or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg and DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

## FORM OF FINAL TERMS

### FINAL TERMS

Final Terms dated [ ]

Series No: [ ]

Tranche No: [ ]

**HSBC Holdings plc**

**Debt Issuance Programme**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes]**

### PART A - CONTRACTUAL TERMS

[This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 12 March 2015 in relation to the above Programme (incorporating the Registration Document dated 12 March 2015) [and the supplements thereto dated [ ]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Pursuant to Article 14 of the Prospectus Directive, the Base Prospectus [and the supplements thereto] [is] [are] available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') [and at [ ] during normal business hours] and copies may be obtained from [ ].]

[Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2008/2009/2010/2011/2012/2013/2014] Conditions (the "**Conditions**") which are defined in, and incorporated by reference into, the Base Prospectus dated 12 March 2015 in relation to the above Programme (incorporating the Registration Document dated 12 March 2015) [and the supplements thereto dated [ ]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Pursuant to Article 14 of the Prospectus Directive, the Base Prospectus [and any supplements thereto] [is] [are] available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') [and at [ ] during normal business hours] and copies may be obtained from [ ].]

1. (i) Issuer: HSBC Holdings plc
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ] [The Notes issued under these Final Terms are to be consolidated and form a single series with [ ] (the "**Original Issue**") issued on [ ] [(ISIN): [ ]].]
- (iii) Date on which the Notes become fungible: [ ] [Not Applicable]

3. Specified Currency: [ ]
4. Aggregate Principal Amount of Notes admitted to trading:
- [(i)] Series: [ ]
- [(ii)] Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [ ]]
6. (i) Specified Denomination(s) (Condition 1(e)): [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ]].
- (ii) Calculation Amount [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ] [Issue Date][Not Applicable]
- (iii) RMB Issue Trade Date: [ ] [Not Applicable]
8. Maturity Date: (Condition 6(a)) [ ] [Fixed] [Resettable Note] [Interest Payment Date falling in or nearest to [ ]]
9. Interest basis: (Conditions 3 to 5) [ ] [per cent. Fixed Rate Notes]  
[ ] [per cent. Resettable Notes]  
  
[[ ] +/- [ ] per cent. Floating Rate Notes]  
  
[Zero Coupon Notes]
10. Redemption basis: (Condition 6) [Redemption at par]  
[Instalment]
11. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below][Not Applicable]
12. (i) Status of the Notes: (Condition 2) [Not Subordinated Notes/Subordinated Notes]
- (ii) Subordinated Notes:
- Condition 6(i) (Redemption upon Capital Disqualification Event): [Applicable][Not Applicable]
  - Capital Disqualification Event Early Redemption Price [[ ] per cent.][Not Applicable]
- (iii) CPDI Notes: [Applicable][Not Applicable]
- Projected Payment schedule:
- |                   |                  |
|-------------------|------------------|
| Projected Payment | Comparable yield |
|                   |                  |

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Notes and Resettable Notes: [Applicable][Not Applicable]  
(Condition 3)
- (a) Fixed Rate Note provisions: [Applicable][Not Applicable] [The Notes are Fixed Rate Notes]  
(Condition 3(a))
- (i) Rate of Interest: [ ] per cent. per annum [payable [annually/ semi-annually/ quarterly /monthly] in arrear]
- (ii) Fixed Coupon Amounts: [[In relation to [the [first] [ ] Interest Payment Date / the Interest Payment Date falling [in / on] [ ], [ ] per Calculation Amount.]  
  
[In relation to all other Interest Payment Dates] [ ] per Calculation Amount.]  
  
[Not Applicable.]
- (iii) [Fixed Interest Payment Dates(s)] / [Specified Period]: [[ ] in each year commencing on [ ] and ending on [ ], [in each case subject to adjustment in accordance with the Business Day Convention] / [ ] [months]]
- (iv) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Floating Rate Convention] [Eurodollar Convention] [No Adjustment]
- (v) Day Count Fraction: [Actual/Actual(ICMA)][Actual/Actual (ISDA)][Actual/365(Fixed)] [Actual/365(Sterling)][Actual/360] [30/360][30E/360][30E/360(ISDA)]
- (vi) Determination Date(s): [[ ] in each year][Not Applicable]
- (b) Resettable Note provisions: [Applicable/Not Applicable] [The Notes are Resettable Notes]  
(Condition 3(b))
- (i) Initial Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
- (ii) Resettable Coupon Amounts: [In relation to the first Resettable Note Interest Payment Date, [ ] per Calculation Amount.]  
  
[In relation to all [subsequent] Resettable Note Interest Payment Dates up to (and including) the Resettable Note Interest Payment Date falling [in/on] [ ], [ ] per Calculation Amount.]

		[Not Applicable.]
(iii)	First Margin:	[+/-][ ] per cent. per annum
(iv)	Subsequent Margin:	[+/-][ ] per cent. per annum [Not Applicable]
(v)	[Resettable Note Interest Payment Date(s)] / [Specified Period]:	[[ ] in each year commencing on [ ] and ending on [ ], [in each case subject to adjustment in accordance with the Business Day Convention] / [ ] [months]]
(vi)	First Resettable Note Reset Date:	[ ]
(vii)	Second Resettable Note Reset Date:	[[ ]/Not Applicable]
(viii)	Subsequent Resettable Note Reset Dates:	[ ]
(ix)	Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual (ISDA)][Actual/365(Fixed)] [Actual/365(Sterling)][Actual/360] [30/360][30E/360][30E/360(ISDA)]
(x)	Determination Date(s):	[[ ] in each year][Not Applicable]
(xi)	Business Day Centre(s):	[ ]
(xii)	Business Day Convention:	[Following Business Day Convention] [Modified Following Business Day Convention] [Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Floating Rate Convention] [Eurodollar Convention] [No Adjustment]
(xiii)	Resettable Note Reference Rate:	[Mid-Swap Rate] [Resettable Note Interbank Rate]
(xiv)	Relevant Screen Page:	[ ]
(xv)	Mid-Swap Rate:	[Single Mid-Swap Rate][Mean Mid-Swap Rate] [Not Applicable]
(xvi)	Mid-Swap Maturity:	[ ] [Not Applicable]
(xvii)	Benchmark:	[LIBOR][EURIBOR][CNH HIBOR] [Not Applicable]
(xviii)	Relevant Period:	[ ] [Not Applicable]
14.	Floating Rate Note provisions (Condition 4)	[Applicable/Not Applicable] [The Notes are Floating Rate Notes]
(i)	[Interest Payment Dates] / [Specified Period]:	[[ ] in each year commencing on [ ] and ending on [ ], [in each case subject to adjustment in accordance with the Business Day Convention] / [ ] [months]]
(ii)	Benchmark:	[LIBOR][EURIBOR][CNH HIBOR]

(iii)	Relevant Period:	[ ]
(iv)	Relevant Screen Page:	[ ]
(v)	Interest Determination Date(s):	[ ]
(vi)	Linear Interpolation:	[Not Applicable/ Applicable - the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [ ] shall be calculated using Linear Interpolation]
(vii)	Margin:	[+/-] [ ] per cent. per annum
(viii)	Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual (ISDA)][Actual/365(Fixed)] [Actual/365(Sterling)][Actual/360] [30/360][30E/360][30E/360(ISDA)]
(ix)	Determination Date(s):	[[ ] in each year][Not Applicable]
(x)	Business Day Centre: (Condition 4(b))	[ ]
(xi)	Business Day Convention:	[Following Business Day Convention] [Modified Following Business Day Convention] [Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Floating Rate Convention] [Eurodollar Convention] [No Adjustment]
(xii)	Maximum Rate of Interest:	[Not Applicable /[ ] per cent. per annum]
(xiii)	Minimum Rate of Interest:	[Not Applicable / [[ ]/[0]] per cent. per annum]
15.	Zero Coupon Note provisions: (Condition 5)	[Applicable/Not Applicable]
(i)	Accrual Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual (ISDA)][Actual/365(Fixed)] [Actual/365(Sterling)][Actual/360] [30/360][30E/360][30E/360(ISDA)]

#### PROVISIONS RELATING TO REDEMPTION

16.	Issuer's optional redemption (Call): (Condition 6(c))	[Yes/No]
(i)	Redemption amount (Call):	[ ] per [Calculation Amount]
(ii)	Series redeemable in part:	[ ]
(iii)	Call option date(s):	[ ]
(iv)	Call option period:	[ ]
17.	Noteholder's optional redemption (Put): (Condition 6(d))	[Yes/No]

- (i) Redemption amount (Put): [ ] per [Calculation Amount]
- (ii) Put option date(s): [ ]
- (iii) Put option period: [ ]
18. Redemption for taxation reasons, Condition 6(b)(iii): [Applicable][Not Applicable]
19. Final redemption amount: (Condition 6(a)) [ ] per [Calculation Amount]
20. Instalment Notes: [Applicable][Not Applicable]  
(Condition 6(h))

- Instalment Amounts and dates for payment of Instalments:

Instalment Amounts:	Dates for payment of Instalments:
[ ]	[ ]

21. Early redemption amount:
- (i) Early redemption amount upon redemption for taxation reasons: (Condition 6(b)): [ ] [Not Applicable]
- (ii) Early redemption amount upon enforcement: (Condition 10) [ ] [Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: (Condition 1(a))
- (a) Form of Notes: [Bearer/Registered]
- [Regulation S Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- [Rule 144A Global Registered Note registered in the name of a nominee for DTC]
- [Unrestricted Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] and Restricted Global Registered Note registered in the name of a nominee for DTC]]
- (b) Bearer Notes exchangeable for Registered Notes: [Yes/No]



23. (A) If issued in bearer form: [Applicable] [Not Applicable]
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary] [Permanent] Global Note
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Bearer Notes and/or Registered Notes: [Applicable] [Not Applicable]  
[Permanent Global Note] [Definitive Global Notes] [Registered Notes]  
(Condition 1(a))
- (iii) Permanent Global Note exchangeable for Definitive Bearer Notes and/or Registered Notes: [Yes/No] [The Issuer waives its right to elect to exchange the Permanent Global Note for Definitive Bearer Notes in the circumstances described in paragraph (d) of the Permanent Global Note]
- (iv) Coupons to be attached to Definitive Bearer Notes: [Yes/No/Not Applicable]
- (v) Talons for future Coupons to be attached to Definitive Bearer Notes: [Yes/No/Not Applicable]
- (vi) Definitive Bearer Notes to be security printed: [Yes/No]
- (vii) Definitive Bearer Notes to be in ICMA or successor's format: [Yes/No]
- (B) If issued in registered form: [Applicable] [Not Applicable]
- (i) Rule 144A Global Registered Note exchangeable for U.S. Definitive Registered Notes: [Yes/No/Not Applicable]
- (ii) Restricted Global Registered Note exchangeable for U.S. Definitive Registered Notes: [Yes/No/Not Applicable]
24. Exchange Date for exchange of Temporary Global Note: [ ]
25. Payments  
(Condition 8)
- (i) Method of payment: [ ]
- (ii) Relevant Financial Centre Day: [ ]
26. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not Applicable]
- (ii) Exchange: [Applicable/Not Applicable]
27. U.S. Selling restrictions: [TEFRA D][TEFRA C][TEFRA not applicable]  
[Regulation S Compliance Category]

2/Rule 144A eligible]

**CONFIRMED**

**HSBC HOLDINGS PLC**

By: .....  
*Authorised Signatory*

Date: .....

## **PART B - OTHER INFORMATION**

### **1. LISTING**

- (i) Listing: Application has been made for the Notes to be admitted to listing on the Official List of the UK Listing Authority with effect from [ ].
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc with effect from [ ].

### **2. RATINGS**

Ratings: [The long term [senior][subordinated] debt of HSBC Holdings plc has been rated:]

[S&P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[The Notes have not specifically been rated.]

[The Notes have been rated:]

[S&P: [•]]

[Moody's: [•]]

[Fitch: [•]]

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[[Save for the fees and commission payable to the [Managers/Dealers] in relation to the Notes, so][So] far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue.]

### **4. [YIELD]**

- (i) Indication of yield: [ ]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price [for the period from the Issue Date until the First Resettable Note Reset Date]. It is not an indication of future yield.

### **5. ESTIMATE OF THE TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING**

It is estimated that the total expenses to be incurred in relation to the admission to trading of the Notes will be:[ ].

## **OPERATIONAL INFORMATION**

6. ISIN Code: [ ]

- [(i) [Regulation S / Unrestricted] Global [ ]]  
Registered Note:
- [(ii) Restricted Global Registered Note: [ ]]
7. Common Code: [ ]
- [(i) [Regulation S / Unrestricted] Global [ ]]  
Registered Note:
- [(ii) Restricted Global Registered Note: [ ]]
8. CUSIP Number: [ ][Not Applicable]
- [(i) Unrestricted Global Registered Note: [ ]]
- [(ii) [Rule 144A / Restricted] Global [ ]]  
Registered Note:
9. New Global Note or Classic Global Note: [New Global Note/ Classic Global Note][Not Applicable]
10. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None][DTC][ ]
11. Settlement procedures: [Eurobond/Medium Term Note][ ]
12. Name and Address of Initial Paying Agent(s) [HSBC Bank plc][8 Canada Square, London E14 5HQ] [ ]
13. Additional Paying Agent(s) (if any): [ ]
14. Agent Bank: [HSBC Bank plc][ ]
15. Calculation Agent: [HSBC Bank plc][ ][Not Applicable]
16. City in which specified office of Registrar to be maintained:  
(Condition 12) [New York][ ][Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following (disregarding any sentences in italics) is the text of the terms and conditions applicable to the Notes, which, as completed in accordance with the provisions of the relevant Final Terms, will be incorporated by reference into each Global Note (subject to the section entitled "Forms of Notes; Summary of Provisions Relating to the Notes while in Global Form" above) and which will be endorsed on the Notes in definitive form (if any) issued in exchange for Global Notes representing each Tranche, details of the relevant Tranche being as set out in the relevant Final Terms.*

This Note is one of a Series of Notes (the "**Notes**") issued pursuant to the debt issuance programme (the "**Programme**") established by HSBC Holdings plc (the "**Issuer**") and is constituted by and issued subject to and with the benefit of a Trust Deed dated 23 June 2000 (such Trust Deed as last modified and restated on 12 March 2015 and as further modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 28 June 2000 (such Agency Agreement as last modified and restated on 7 March 2014 and as further modified and/or supplemented and/or restated from time to time, the "**Agency Agreement**") each made between, amongst others, the Issuer, the Principal Paying Agent (the "**Principal Paying Agent**" which expression shall wherever the context so admits include its successors as such, and, together with any successor or additional paying agent appointed in respect of the Notes, the "**Paying Agents**", which expression shall wherever the context so admits include any successor and/or additional paying agents), the Registrar (the "**Registrar**" which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Notes), the Transfer Agent (the "**Transfer Agents**", which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Notes), the Agent Bank (the "**Agent Bank**" which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Notes) each named therein and the Trustee. Under the terms of the Agency Agreement, a calculation agent may be appointed by the Issuer from time to time in respect of any Series of Notes (the "**Calculation Agent**", which expression shall wherever the context so admits include any successor). The initial Principal Paying Agent, the initial Registrar and the initial Agent Bank are as named herein. The Trustee shall exercise the duties, power, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee and at the specified office of each of the Principal Paying Agent, the other Paying Agents (if any), the Registrar and the Transfer Agents appointed from time to time pursuant to the terms of the Agency Agreement. The Holders (as defined in Condition 1(f)) for the time being of Notes (the "**Noteholders**") and of any coupons ("**Coupons**") or talons ("**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

References in these terms and conditions (the "**Conditions**") to "**Notes**" shall, where the context so requires include the temporary global Notes, the permanent global Notes, subordinated Notes ("**Subordinated Notes**"), Notes which are not subordinated and such other Notes as may from time to time be issued under the Programme, as the case may be, and the term "**Notes**" includes debt instruments, by whatever name called, issued under the Programme. References to "**HSBC Holdings**" or the "**Issuer**" means the Issuer in its capacity as issuer of Notes under the Programme. All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes. Each Tranche will be the subject of a Final Terms (the "**Final Terms**"), a copy of which will be attached to or incorporated by reference in each Note of such Tranche. Subject as set out in the relevant Final Terms, all Notes issued pursuant to the Programme on the same date, denominated in the same currency, having the same maturity date, bearing interest, if any, on the same basis and issued on identical terms will constitute one Tranche of Notes.

Words and expressions defined or used in the Final Terms relating to a Tranche of Notes shall have the same meanings where used in these Conditions unless the context otherwise requires.

Any defined terms not defined in Condition 19 (*Definitions*) have the meaning given to them elsewhere in the Conditions or the Final Terms (as applicable).

1. **Form, Denomination and Title**

(a) ***Form***

Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as set out in the relevant Final Terms.

(b) ***Form of Bearer Notes***

Bearer Notes will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as from time to time may be agreed. Interest-bearing Bearer Notes will, if so specified in the relevant Final Terms, have attached at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Bearer Notes will also, if so specified in the relevant Final Terms, have attached at the time of their initial delivery a Talon exchangeable for further Coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

(c) ***Form of Registered Notes***

Registered Notes will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as may from time to time be agreed.

(d) ***Instalment Notes***

Notes the principal amount of which is repayable by instalments ("**Instalment Notes**") which are Definitive Bearer Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

(e) ***Denomination***

Subject to Condition 9, Bearer Notes will be in the Specified Denomination(s) set out in the relevant Final Terms. Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

(f) ***Title***

Title to Bearer Notes, Coupons and Talons will pass by delivery. Title to Registered Notes passes by registration in the register (the "**Register**") which is kept by the Registrar. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons and references herein to the "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law and subject to the provisions of the fourth paragraph of Condition 14(a) while the Notes of any Series are represented by a Note or Notes in global form, the Issuer, the Principal Paying Agent, any other Paying Agents, the Transfer Agents, the Agent Bank and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon and the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not such Note shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(g) ***Transfer of Registered Notes***

Subject as provided in the final sentence of this Condition 1(g), a Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only upon the surrender of the Registered Note to be transferred, together with the form of transfer (including, without limitation, any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed on it duly completed and executed, at the specified office of the Registrar or any of the Transfer Agents together with such evidence as the

Registrar, or as the case may be, the relevant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor. No Holder may require the transfer of a Registered Note to be registered during the period of fifteen calendar days ending on the due date for any payment (whether of principal, redemption amount, interest or otherwise) in respect of such Note.

(h) ***Delivery***

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days (as defined in Condition 13) of the Transfer Date (as defined in Condition 13), be available for delivery at the specified office of the Registrar or, as the case may be, the relevant Transfer Agent or (at the request and risk of the Holder of such Registered Note) be mailed by uninsured post to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar or any of the Transfer Agents after the Record Date (as defined in Condition 8(b)) in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or such Transfer Agent until the day following the due date for such payment.

(i) ***No charge***

The issue of new Registered Notes on transfer will be effected without charge to the Holder or the transferee by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar or, as the case may be, the relevant Transfer Agent may require in respect of) any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfers or exchanges.

(j) ***Regulations concerning transfer and registration of Registered Notes***

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(k) ***Rule 144A Legend***

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), set forth in the form of Registered Note scheduled to the Trust Deed, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act. The Issuer has covenanted and agreed in the Trust Deed that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing the Rule 144A Legend unless it notifies the Registrar in writing of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

2. **Status and Subordination**

(a) ***Claims in Respect of Notes***

The Notes of each Series (other than Subordinated Notes) constitute direct, unsecured obligations of the Issuer, ranking *pari passu* without any preference among themselves and, at their Issue

Date, ranking *pari passu* with all other unsecured and unsubordinated obligations of the Issuer other than any such obligations preferred by law.

The Notes of each Series of Subordinated Notes constitute direct, unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves. The rights of Holders of Subordinated Notes will, in the event of the winding up of the Issuer in England, (i) be subordinated in right of payment to the claims of Senior Creditors (as defined in the Trust Deed) in the manner provided in the Trust Deed and (ii) rank senior to the Issuer's ordinary shares, preference shares and any junior subordinated obligations or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Subordinated Notes in the manner provided in the Trust Deed.

Claims in respect of any Notes or Coupons may not be set off, or be the subject of a counterclaim, by the Holder against or in respect of any obligations of his to the Issuer, the Trustee or any other person and every Holder waives, and shall be treated for all purposes as if he had waived, any right that he might otherwise have to set off, or to raise by way of counterclaim any claim of his in respect of any Notes or Coupons, against or in respect of any obligations of his to the Issuer, the Trustee or any other person. If, notwithstanding the preceding sentence, any Holder receives or recovers any sum or the benefit of any sum in respect of any Note or Coupon by virtue of any such set off or counterclaim, he shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

3. **Interest on Fixed Rate Notes and Resetable Notes**

(a) ***Interest on Fixed Rate Notes***

Notes which are specified in the relevant Final Terms as being Fixed Rate Notes (each a "**Fixed Rate Note**") will bear interest on the principal amount of each Note as at the Issue Date (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with paragraph (h) below) at the applicable fixed rate or rates per annum specified in the relevant Final Terms as the rates of interest (each a "**Rate of Interest**") from the Interest Commencement Date specified in the relevant Final Terms. Interest will be payable in arrear on the Fixed Interest Payment Date(s). The first payment of interest will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

(b) ***Interest on Resetable Notes***

Notes which are specified in the relevant Final Terms as being Resetable Notes (each a "**Resetable Note**") will bear interest on the principal amount of each Note as at the Issue Date (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with paragraph (c) below):

- (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Resetable Note Reset Date at the Initial Rate of Interest;
- (ii) from (and including) the First Resetable Note Reset Date until (but excluding) the Second Resetable Note Reset Date or, if no such Second Resetable Note Reset Date is specified in the relevant Final Terms, the Maturity Date, at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

Interest will be payable in arrear on the Resetable Note Interest Payment Date(s). The first payment of interest will be made on the first Resetable Note Interest Payment Date following the Interest Commencement Date.



(c) ***Fallback Provisions for Resettable Notes***

(i) *Mid-Swap Rate*

If the Resettable Note Reference Rate is specified in the applicable Final Terms as Mid-Swap Rate, then, if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 3(c)(i), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the rate of interest as at the last preceding Resettable Note Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 3(c)(i), "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(ii) *Resettable Note Interbank Rate*

If the Resettable Note Reference Rate is specified in the applicable Final Terms as Resettable Note Interbank Rate, then if the Relevant Screen Page does not contain an appropriate page in respect of the Specified Currency, or if:

(A) Benchmarks other than CNH HIBOR

the Benchmark specified in the relevant Final Terms is a Benchmark other than CNH HIBOR, fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity); or

(B) CNH HIBOR

the Benchmark specified in the relevant Final Terms is CNH HIBOR, fewer than three of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity),

or if the rates which appear as at such time do not apply to a period of a duration equal to the Relevant Period, the Resettable Note Interbank Rate in relation to such Reset Determination Date shall be determined by the Calculation Agent in accordance with the following provisions and the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the rates or arithmetic mean of the rates so determined (as applicable) and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

The Calculation Agent will:

- (1) where the Specified Currency is euro:
  - (A) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Reset Determination Date to prime banks in the Euro-zone interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time; and
  - (B) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the Reset Determination Date for loans in euro to leading Euro zone banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time; or
- (2) where the Specified Currency is Renminbi, request the principal Hong Kong office of each of four major banks dealing in Renminbi in the Hong Kong inter-bank market to provide a quotation of the rate at which deposits in Renminbi are offered by it at approximately 11.15 a.m. (Hong Kong time) on the Reset Determination Date to prime banks in the Hong Kong interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time, and either (i) if two or more such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; or (ii) if the Calculation Agent determines that fewer than two such quotations are provided as requested, the Calculation Agent will determine the rate or the arithmetic mean (rounded, if necessary, as aforesaid) of the rates at approximately 11.15 a.m. (Hong Kong time) on the Reset Determination Date for loans in Renminbi to leading Hong Kong banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time, which any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Hong Kong inter-bank market; or
- (3) in any other case, request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the Specified Currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of the relevant Reset Period to prime banks in the London interbank market for a period equal to the Relevant Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

**provided that**, in each case, if the rate cannot be determined in accordance with the foregoing provisions, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the rate of interest as at the last preceding Resetable Note Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

(d) ***Notification of Rate of Interest for Resetable Notes***

The Agent Bank will cause the First Reset Rate of Interest or (if applicable) the relevant Subsequent Reset Rate of Interest for each interest period to be notified to the Issuer, the Principal Paying Agent, the London Stock Exchange plc, and, for as long as such Notes are represented by Global Notes, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depository as may be set out in the relevant Final Terms as soon as possible after the determination thereof but in any event no later than the fourth business day thereafter. In respect of Resetable Notes which are Definitive Notes, the Agent Bank will give notice to the Noteholders of the First Reset Rate of Interest and (if applicable) the relevant Subsequent Reset Rate of Interest in accordance with the provisions of Condition 14.

(e) ***Fixed Coupon Amounts and Resetable Coupon Amounts***

If the Fixed Rate Notes are in definitive form and a Fixed Coupon Amount is specified in the relevant Final Terms, the amount of interest payable in respect of each Fixed Rate Note for any Interest Period shall be the relevant Fixed Coupon Amount multiplied by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount multiplied by a fraction equal to that relevant Specified Denomination divided by the Calculation Amount.

If the Resetable Notes are in definitive form and a Resetable Coupon Amount is specified in the relevant Final Terms in relation to a Resetable Note Interest Payment Date, the amount of interest payable in respect of each Resetable Note on such a Resetable Note Interest Payment Date shall be the relevant Resetable Coupon Amount multiplied by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Resetable Coupon Amount multiplied by a fraction equal to that relevant Specified Denomination divided by the Calculation Amount.

(f) ***Calculation of Interest Amount for Fixed Notes or Resetable Notes***

Except in the case of Fixed Rate Notes and Resetable Notes in definitive form where an applicable Fixed Coupon Amount or (as the case may be) Resetable Coupon Amount in relation to an Interest Period is specified in the relevant Final Terms, the amount of interest payable in respect of a Fixed Rate Note or (as the case may be) Resetable Note in relation to any period shall be calculated by applying the Rate of Interest (in the case of a Fixed Rate Note) or the Initial Rate of Interest, First Reset Rate of Interest or (if applicable) relevant Subsequent Reset Rate of Interest (in the case of a Resetable Note) to:

- (i) in the case of Fixed Rate Notes or, as the case may be, Resetable Notes which are represented by a Global Note, the principal amount of the Notes represented by such Global Note during such Interest Period; or
- (ii) in the case of Fixed Rate Notes or, as the case may be, Resetable Notes in definitive form, the Calculation Amount (as defined in Condition 4(c)(v)) during such Interest Period, as so specified in the applicable Final Terms,

in each case, multiplying the product by the relevant Day Count Fraction (as defined in Condition 4(c)(v)) and rounding the resulting figure to the nearest applicable sub-unit of the currency in which the Note is denominated or, as the case may be, in which such interest is payable (one half of any sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Note or, as the case may be, Resetable Note in

definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts determined in the manner provided above for each Calculation Amount comprising the Specified Denomination without any further rounding.

(g) ***Determination or Calculation by the Trustee in relation to Resettable Notes***

If the Calculation Agent does not at any time for any reason determine the First Reset Rate of Interest or Subsequent Reset Rate of Interest, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition 3, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) ***Certificates, etc. to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 3 whether by the Calculation Agent, Agent Bank or the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, (where appropriate) the Registrar and the Holders of Notes and of the Coupons appertaining thereto. No Holder of Notes or of the Coupons appertaining thereto shall be entitled to proceed against the Calculation Agent, Agent Bank, the Trustee, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

(i) ***Cessation of Interest Accrual***

Interest will cease to accrue on each Fixed Rate Note or Resettable Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount, as defined in Condition 6) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation thereof, payment in full of the principal amount due in respect of such Fixed Rate Note or (as the case may be) Resettable Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Fixed Rate Note or (as the case may be) Resettable Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or the Trustee or, in the case of a Registered Note, the date on which payment in full is made.

4. **Interest on Floating Rate Notes**

(a) ***Accrual of Interest***

Notes which are specified in the relevant Final Terms as being Floating Rate Notes (each a "**Floating Rate Note**") bear interest on the principal amount of each Note as at its Issue Date (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with the following paragraph) from the Interest Commencement Date specified in the relevant Final Terms.

Interest will cease to accrue on each Floating Rate Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation thereof, payment in full of the principal amount due in respect of such Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been

received by the Principal Paying Agent or the Trustee or, in the case of a Registered Note, the date on which payment in full is made.

(b) ***Interest Payment Dates and Interest Periods***

Interest on each Floating Rate Note will be payable in arrear on the Interest Payment Date(s). The first payment of interest will be made on the first Interest Payment Date following the Interest Commencement Date.

The period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Payment Date and each period thereafter from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date is referred to herein as an "**Interest Period**".

(c) ***Rate of Interest***

The rate at which Floating Rate Notes will bear interest (the "**Rate of Interest**") shall be determined by the Agent Bank on the basis of the following provisions:

- (i) the Rate of Interest in respect of an Interest Period and a Specified Currency shall, subject as provided below, be:

(A) ***Benchmarks other than CNH HIBOR***

if the Benchmark specified in the relevant Final Terms is a Benchmark other than CNH HIBOR, the Relevant Rate of the Benchmark (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) on the Interest Determination Date; or

(B) ***CNH HIBOR***

if the Benchmark specified in the relevant Final Terms is CNH HIBOR, the Relevant Rate of the Benchmark or the arithmetic mean of the Relevant Rates rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which, appear on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or, if at or around that time the Agent Bank is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on the Interest Determination Date,

and in each case plus or minus (as appropriate) the percentage rate per annum (if any) over or under the Relevant Rate or, as the case may be, arithmetic mean of the Relevant Rates of the Benchmark by which the Rate of Interest is to be determined as set out in the relevant Final Terms (the "**Margin**"), all as determined by the Agent Bank;

- (ii) if the Relevant Screen Page does not contain an appropriate page in respect of the Specified Currency, or if,

(A) ***Benchmarks other than CNH HIBOR***

the Benchmark specified in the relevant Final Terms is a Benchmark other than CNH HIBOR, fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity); or

(B) ***CNH HIBOR***

the Benchmark specified in the relevant Final Terms is CNH HIBOR, fewer than three of the Relevant Rates appear at such time (other than where such

Relevant Rate is a composite quotation or rate or is customarily supplied by one entity),

or if the rates which appear as at such time do not apply to a period of a duration equal to the Relevant Period, the Rate of Interest for such Interest Period, shall be the Fallback Rate as set out in paragraph (iii) below plus or minus, as applicable, the applicable Margin;

(iii) to determine the "**Fallback Rate**" in the circumstances set out in (ii) above, the Agent Bank will:

(A) where the Specified Currency is euro:

(1) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time; and

(2) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading Euro-zone banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time; or

(B) where the Specified Currency is Renminbi, request the principal Hong Kong office of each of four major banks dealing in Renminbi in the Hong Kong inter-bank market to provide a quotation of the rate at which deposits in Renminbi are offered by it at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date to prime banks in the Hong Kong interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time, and either (i) if two or more such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; or (ii) if the Agent Bank determines that fewer than two such quotations are provided as requested, the Agent Bank will determine the rate or the arithmetic mean (rounded, if necessary, as aforesaid) of the rates at approximately 11.15 a.m. (Hong Kong time) on the first day of the relevant Interest Period for loans in Renminbi to leading Hong Kong banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time, which any one or more banks (which bank or banks is or are in the opinion of the Agent Bank suitable for such purpose) informs the Agent Bank it is quoting to leading banks in the Hong Kong inter-bank market, **provided that**, if the rate cannot be determined in accordance with the foregoing provisions of this paragraph, the rate shall be determined as at the last preceding Interest Determination Date; or

(C) in any other case, request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the Specified Currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Agent Bank, at approximately 11.00

a.m. (London time) on the Interest Determination Date in respect of the relevant Interest Period to prime banks in the London interbank market for a period equal to the Relevant Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

- (iv) The relevant Final Terms may specify a maximum rate of interest (a "**Maximum Rate of Interest**") and/or a minimum rate of interest (a "**Minimum Rate of Interest**"). If a Maximum Rate of Interest and/or a Minimum Rate of Interest is so specified in the relevant Final Terms, then the Rate of Interest in respect of an Interest Period shall in no event be greater than the Maximum Rate of Interest or be less than the Minimum Rate of Interest.

(d) ***Determination of Rate of Interest and Calculation of Interest Amount***

The Agent Bank will, as soon as practicable after, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) or, in the case of CNH HIBOR, 11.15 a.m. (Hong Kong time) as may be set out in the relevant Final Terms on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable in respect of each denomination of the relevant Floating Rate Notes (the "**Interest Amount**") for the relevant Interest Period.

The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the principal amount of the Notes represented by such Global Note during such Interest Period; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount during such Interest Period, as so specified in the applicable Final Terms,

and in each case multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts determined in the manner provided above for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent Bank by straight-line linear interpolation by reference to two rates based on the Relevant Screen Page, one of which shall be determined as if the Relevant Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Relevant Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent Bank shall determine such rate at such time and by reference to such sources as it determines appropriate.

(f) ***Notification of Rate of Interest and Interest Amount***

The Agent Bank will cause the Rate of Interest, the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent, the London Stock Exchange plc and, for as long as such Notes are represented by Global Notes, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depositary as may be set out in the relevant Final Terms as soon as possible after the determination thereof but in any event no later than the fourth business day thereafter. In respect of Floating Rate Notes which are Definitive Notes, the Agent Bank will give notice to the Noteholders of the Rate of

Interest, the Interest Amount and the relevant Interest Payment Date in accordance with the provisions of Condition 14. The Interest Amount and the Interest Payment Date so notified in respect of any Notes may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the London Stock Exchange plc.

(g) ***Determination or Calculation by the Trustee***

If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) ***Certificates, etc. to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 4 whether by the Agent Bank or the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, (where appropriate) the Registrar and the Holders of Notes and of the Coupons appertaining thereto. No Holder of Notes or of the Coupons appertaining thereto shall be entitled to proceed against the Agent Bank, the Trustee, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

5. **Zero Coupon Notes**

If any amount in respect of any Note which is non-interest bearing (a "**Zero Coupon Note**") is improperly withheld or refused, they shall be redeemed at a redemption amount equal to the sum of:

- (i) the Reference Price as specified in the applicable Final Terms; and
- (ii) the product of the Accrual Yield as specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding):
  - (A) in the case of a Bearer Note, (i) the date on which such Note has been presented and payment in full of the principal amount due in respect of such Note is made or (ii) (if earlier) the date upon which notice is duly given to the Holder of such Note that sufficient funds for payment of the principal amount due in respect of it have been received by the Principal Paying Agent or the Trustee (except to the extent that there is subsequent default in payment); or
  - (B) in the case of a Registered Note, the date on which payment is made in full.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 5 or, if none is so specified, a Day Count Fraction of 30E/360.

6. **Redemption and Purchase**

(a) ***Final Redemption***

Unless previously redeemed or purchased and cancelled as specified below, Notes will be redeemed at their principal amount or such other redemption amount as may be set out in the relevant Final Terms on the Maturity Date specified in the relevant Final Terms.



(b) ***Redemption for Taxation Reasons***

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that:

- (i) on a subsequent date for the payment of interest on any Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (ii) if the Issuer were to seek to redeem the Notes (for which purpose no regard shall be had as to whether or not the Issuer would otherwise be entitled to redeem such Notes), the Issuer would (notwithstanding its having made such endeavours as the Trustee shall consider reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (iii) unless the relevant Final Terms specify that this Condition 6(b)(iii) does not apply, on a subsequent date for the payment of interest on any Series of Notes, interest payments (or funding costs of the Issuer as recognised in its accounts) under or with respect to the Notes are no longer fully deductible for UK corporation tax purposes,

then, subject to the final two paragraphs of this Condition 6(b), the Issuer may, having given not less than 30 nor more than forty five days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of the Notes, at their principal amount or such other redemption amount as may be set out in the relevant Final Terms together with interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than ninety days (or in the case of Floating Rate Notes a number of days which is equal to the aggregate of the number of days in the then current Interest Period plus sixty days **provided that** such aggregate number of days shall not be greater than ninety days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or (if applicable) is unable to make such deduction, were a payment in respect of the Notes then due.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph (d) below, if the due date for redemption under this paragraph (b) would occur prior to that under paragraph (d) but not otherwise and, in such circumstances, the exercise of the option under paragraph (d) shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient, to establish the circumstances required to be established pursuant to this Condition 6(b), if the Issuer shall deliver to the Trustee a certificate of an independent legal adviser or accountant satisfactory to the Trustee to the effect either that such circumstances do exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation or administration thereof, of the United Kingdom, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

(c) ***Redemption at the Option of the Issuer***

Where this Condition 6(c) is stated to be applicable in the relevant Final Terms, Notes shall be redeemable at the option of the Issuer. In such case, the Issuer may at any time (in the case of Fixed Rate Notes, Resettable Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes), on giving (in accordance with Condition 14) not less than thirty nor more than sixty days' notice to the Noteholders (or such other period specified in the relevant Final Terms) (such notice being irrevocable) specifying the date fixed for such redemption, on the date so fixed, redeem all of such Notes (or, if so specified in the relevant Final Terms and subject as therein specified, some only of the Notes) at their principal amount or such other redemption amount as set out in the relevant Final Terms together with interest accrued thereon to the date fixed for redemption.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a temporary global Note or permanent global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent and the Trustee may approve and deem appropriate and fair; and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the relevant Notes may have been admitted to listing, trading and/or quotation.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 13 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the Option of the Noteholders***

Where this Condition 6(d) is stated to be applicable in the relevant Final Terms, Notes shall be redeemable at the option of the Noteholders. In such case, upon any Noteholder giving to the Issuer notice of redemption (such notice being irrevocable) the Issuer will redeem in whole (but not in part) the Note(s) specified in such notice at their principal amount or such other redemption amount as may be set out in the relevant Final Terms together with interest accrued thereon to the date fixed for redemption.

In order to give such notice, the Holder must, not less than forty five days before the date for redemption as set out in the relevant Final Terms (or such other period as may be set out in the Final Terms), deposit the relevant Note (together, in the case of an interest-bearing definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar or any Transfer Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar or any Transfer Agent. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6(b), (c) or (i).

(e) ***Purchases***

The Issuer or any holding or subsidiary company of it or any subsidiary of any such holding company may at any time purchase Notes at any price in the open market or otherwise and may resell the same.

(f) ***Cancellation***

All Notes redeemed pursuant to paragraph (a), (b), (c), (d) or (i) of this Condition 6 shall, and all Notes purchased pursuant to paragraph (e) of this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Bearer Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) by the Paying Agent through which they are redeemed or by the Principal Paying Agent to which they are surrendered. All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(g) ***Zero Coupon Notes***

Where Zero Coupon Notes are redeemed by the Issuer prior to the Maturity Date set out in the relevant Final Terms, they shall be redeemed at a redemption amount equal to the sum of:

- (i) the Reference Price as set out in the relevant Final Terms; and
- (ii) the product of the Accrual Yield as set out in the relevant Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 6(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Instalment Notes***

Instalment Notes will be redeemed by payment of the Instalment Amounts specified in the relevant Final Terms and each Instalment Amount shall be due and payable on the corresponding Instalment Date specified in the relevant Final Terms. In the case of early redemption, Instalment Notes will be redeemed at their outstanding principal amount.

(i) ***Redemption upon Capital Disqualification Event***

If this Condition 6(i) is specified as being applicable in the relevant Final Terms, then, following the occurrence of a Capital Disqualification Event, the Issuer may, within ninety days of the occurrence of the relevant Capital Disqualification Event and on giving not less than thirty nor more than sixty days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Trustee (with a copy to the Principal Paying Agent) and to the Noteholders in accordance with Condition 14, at its option, redeem all, but not some only, of the Subordinated Notes (such option to redeem being referred to herein as a "**Capital Disqualification Event Early Redemption Option**") at the Capital Disqualification Event Early Redemption Price specified in the relevant Final Terms, together with interest accrued and unpaid, if any, to the date fixed for redemption.

The Issuer may exercise the Capital Disqualification Event Early Redemption Option in respect of any Subordinated Note notwithstanding the prior exercise by the Holder thereof of its option to require the redemption of such Subordinated Note under Condition 6(d) above if the due date for redemption under this Condition 6(i) would occur prior to that under Condition 6(d) but not otherwise and, in such circumstances, the exercise of the option under Condition 6(d) shall be rendered ineffective.

Prior to giving the above notice to the Trustee pursuant to this Condition 6(i), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that a Capital Disqualification Event has occurred and is continuing, the Trustee shall accept such certificate without further inquiry as sufficient evidence of the same and it shall be conclusive and binding on the Noteholders.

7. ***Taxation***

All payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom (or any authority or political subdivision therein or thereof having power to tax) unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which

would have been received in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to a Paying Agent or the relevant tax authorities (as applicable) or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent (whether within or outside the European Union); or
- (c) more than thirty days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of thirty days; or
- (d) in the case of Registered Notes, unless the Holder, immediately upon becoming the Holder, (i) is eligible for the benefits of a tax treaty with the United Kingdom that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) is otherwise entitled to a complete exemption from withholding taxes on payments under the Notes; or
- (e) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Note or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment; or
- (f) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used herein the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Noteholders in accordance with Condition 14.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the principal amount payable on the relevant Notes on the Maturity Date specified in the relevant Final Terms;
- (iii) the principal amount payable on redemption of the relevant Notes prior to such Maturity Date; and

- (iv) any premium and any other amounts which may be payable under or in respect of the relevant Notes.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986 Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

8. **Payments**

(a) ***Bearer Notes***

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph).

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States (as defined in the U.S. Internal Revenue Code of 1986 and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and (unless the Notes are in global form) a Local Banking Day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3 or 4, as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any Definitive Bearer Note other than a Fixed Rate Note, all unmatured Coupons and Talons (if any) relating to such Definitive Bearer Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Bearer Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of ten years from the Relevant Date (as defined in Condition 7) for the

payment of such principal, whether or not such Coupon has become void pursuant to Condition 11 or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Bearer Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Bearer Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Bearer Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Bearer Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Bearer Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Definitive Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) ***Registered Notes***

Payment of the amount due on final redemption (the "**Final Redemption Amount**") in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Final Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar.

Payment of amounts (whether principal, interest or otherwise) due (other than the Final Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register kept by the Registrar at the close of business (local time in the place of the specified office of the Registrar) on the fifteenth day prior to the due date for such payment (the "**Record Date**").

If the due date for payments of amounts in respect of any Registered Note is not both a Relevant Financial Centre Day and (if such Note is not in global form and in relation to payments of redemption amount only) a Local Banking Day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3 or 4, as appropriate.

Payment will be made in the currency in which such amount is due either by cheque posted to the Noteholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has

acknowledged such application for payment to be made to a designated account denominated in the relevant currency, in each case as specified in paragraph (c) below.

(c) ***Renminbi-denominated Notes - Payment of U.S. Dollar Equivalent***

This Condition 8(c) only applies to Notes in relation to which the Specified Currency of denomination and payment is Renminbi.

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Principal Paying Agent and Holders in accordance with Condition 14 (*Notices*) prior to the due date for payment, settle any such payment in U.S. Dollars on the due date (or if such date is not a Relevant Business Day, on the next succeeding Relevant Business Day) at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(c) by the Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents and all Holders.

(d) ***General Provisions***

The following provisions apply to both Bearer Notes and Registered Notes. Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due either (a) by cheque, or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee, except where payments of amounts due (whether principal, interest or otherwise) in respect of Notes are in Renminbi, such payments will be made by credit or transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong). Payments of principal, interest and other amounts (if any) in respect of Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment but without prejudice to the provisions of Condition 7 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal, interest and/or other sums or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer to comply with the requirements of the U.S. federal income tax laws or such other laws as the Issuer may be required to comply with.

9. ***Redenomination***

(a) ***General***

Where redenomination is specified in the relevant Final Terms as being applicable, and in respect of Notes denominated in a National Currency Unit (the "**Relevant Currency**"), the Issuer may, without the consent of the Trustee or the Noteholders, on giving at least thirty days' prior notice to the Noteholders in accordance with Condition 14, designate a Redenomination Date in respect of such Notes.

With effect from the Redenomination Date:

- (i) each Note shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into an amount of euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Relevant Currency converted into euro at the rate for the conversion of the Relevant Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to roundings in accordance with EC regulations); **provided, however, that**, if the Issuer determines, with the prior approval of the Trustee, that the market practice in respect of the redenomination into euro 0.01 of

internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;

- (ii) if Notes are in definitive form:
  - (A) all unmatured Coupons denominated in the Relevant Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Notes denominated in the Relevant Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 9(a)(ii)) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Relevant Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Relevant Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, as though references in the Notes to the Relevant Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Communities; and
- (iv) such other changes will be made to the Programme as the Issuer may decide, with the prior written approval of the Trustee, to conform such Notes to conventions then applicable to instruments denominated in euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

None of the Issuer, the Trustee, or any Paying Agent will be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to or resulting from any credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) **Interest**

Following redenomination of the Notes pursuant to Condition 9(a):

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the product of (i) the actual number of days in the Fixed Interest Period in which such Accrual Period falls and (ii) the number of Fixed Interest Periods in any year; **provided, however, that**, if the Issuer determines, with the prior agreement of the Trustee, that the market practice



in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Paying Agents of such deemed amendment;

- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Fixed Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the product of (i) the actual number of days in the Fixed Interest Period in which such Accrual Period falls and (ii) the number of Fixed Interest Periods in any year; **provided, however, that**, if the Issuer determines, with the prior agreement of the Trustee, that the market practice in respect of such internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment; and
- (iv) in respect of Resettable Notes, Floating Rate Notes, the Rate of Interest for each Interest Period shall be determined by the Agent Bank on the basis of provisions which it determines, in its sole and absolute discretion, reflect the market practice in respect of such internationally offered euro denominated securities.

#### 10. **Enforcement**

- (a) In the case of any Series of Notes other than Subordinated Notes, if default is made for a period of fourteen days or more in the repayment of any principal or interest due on the Notes of such Series or any of them, then the Trustee may at its discretion, and if so requested by the Holders of at least one-fifth in principal amount of such Notes then outstanding or if so directed by an Extraordinary Resolution of the Holders of such Notes (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) shall, give written notice to the Issuer that the Notes of such Series are immediately due and repayable, whereupon the principal amount of such Notes or such other amount as set out in the relevant Final Terms shall become immediately due and repayable together with interest accrued to (but excluding) the date of actual repayment, **provided that** it shall not be such a default to withhold or refuse any such payment:
  - (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
  - (ii) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of fourteen days by independent legal advisers acceptable to the Trustee as to such validity or applicability.
- (b) In the case of any Series of Subordinated Notes:
  - (i) if default is made for a period of fourteen days or more in the repayment of any principal or interest due on the Notes of such Series or any of them, then the Trustee may, in order to enforce payment, at its discretion and without further notice, in the case of a Series of Subordinated Notes, institute proceedings for the winding up of the Issuer in England, **provided that** it shall not be such a default to withhold or refuse any such payment:
    - (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or

- (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of fourteen days, as the case may be, by independent legal advisers acceptable to the Trustee as to such validity or applicability;
- (ii) the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit and may, subject as hereinafter provided, institute proceedings for the winding up of the Issuer in England to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed in relation to such Series of Subordinated Notes or under such Notes or the Coupons appertaining thereto (other than any obligation for the payment of any principal, interest or expenses in respect of such Notes or Coupons or any other payment obligation in respect thereof) **provided that** the Issuer shall not by virtue of the institution of any such proceedings other than proceedings for the winding up of the Issuer be obliged to pay any sum or sums (whether in respect of principal or interest or other sums in respect of the relevant Notes or the Coupons appertaining thereto or by way of damages in respect of any breach of any such obligation, condition or provision or otherwise howsoever). The Trustee may only institute proceedings for the winding up of the Issuer to enforce the obligations above referred to in this paragraph if a default by the Issuer thereunder is not remedied to the satisfaction of the Trustee within sixty days (or such longer period as the Trustee may permit) after notice of such default has been given to the Issuer by the Trustee requiring such default to be remedied.

*NB: The restriction on the payment of damages would have the effect of limiting the remedies available to the Trustee in the event of a breach of certain covenants by the Issuer.*

- (c) In the case of any Series of Notes, in the event of an order being made or an effective resolution being passed for the winding up of the Issuer in England (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by the Trustee or by an Extraordinary Resolution of the Holders of the relevant Series of Notes) the Trustee may declare the Notes of the relevant Series to be due and redeemable immediately (and such Notes shall thereby become so due and redeemable) at their principal amount together with accrued interest as provided in the Trust Deed or at such other amount specified as the "Early redemption amount upon enforcement" in the relevant Final Terms.
- (d) The Trustee shall not in any event be bound to take any of the actions referred to in Condition 10(b) (i) or (ii) or Condition 10(c) in respect of any Series of Notes unless (i) it shall have been so requested in writing by the Holders of at least one-fifth of the principal amount of the Notes of the relevant Series then outstanding or it shall have been so directed by an Extraordinary Resolution of the Holders of the Notes of the relevant Series and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (e) No remedy against the Issuer (including any right of set-off) other than as specifically provided by this Condition 10 or the Trust Deed shall be available to the Trustee, the Noteholders or Couponholders in respect of any Series of Notes whether for the recovery of amounts owing in respect of such Notes or the Coupons appertaining thereto or under the Trust Deed or in respect of any breach by the Issuer of any obligation, condition or provision under the Trust Deed or such Notes or Coupons or otherwise, and no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to proceed in any winding up of the Issuer in England unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing in which case any such Holder may, upon giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the relevant remedy and/or prove in any winding up of the Issuer in England in respect of his Notes or, as the case may be, Coupons to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

## 11. Prescription

Notes and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 7) in respect

thereof. Any monies paid by the Issuer to the Principal Paying Agent or the Trustee for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent or the Trustee with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 8.

12. **Paying Agents, Transfer Agents, Agent Bank and Registrar**

The Agency Agreement contains provisions indemnifying the Principal Paying Agent, the Paying Agents and Transfer Agents (if any), the Agent Bank and the Registrar and absolving them from responsibility in connection with certain matters. The Agency Agreement may be amended by the parties thereto in relation to any Series of Notes if, in the opinion of the Issuer and the Trustee, the amendment will not materially adversely affect the interests of the relevant Holders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any Paying Agent or Transfer Agent, the Agent Bank or the Registrar and to appoint additional or other Paying Agents and/or Transfer Agents or a substitute Agent Bank or a substitute Registrar, **provided that** it will, so long as any Notes are outstanding, maintain (i) an Agent Bank, (ii) a Paying Agent having a specified office in a city approved by the Trustee (such approval not to be unreasonably withheld or delayed) in Europe which, so long as any Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, shall be the place required by such listing authority, stock exchange and/or quotation system, (iii) in the case of any Registered Notes, a Registrar with a specified office in England or such City as may be specified in the relevant Final Terms and (iv) following the introduction of the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, unless there is a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to such directive or law, a Paying Agent with a specified office outside the European Union. Notice of all changes in the identities or specified offices of any Paying Agent, Agent Bank or Registrar will be given by the Issuer to Noteholders in accordance with Condition 14.

13. **Replacement, Exchange and Transfer**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office (in the case of a Bearer Note or Coupon) of the Principal Paying Agent or such other Paying Agent or office as the Trustee may approve or (in the case of Registered Notes) of the Registrar upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Subject to the Conditions as completed by the relevant Final Terms and terms set out in the Agency Agreement, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Agency Agreement, a Registered Note may be transferred in whole or in part only (**provided that** such part is, or is an appropriate multiple of, the minimum denomination set out in the Final Terms) by the Holder or Holders surrendering the Registered Note for registration of transfer at the office of the Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the Exchange Date where the Exchange Date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 8(b)) for such payment of interest and the date on which such payment of interest falls due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the Transfer Date or, as the case may be, the Exchange Date be available for delivery at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. As used herein:

- (i) **"Relevant Banking Day"** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Principal Paying Agent, in the place where the specified office of the Principal Paying Agent is located;
- (ii) the **"Exchange Date"** shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with the foregoing provision; and
- (iii) the **"Transfer Date"** shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with the foregoing provisions.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation thereto, shall be borne by the Issuer.

The Registrar shall not be required to register the transfer of or exchange Registered Notes for a period of fifteen days preceding the due date for any payment of principal of or interest in respect of such Notes.

#### 14. Notices

- (a) All notices to the Holders of Notes or the Coupons appertaining thereto will be valid if published in one leading daily newspaper with general circulation in London (which is expected to be the *Financial Times*) or if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

Notwithstanding the foregoing, any notices to Holders of Registered Notes will be deemed to have been validly given if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders.

Notwithstanding the foregoing, while the Notes of any Series are represented by a Note or Notes in global form ("**Global Notes**") and such Global Notes are deposited with, or with a depositary for or on behalf of, Euroclear and/or Clearstream, Luxembourg and/or any other clearing system

or depositary, each person who has for the time being a particular principal amount of the Notes credited to his securities account in the records of Euroclear or Clearstream, Luxembourg or such other clearing system or depositary shall be treated as the Holder in respect of that principal amount of the Notes for all purposes other than for the purposes of payment of principal and interest on such Notes, and in such case notices to the Holders may be given by delivery of the relevant notice to the relevant clearing system or depositary and such notices shall be deemed to have been given to the Holders holding through the relevant clearing system or depositary on the date of delivery to the relevant clearing system or depositary.

- (b) Notices given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or other Paying Agent (if any) at its specified office.
- (c) For so long as any Registered Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed under the Trust Deed that it shall, during any period in which it is neither subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to any Holder of, or beneficial owner of an interest in, such Registered Notes, or to any prospective purchaser thereof, upon request of such Holder, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such restricted securities.

#### 15. **Modification of Terms, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including, subject to the agreement of the Issuer, the modification by Extraordinary Resolution of the terms and conditions of such Notes or the provisions of the Trust Deed with respect to such Notes except, *inter alia*, certain terms concerning the amount and currency and the postponement of the due date of payment of the Notes and the Coupons appertaining thereto or interest or other amount payable in respect thereof, the modification of which may only be effected if passed at a meeting the quorum at which is persons holding or representing a clear majority, or at any adjourned such meeting not less than one third, in principal amount of the Notes of such Series for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series will be binding on all Holders of Notes of that Series, whether or not they are present at the meeting, and on the Holders of Coupons appertaining to the Notes of that Series.

Subject to certain exceptions, the Trustee may agree, without the consent of the Holders of Notes of any Series or the Holders of the Coupons appertaining thereto (if any) to:

- (i) any modification of any of the provisions of the Trust Deed; and
- (ii) any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed,

which, in either case, is not in the opinion of the Trustee materially prejudicial to the interests of the Holders of Notes of that Series. Any such modification, waiver or authorisation shall be binding on the Holders of Notes of that Series and the Holders of the Coupons appertaining thereto and, unless the Trustee agrees otherwise, shall be notified to the Holders of Notes of that Series as soon as practicable thereafter.

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Holders of Notes of any Series or the Holders of the Coupons appertaining thereto (if any), the Trustee may also agree, subject to such Notes and the Coupons appertaining thereto being irrevocably guaranteed by the Issuer (on a subordinated basis in the case of Subordinated Notes), to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company in place of the Issuer as principal debtor

under such Notes and the Coupons appertaining thereto (if any) and the Trust Deed insofar as it relates to such Notes.

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to those in relation to any proposed modification, waiver, authorisation, or substitution as aforesaid) the Trustee shall have regard to the interests of the Holders of the Notes of the relevant Series as a class and in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from the individual Noteholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of Notes having the benefit of the Trust Deed.

17. **Law and Jurisdiction**

The Trust Deed, the Notes and the Coupons (if any) and all matters arising from or connected with the Trust Deed, the Notes and the Coupons (if any) are governed by, and shall be construed in accordance with, English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Notes.

In the case of a substitution under Condition 15, the Trustee may agree, without the consent of the Holders of the Notes of any Series or of the Coupons appertaining thereto, to a change of the law governing the Notes of any Series or the Coupons appertaining thereto and/or the Trust Deed insofar as it relates to such Series of Notes **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders of the Notes of such Series, but the Trustee shall, in giving such agreement, have regard to the interests of the Holders of the Notes of such Series as a class and in particular, but without limitation, shall not have regard to the consequences of such change for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Holders of the Notes of any Series or of the Coupons appertaining thereto be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such substitution upon individual Holders of the Notes of any Series or of the Coupons appertaining thereto.

18. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

19. **Definitions**

**"Benchmark"** means LIBOR, EURIBOR or CNH HIBOR as may be set out in the relevant Final Terms;

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Centre(s) specified for this purpose in the relevant Final Terms;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different

meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months or other period specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred; **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months or other period after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Amount"** means the calculation amount as set out in the relevant Final Terms;

**"Capital Disqualification Event"** means an event that shall be deemed to have occurred if the Issuer determines, in good faith and after consultation with the Lead Regulator applicable to the Issuer, at any time after the Issue Date, that by reason of the non-compliance with the applicable criteria for Tier 2 capital, the Subordinated Notes are fully excluded from Tier 2 capital of the Issuer;

**"CNY"** means the lawful currency of the PRC;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**) such day count fraction as may be specified in the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:

- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case the last day of the Calculation Period falls in a leap year, 366;
- (e) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (f) if "**30/360**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:



Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day of the Calculation Period, expressed as a number, of the Calculation Period unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date, or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**"Determination Date"** means the date specified as such in the relevant Final Terms;

**"euro"** and **"EUR"** means the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty;

**"Euro Business Day"** means a day on which the TARGET2 is open for settlements of payments in euro;

**"First Margin"** means the margin specified as such in the relevant Final Terms;

**"First Reset Period"** means the period from (and including) the First Resettable Note Reset Date until (but excluding) the Second Resettable Note Reset Date or, if no such Second Resettable Note Reset Date is specified in the relevant Final Terms, the Maturity Date;

**"First Reset Rate of Interest"** means, subject to Condition 3(c) (*Fallback Provision for Resettable Notes*), the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Resettable Note Reference Rate plus the First Margin;

**"First Resettable Note Reset Date"** means the date specified as such in the relevant Final Terms;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Fixed Interest Payment Date"** means:

- (i) if Fixed Interest Payment Date(s) is/are specified in the relevant Final Terms, the Fixed Interest Payment Date(s) in each year so specified, as the same may be adjusted in accordance with the Business Day Convention if applicable; or
- (ii) if the Business Day Convention specified in the relevant Final Terms is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months or other period is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months or other period following the Interest Commencement Date (in the case of the first Fixed Interest Payment Date) or the previous Fixed Interest Payment Date (in any other case);

**"Fixed Interest Period"** means the period from (and including) a Fixed Interest Payment Date (as set out in the relevant Final Terms) (or, in the case of the First Fixed Interest Period from (and including) the Interest Commencement Date) to (but excluding) the next succeeding Fixed Interest Payment Date;

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC;

**"Illiquidity"** means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result thereof, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay an amount due (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any RMB Issue Trade Date as specified in the relevant Final Terms) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Initial Rate of Interest"** means the initial rate of interest per annum specified as such in the relevant Final Terms;

**"Interest Commencement Date"** means the date specified as such in the Final Terms;

**"Interest Determination Date"** means the day determined by the Agent Bank to be customary for fixing the Benchmark rate applicable to deposits in the relevant currency for the relevant Interest Period;

**"Interest Payment Date"** means:

- (i) if Interest Payment Date(s) is/are specified in the relevant Final Terms, the Interest Payment Date(s) in each year so specified, as the same may be adjusted in accordance with the Business Day Convention if applicable; or
- (ii) if the Business Day Convention specified in the relevant Final Terms is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months or other period is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months or other period following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Issue Date"** means the date specified as such in the relevant Final Terms;

**"Lead Regulator applicable to the Issuer"** means the PRA or any successor entity primarily responsible for the prudential supervision of the Issuer;

**"Local Banking Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Paying Agent or the Registrar to which the relevant Note or Coupon is presented for payment, or the Registrar is located;

**"Mid-Market Swap Rate"** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the basis of the Day Count Fraction specified in the relevant Final Terms as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Resettable Note Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the basis of the Day Count Fraction specified in the relevant Final Terms as determined by the Calculation Agent);

**"Mid-Market Swap Rate Quotation"** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**"Mid-Swap Floating Leg Benchmark Rate"** means:

- (i) where the Specified Currency is a currency other than euro or Renminbi, LIBOR;
- (ii) where the Specified Currency is euro, EURIBOR; and
- (iii) where the Specified Currency is Renminbi, CNH HIBOR.

**"Mid-Swap Rate"** means, in relation to a Reset Determination Date and subject to Condition 3(c) (*Fallback Provision for Resettable Notes*), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resettable Note Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resettable Note Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent **provided, however, that** if there is no such rate appearing on the Relevant Screen Page for a term equal to the relevant Reset Period, then the Mid-Swap Rate shall be determined through the use of straight-line interpolation by reference to two rates, one of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next shorter than the length of the actual Reset Period and the other of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next longer than the length of the actual Reset Period;

**"National Currency Unit"** means the national currency unit of any Participating Member State that becomes a denomination of the euro by reason of Council Regulation (EC) No. 1103/97, Council Regulation (EC) No. 974/98 or any other applicable laws;

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any RMB Issue Trade Date as specified in the relevant Final Terms) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Participating Member State"** means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

**"PRA"** means the Prudential Regulation Authority;

**"PRC"** means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

**"Redenomination Date"** means a date which:

- (i) in relation to interest-bearing Notes, shall be a date on which interest in respect of such Notes is payable;

- (ii) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 9(a); and
- (iii) falls on or after such date as the country of the Relevant Currency becomes a Participating Member State;

**"Regular Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to such date and ending on the first Determination Date after such date);

**"Relevant Determination Date"** means the day which is two Relevant Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Relevant Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

**"Relevant Financial Centre Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, (i) in the case of payments which fall to be made in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; or (ii) in the case of payments which fall to be made in euro, a Euro Business Day or, where such currency is a National Currency Unit (as defined in Condition 9) and the Notes have been redenominated into euro pursuant to Condition 9, the former principal financial centre or centres) and in any other place set out in the Final Terms.

**"Relevant Period"** has the meaning given in the relevant Final Terms;

**"Relevant Rate"** means an offered rate where the Benchmark is LIBOR, EURIBOR or CNH HIBOR;

**"Relevant Screen Page"** means the page, section or other part of a particular information service specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or other information service;

**"Renminbi"** means the lawful currency of the PRC;

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

**"Reset Determination Date"** means:

- (i) in respect of the First Reset Period, the second Business Day prior to the First Resettable Note Reset Date;
- (ii) in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date; and
- (iii) in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period;

**"Reset Period"** means the First Reset Period or a Subsequent Reset Period;

**"Resettable Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Resettable Note Interbank Rate"** means, in relation to a Reset Determination Date and subject to Condition 3(c) (*Fallback Provision for Resettable Notes*), either:

(i) Benchmarks other than CNH HIBOR

if the Benchmark specified in the relevant Final Terms is a Benchmark other than CNH HIBOR, the Relevant Rate of the Benchmark (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) on such Reset Determination Date; or

(ii) CNH HIBOR

if the Benchmark specified in the relevant Final Terms is CNH HIBOR, the Relevant Rate of the Benchmark or the arithmetic mean of the Relevant Rates rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or, if at or around that time the Calculation Agent is notified the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on such Reset Determination Date,

in each case as determined by the Calculation Agent;

**"Resettable Note Interest Payment Date"** means:

- (i) if Resettable Note Interest Payment Date(s) is/are specified in the relevant Final Terms, the Resettable Note Interest Payment Date(s) in each year so specified, as the same may be adjusted in accordance with the Business Day Convention if applicable; or
- (ii) if the Business Day Convention specified in the relevant Final Terms is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months or other period is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months or other period following the Interest Commencement Date (in the case of the first Resettable Note Interest Payment Date) or the previous Resettable Note Interest Payment Date (in any other case);

**"Resettable Note Reference Rate"** means either the Mid-Swap Rate or the Resettable Note Interbank Rate, as specified in the applicable Final Terms;

**"Resettable Note Reset Date"** means the First Resettable Note Reset Date, the Second Resettable Note Reset Date and every Subsequent Resettable Note Reset Date as may be specified as such in the relevant Final Terms;

**"Second Resettable Note Reset Date"** means the date specified as such in the relevant Final Terms;

**"Specified Period"** means the period specified as such in the relevant Final Terms;

**"Spot Rate"** means, on any date, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Relevant Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Relevant Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

**"Subsequent Margin"** means the margin(s) specified as such in the relevant Final Terms;

**"Subsequent Reset Period"** means the period from (and including) the Second Resettable Note Reset Date to (but excluding) the next Resettable Note Reset Date, and each successive period from (and including) a Resettable Note Reset Date to (but excluding) the next succeeding Resettable Note Reset Date;

**"Subsequent Reset Rate of Interest"** means, in respect of any Subsequent Reset Period and subject to Condition 3(c) (*Fallback Provision for Resettable Notes*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Resettable Note Reference Rate plus the applicable Subsequent Margin;

**"Subsequent Resettable Note Reset Date"** means the date specified as such in the relevant Final Terms;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"Tier 2 capital"** has the meaning given to it by the Lead Regulator applicable to the Issuer from time to time;

**"Treaty"** means the Treaty establishing the European Community, as amended; and

**"U.S. Dollar Equivalent"** means, in relation to any Renminbi amount payable under the Notes on any date, such Renminbi amount converted into U.S. Dollars using the Spot Rate for the Relevant Determination Date.

## UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue & Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### (A) United Kingdom Withholding Tax

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Notes will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that exchange.

3. Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax to the extent that the Notes constitute "regulatory capital securities" for the purposes of The Taxation of Regulatory Capital Securities Regulations 2013. This exemption will not apply where there are arrangements, the main purpose, or one of the main purposes, of which is to obtain a tax advantage as a result of the application of these Regulations in respect of the Notes.
4. In all cases falling outside the exemptions described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.



(B) **Provision of information**

5. HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.
6. Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

(C) **Other Rules Relating to United Kingdom Withholding Tax**

7. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in (A) above, but may be subject to reporting requirements as outlined above.
8. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax provisions and reporting requirements as outlined above.
9. Where interest has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
10. The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders and Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
11. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions completed by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.
12. The above summary under the heading "*United Kingdom Taxation*" assumes that there will be no substitution of the Issuer pursuant to Condition 15 (*Modification of Terms, Waiver and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

## CERTAIN EUROPEAN TAXATION MATTERS

### 1. EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at the current rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover certain other types of income. Investors who are in any doubt as to their position should consult their professional advisers.

The Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which Member States will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016.

### 2. The proposed financial transactions tax ("FTT")

On 14 February 2013 the European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## UNITED STATES TAXATION

The following summary describes certain of the principal U.S. federal income tax consequences resulting from the purchase, ownership and disposition of Notes other than Subordinated Notes, and references in the following summary to "**Notes**" shall be construed accordingly.

This summary does not purport to consider all the possible U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner of Notes. The summary is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed U.S. Treasury regulations promulgated thereunder, published rulings by the U.S. Internal Revenue Service ("**IRS**") and court decisions, all in effect as of the date hereof, all of which authorities are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively. This summary is limited to investors who purchase the Notes at initial issuance and hold the Notes as "**capital assets**" within the meaning of section 1221 of the Code (i.e., generally, property held for investment) and does not purport to deal with investors in special tax situations, such as financial institutions, tax exempt organisations, insurance companies, regulated investment companies, dealers in securities or currencies, persons purchasing Notes other than at original issuance, persons holding notes as a hedge against currency risks or as a position in a "**straddle**," "**conversion transaction**," or "**constructive sale**" transaction for tax purposes, or persons whose functional currency (as defined in section 985 of the Code) is not the U.S. dollar. The summary does not include any description of the tax laws of any state, local or foreign governments that may be applicable to the Notes or the holders thereof.

Prospective purchasers of the Notes should consult their own tax advisers concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note who or which is for U.S. federal income tax purposes is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any state thereof including the District of Columbia, or (iii) any other person that is subject to U.S. federal income taxation on a net income basis with respect to the Notes. As used herein, the term "**Non-U.S. Holder**" means a beneficial owner of a Note that is not a U.S. Holder. In the case of a holder of Notes that is a partnership for U.S. federal income tax purposes, each partner will take into account its allocable share of income or loss from the Notes, and will take such income or loss into account under the rules of taxation applicable to such partner, taking into account the activities of the partnership and the partner.

### **Treatment of Notes**

Except as otherwise provided in a prospectus supplement, the Issuer intends to treat Notes that are principal protected as indebtedness for U.S. federal income tax purposes; however, the IRS is not bound by this determination and the Notes could be recharacterised. Any such recharacterisation could materially affect the timing or character of the income required to be recognised by U.S. Holders for U.S. federal income tax purposes. Prospective investors are urged to consult with their tax advisers as to the likelihood and likely effect of any such recharacterisation. The remainder of this summary assumes the Notes discussed herein are properly characterised as indebtedness for U.S. federal income tax purposes.

### **U.S. Holders of Notes**

#### ***Payments of Interest***

Generally, payments of interest on a Note that is not a Discount Note will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

#### ***Original Issue Discount***

##### ***General***

The following summary is a general discussion of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of a Note issued with original issue discount ("**OID**")

**on a Discount Note**"). Special rules apply to OID on a Discount Note that is denominated in a foreign currency. See "*Foreign Currency Notes — OID*."

For U.S. federal income tax purposes, OID is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a *de minimis* amount (generally defined as  $\frac{1}{4}$  of 1-per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date). The issue price of each Note in an issue of Notes is the first price at which a substantial amount of such issue of Notes has been sold to the public (ignoring sales to bond houses, broker-dealers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a Note generally is the sum of all payments provided for by the Note other than qualified stated interest payments. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

Payments of qualified stated interest on a Note are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. A U.S. Holder of a Discount Note having a maturity of more than one year from the Issue Date must include OID in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of OID included in income by the initial U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to such Discount Note for each day during the taxable year on which such U.S. Holder held such Discount Note. The "**daily portions**" of OID on any Discount Note are determined by allocating to each day in an accrual period a rateable portion of the OID allocable to that accrual period. An "**accrual period**" may be of any length and the accrual periods may vary in length over the term of the Discount Note as long as (i) each accrual period is no longer than one year and (ii) each scheduled payment of principal and interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of OID allocable to each accrual period is generally equal to the excess of (i) the product of the Discount Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) over (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "**adjusted issue price**" of a Discount Note at the beginning of the first accrual period is its issue price. Thereafter, the "**adjusted issue price**" of a Discount Note is the sum of the issue price of the Discount Note plus the amount of OID previously includable in the gross income of the holder reduced by the amount of any payments previously made on the Discount Note other than payments of qualified stated interest. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

#### *Election to Treat all Interest as OID*

A U.S. Holder of a Note may elect to include in gross income all interest that accrues on the Note by using the constant yield method described in "*Original Issue Discount — General*" with certain modifications. The election must be made for the taxable year in which the U.S. Holder acquires the Note and will generally apply only to the Note (or Notes) identified by the U.S. Holder in a statement attached to the U.S. Holder's timely filed U.S. federal income tax return. The election may not be revoked without the consent of the IRS. If a U.S. Holder makes the election with respect to a Note with "amortisable bond premium" (as described in "*Amortisable Bond Premium*"), then the electing U.S. Holder is deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which any Note (with respect to which the election is made) is acquired and any such debt instruments thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

#### *Short-Term Notes*

Generally, an individual or other cash-basis U.S. Holder of Notes having a fixed maturity date not more than 1 year from the Issue Date ("**Short-Term Notes**") is not required to accrue OID for U.S. federal income tax purposes unless it elects to do so. An election by a cash-basis U.S. Holder applies to all short-term obligations acquired on or after the beginning of the first taxable year to which the election

applies, and for all subsequent taxable years unless consent is secured from the IRS to revoke the election. Accrual-basis U.S. Holders and certain other U.S. Holders, including banks, regulated investment companies, dealers in securities, common trust funds, U.S. Holders who hold Short-Term Notes as part of certain identified hedging transactions, certain pass-through entities and cash-basis U.S. Holders who so elect, are required to accrue OID on Short-Term Notes on either a straight-line basis or, at the election of the U.S. Holder, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Notes will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

### ***Variable Rate Debt Instruments***

Generally, a Note that is issued with a variable rate of interest (a "**Floating Rate Note**") will qualify as a "**variable rate debt instrument**" if (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 per cent. of the total non-contingent principal payments, (b) it does not provide for any stated interest other than stated interest paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it provides that a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first rate day on which the value is in effect and no later than one year following that first day).

A "**qualified floating rate**" is any variable rate such that variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes will together constitute a single qualified floating rate. Two or more qualified floating rates will be conclusively presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Floating Rate Note or are not reasonably expected to significantly affect the yield on the Floating Rate Note.

An "**objective rate**" is a rate other than a qualified floating rate that is determined using a single fixed formula and that is based upon objective financial or economic information, other than information that is within the control of the issuer or a related party, or that is unique to the circumstances of the issuer or a related party such as dividends, profits or the value of the issuer's (or a related party's) stock (but not the issuer's credit quality). Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes' term will be either significantly less or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "**qualified inverse floating rate**" is any objective rate that is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or other restrictions that are fixed throughout the term of the Floating Rate Notes or are not reasonably expected to significantly affect the yield on the Floating Rate Notes).

Generally, if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the Floating Rate Notes' issue date is intended to

approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or an objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the previous requirements if the value of the variable rate on the issue date of the Floating Rate Notes does not differ from the value of the fixed rate by more than 25 basis points.

If a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate that is unconditionally payable in cash or in property (other than debt instruments of the issuer), or that will be constructively received by the U.S. Holder at least annually, then (a) all stated interest with respect to the Note is qualified stated interest, (b) the amount of qualified stated interest and the amount of OID, if any, are determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note, and (c) the qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period under the foregoing rules.

If a Floating Rate Note does not provide for stated interest at a single qualified floating rate or objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and OID on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument (by applying the general OID rules as described in "*— Original Issue Discount — General*"), and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period of one year or less), the amount of interest and OID is determined as in the immediately preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

### ***Acquisition Premium***

A U.S. Holder that purchases a Note for an amount less than or equal to the Note's stated redemption price at maturity but in excess of its adjusted issue price (this excess being "**acquisition premium**") and that does not make the election described above under "*Original Issue Discount- Election to Treat All Interest as OID*" is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the Note's stated redemption price at maturity over the Note's adjusted issue price. No OID will accrue on a Note purchased for more than its stated redemption price at maturity. In the event the Notes are denominated in a currency other than the U.S. dollar, acquisition premium will be computed in units of the foreign currency, and acquisition premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date acquisition premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate of exchange in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

### ***Notes that are Contingent Payment Debt Instrument***

#### ***Interest Accruals on the Notes***

For U.S. federal income tax purposes certain of the Notes may be contingent payment debt instruments ("**CPDIs**"). A CPDI is any class of Notes which provide for one or more payments, either of interest or

principal, that are contingent (usually as to timing of payment or amount of payment). If the Issuer intends to treat a Note as a CPDI, this will be specified in the applicable Final Terms with respect to such Note.

Under Treasury Regulations governing the treatment of CPDIs (the "**CPDI Regulations**"), regardless of a U.S. Holder's regular method of accounting, accruals of income, gain, loss and deduction with respect to a CPDI are determined under the "*noncontingent bond method*." Under the noncontingent bond method, a U.S. Holder of a CPDI will accrue OID over the term of such Note based on the Notes' comparable yield. In general, the comparable yield of a CPDI is equal to the yield at which the Issuer would issue a fixed rate, noncontingent debt instrument with terms and conditions otherwise similar to those of the CPDI, including level of subordination, term, timing of payments, and general market conditions. The applicable Final Terms for any Note that is a CPDI will specify its comparable yield. A U.S. Holder will accrue OID at the comparable yield even if the comparable yield differs from the stated interest rate on the CPDI (if any).

The amount of OID allocable to each accrual period will be the product of the "adjusted issue price" of the CPDI at the beginning of each such accrual period and the comparable yield. The "adjusted issue price" of a CPDI at the beginning of an accrual period will equal the issue price *plus* the amount of OID previously includible in the gross income of U.S. Holder *minus* the amount of any Projected Payments with respect to such Note. The amount of OID includible in the income of each U.S. Holder will generally equal the sum of the "daily portions" of the total OID on the CPDI allocable to each day on which a U.S. Holder held such Note. Generally, the daily portion of the OID is determined by allocating to each day in any accrual period a rateable portion of the OID allocable to such accrual period. Such OID is included in income and taxed at ordinary income rates.

The Issuer also is required by the CPDI Regulations to determine, solely for U.S. federal income tax purposes, a projected payment schedule of the projected amounts of payments (the "**Projected Payments**") on any Note that is a CPDI. The schedule must produce the comparable yield. The applicable Final Terms for any Note that is a CPDI will specify the Projected Payments for such Note. Under the noncontingent bond method, the Projected Payments are not revised to account for changes in circumstances that occur while the Notes are outstanding. See "*Adjustments to Interest Accruals*" below.

For U.S. federal income tax purposes, the Issuer's reasonable determination of the comparable yield and schedule of Projected Payments is generally respected and will be binding on the holders of the Notes, unless such holder timely discloses and justifies the use of other estimates to the IRS.

THE COMPARABLE YIELD AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT PROVIDED FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF U.S. HOLDERS' INTEREST ACCRUALS AND ADJUSTMENTS THEREOF AND DO NOT CONSTITUTE AN ASSURANCE BY THE ISSUER AS TO THE ACTUAL YIELD OF THE NOTES. THE ISSUER MAKES NO REPRESENTATION AS TO WHAT SUCH ACTUAL YIELD WILL BE, AND THE COMPARABLE YIELD DOES NOT NECESSARILY REFLECT THE EXPECTATIONS OF THE ISSUER REGARDING THE ACTUAL YIELD.

#### *Adjustments to Interest Accruals*

If, during any taxable year, the sum of any actual payments with respect to a CPDI for that taxable year (including, in the case of the taxable year which includes the maturity date, the amount of cash received at maturity) exceeds the total amount of Projected Payments for that taxable year, the difference will produce a "Net Positive Adjustment" under the CPDI Regulations, which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of Projected Payments for that taxable year, the difference will produce a "Net Negative Adjustment" under the CPDI Regulations, which will (i) reduce the U.S. Holder's interest income for that taxable year and (ii) to the extent of any excess after the application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Notes during prior taxable years (reduced to the extent such interest was offset by prior Net Negative Adjustments).

#### *Amortisable Bond Premium*

Generally, a U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after its acquisition date (other than payments of qualified stated interest) will be considered

to have purchased the Note with "amortisable bond premium" equal to such excess. A U.S. Holder of such a Note will not be subject to OID, and may elect to amortise such premium using a constant yield method over the remaining term of the Note and offset qualified stated interest otherwise required to be included in respect of the Note with respect to an accrual period by the bond premium allocable to the accrual period. If the bond premium allocable to the accrual period exceeds the qualified stated interest allocable to the accrual period, the excess is treated as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the U.S. Holder's total interest inclusions on the Note in prior accrual periods exceed the total amount treated by the U.S. Holder as a bond premium deduction on the Note in prior accrual periods. If the bond premium allocable to an accrual period exceeds the sum of the qualified stated interest allocable to the accrual period and the amount treated as a bond premium deduction for the accrual period, as described above, the excess is carried forward to the next accrual period and is treated as bond premium allocable to that period. Special rules apply for determining the amortisation of bond premium on Notes that are classified as "variable rate debt instruments", Notes that provide for certain alternative payment schedules, and Notes that provide for certain contingencies. Any election to amortise bond premium with respect to any Note (or other general debt obligations) applies to all taxable debt obligations held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt obligations thereafter acquired in such taxable year and all subsequent tax years. The election may not be revoked without the consent of the IRS.

#### ***Sale, Exchange or Retirement of a Note***

Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest, which amounts will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by any OID included in income, decreased by the amount of any payments that are not payments of qualified stated interest and any amortisable bond premium applied to reduce interest income with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note has been held by such U.S. Holder for more than one year at the time of such sale, exchange or retirement.

Certain of the Notes may be redeemable at the option of the Issuer prior to their stated maturity and/or may be repayable at the option of the holder prior to their stated maturity. Notes containing such features may be subject to rules that differ from the general rules discussed above. U.S. Holders intending to purchase Notes with such features should consult their own tax advisers regarding the U.S. federal income tax consequences to them of the purchase, holding and disposition of such Notes, since the OID consequences will depend, in part, on the particular terms and features of such Notes.

#### ***Redenomination in Euros***

Under the applicable U.S. Treasury regulations, if, solely as a result of the conversion of legacy currencies to the euro, rights and obligations with respect to a Note denominated in a legacy currency become rights or obligations with respect to a Note denominated in euros, such event is not treated as a sale or exchange of the Note. Accordingly, redenomination of the Notes in euros, as may be effected under the terms of the Notes, should not constitute a taxable event for U.S. federal income tax purposes. Each U.S. Holder is advised to consult its own tax adviser as to the impact of such redenomination under U.S. federal income tax rules.

#### ***Foreign Currency Notes***

The following summary relates to Notes that are denominated in a currency or basket of currencies other than the U.S. dollar ("**Foreign Currency Notes**"). It does not apply to U.S. Holders whose functional currency is not the U.S. dollar.



### *Payments of Interest In a Foreign Currency*

#### **Cash Method**

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and receives a payment of interest on a Note (other than OID) will be required to include in income the U.S. dollar value of the Foreign Currency payment (determined on the date such payment is actually or constructively received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and such U.S. dollar value will be the U.S. Holder's tax basis in such Foreign Currency.

#### **Accrual Method**

A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. dollar value of the amount of interest income (including OID and reduced by amortisable bond premium to the extent applicable) that has accrued or is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the first taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the first taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to other obligations held by the U.S. Holder and may not be revoked without the consent of the IRS. Prior to making such an election, a U.S. Holder of Notes should consult that person's own tax adviser as to the consequences resulting from such an election with respect to that person's own particular situation.

A U.S. Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the U.S. dollar value of the Foreign Currency payment received (determined on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above).

#### **Market Discount**

Market discount that is accrued by a U.S. Holder on a Foreign Currency Note will be accrued in such foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Foreign Currency Note, the U.S. dollar value of the amount accrued, calculated at the spot rate of exchange on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### **Purchase, Sale, Exchange and Retirement of Notes**

A U.S. Holder that purchases a Note with previously owned Foreign Currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the Foreign Currency and the U.S. dollar fair market value of the Foreign Currency used to purchase the Note, determined on the date of purchase.

Generally, upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and such U.S. Holder's adjusted tax basis in the Note. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held by such U.S. Holder for more than one year. To the extent the amount realised represents accrued but unpaid

interest, however, such amounts must be taken into account as ordinary interest income, with exchange gain or loss computed as described in "*Payments of Interest In a Foreign Currency*" above. If a U.S. Holder receives Foreign Currency on such a sale, exchange or retirement, the amount realised will be based on the U.S. dollar value of the Foreign Currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). A U.S. Holder's adjusted tax basis in a Note will equal the cost of the Note to such U.S. Holder, increased by the amounts of any OID previously included in income by the U.S. Holder with respect to such Note and reduced by any amortised acquisition or other premium and any principal payments received by the U.S. Holder. A U.S. Holder's tax basis in a Note, and the amount of any subsequent adjustments to such holder's tax basis, will be the U.S. dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realised upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date such payment is received or the Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Such Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Note.

#### *OID*

In the case of a Discount Note or Short-Term Note, (i) OID is determined in units of the Foreign Currency, (ii) accrued OID is translated into U.S. dollars as described in "*Payments of Interest In a Foreign Currency — Accrual Method*" above and (iii) the amount of Foreign Currency gain or loss on the accrued OID is determined by comparing the amount of income received attributable to the discount (either upon payment, maturity or an earlier disposition), as translated into U.S. dollars at the rate of exchange on the date of such receipt, with the amount of OID accrued, as translated above.

#### *Amortisable Bond Premium*

Amortisable bond premium on a Note will be computed in the units of the Foreign Currency in which the Note is denominated (or in which the payments are determined). Amortisable bond premium properly taken into account will reduce the interest income in units of the Foreign Currency. Exchange gain or loss is realised with respect to the bond premium with respect to a Note issued with amortisable bond premium by treating the portion of premium amortised with respect to any period as a return of principal. With respect to any U.S. Holder that does not elect to amortise bond premium, the amount of bond premium will constitute a market loss when the bond matures.

#### *Exchange of Foreign Currencies*

A U.S. Holder will have a tax basis in any Foreign Currency received as interest or on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such Foreign Currency, determined at the time the interest is received or deemed received or at the time of the sale, exchange or retirement. Any gain or loss realised by a U.S. Holder on a sale or other disposition of Foreign Currency (including its exchange for U.S. dollars or other use) will be ordinary income or loss.

#### *Foreign Tax Credit*

The total gross amount of interest, OID, plus any additional amounts (pursuant to Condition 7 (*Taxation*) of the Notes) with respect thereto, will constitute interest income subject to U.S. federal income tax. This amount will be considered income from sources outside the United States and, with certain exceptions, will be grouped together with other items of "passive" income for purposes of computing the foreign tax credit allowable to a U.S. Holder. However the foreign tax credit rules are very complex and prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of United Kingdom taxes.

The amount of foreign tax withheld on this gross amount will be considered to be a foreign income tax that may either be deducted when computing U.S. federal taxable income or, subject to limitations personal to the U.S. Holder, claimed as a credit against U.S. federal income tax liability. A U.S. Holder

may be required to provide the IRS with a certified copy of the receipt evidencing payment of withholding tax imposed in respect of payments on a Note in order to claim a foreign tax credit in respect of such foreign withholding tax.

#### **Non-U.S. Holders of Notes**

Subject to the discussion of certain Non-U.S. Holders and the discussion of backup withholding and FATCA below, (a) payment of principal, premium, redemption amount and interest by the Issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, **provided that** such Non-U.S. Holder provides the Issuer, when necessary, appropriate documentation evidencing its status as a Non-U.S. Holder, (b) gain realised by a Non-U.S. Holder on the sale or redemption of the Notes is not subject to U.S. federal income tax or withholding tax and (c) the Notes are not subject to U.S. federal estate tax if held by an individual who was a Non-U.S. Holder at the time of his or her death. Special rules may apply in the case of Non-U.S. Holders (i) that are engaged in a U.S. trade or business, (ii) that are former citizens or long-term residents of the United States, "controlled foreign corporations, "passive foreign investment companies," corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organisations, each within the meaning of the Code, or (iii) certain non-resident alien individuals who are present in the United States for one hundred and eighty three days or more during a taxable year. Such persons are urged to consult their U.S. tax advisers before purchasing Notes.

#### ***Information Reporting and Backup Withholding***

For each calendar year in which the Notes are outstanding, each DTC participant or indirect participant holding an interest in a Note on behalf of a beneficial owner of a Note and each paying agent making payments in respect of a Registered Note will generally be required to provide the IRS with certain information, including such beneficial owner's name, address, taxpayer identification number (either such beneficial owner's Social Security number, its employer identification number or its IRS individual taxpayer identification number, as the case may be), and the aggregate amount of interest (including OID) and principal paid to such beneficial owner during the calendar year. These reporting requirements, however, do not apply with respect to certain beneficial owners, including corporations, securities broker-dealers, other financial institutions, tax-exempt organisations, qualified pension and profit sharing trusts and individual retirement accounts.

In the event that a beneficial owner of a Note fails to establish its exemption from such information reporting requirements or is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law, or under-reports its tax liability, as the case may be, the DTC participant or indirect participant holding such interest on behalf of such beneficial owner or paying agent making payments in respect of a Note may be required to "backup" withhold a tax on each payment of interest and principal with respect to Notes. This backup withholding tax is not an additional tax and may be credited against the beneficial owner's U.S. federal income tax liability if the required information is timely furnished to the IRS. Compliance with the certification procedures contained in IRS Forms W-8BEN, W-8BEN-E, W-8ECI or W-8EXP, as appropriate, will establish an exemption from information reporting and backup withholding for those Non-U.S. Holders who are not otherwise exempt recipients.

U.S. Holders should consult their own tax advisers regarding any reporting requirements they may have as a result of their acquisition, ownership or disposition of the Notes.

#### ***Withholding of U.S. tax on account of FATCA***

The United States has enacted rules, commonly referred to as FATCA, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA.

The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the United Kingdom (the "IGA"). Under the IGA, as currently drafted, the Issuer does not expect non-U.S. source payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no

assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the common depository or common safekeeper (as applicable), given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance and participation with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The Programme documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

An investor should be aware that if any payments in relation to a Note were subject to withholding or deduction under FATCA, the Issuer would have no obligation to pay additional amounts in relation to such withholding or deduction in accordance with Condition 7 (*Taxation*) of the Notes.

## NOTICE TO PURCHASERS OF 144A NOTES AND TRANSFER RESTRICTIONS

*Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.*

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Base Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Base Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any U.S. Definitive Registered Notes issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) TO THE ISSUER OR ITS AFFILIATES."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements,

representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification (in the form scheduled to the Agency Agreement) as to compliance with the transfer restrictions referred to in sub-clauses (2) and (3) of the legend set forth above. See "*Forms of Notes; Summary of Provisions relating to the Notes while in Global Form*".

## SUBSCRIPTION AND SALE

HSBC Bank plc (the "**Dealer**") has, in a modified and restated dealer agreement dated 12 March 2015 (the "**Dealer Agreement**", which expression includes any amendments and supplements thereto) agreed with the Issuer a basis upon which it may from time to time agree either as principal or agent of the Issuer to subscribe for or purchase, to underwrite or, as the case may be, to procure subscribers or purchasers for Notes. When entering into any such agreement to subscribe for or purchase, to underwrite, or as the case may be, to procure subscribers for or purchasers for any particular Series of Notes, the Issuer and the Dealer(s) will agree details relating to the form of such Notes and the Conditions relating to such Notes. The Dealer Agreement contains provisions for the Issuer to appoint other dealers (together with the Dealer, the "**Dealers**") from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

### **General**

No action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms come are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they subscribe for, purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) in, or change(s) in official interpretation of, after the date hereof, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the first paragraph under the heading "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in a supplement to this Base Prospectus.

### ***United States of America***

The Notes have not been and will not be registered under the Securities Act or any state securities laws, and accordingly may only be offered or sold within the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act and outside the United States in offshore transactions to, or for the account or benefit of, non-U.S. persons (as defined in Regulation S under the Securities Act) in accordance with Regulation S under the Securities Act and in compliance with any applicable state securities laws.

Each Dealer has represented and agreed, or will represent and agree, that it has not offered or sold any Notes offered and sold outside the United States pursuant to Regulation S under the Securities Act and will not offer and sell such Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Tranche of which such Notes are a part (the "**Distribution Compliance Period**"), as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of the Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer and its affiliates also have agreed that, at or prior to confirmation of sale of the Notes (other than sale of the Notes pursuant to Rule 144A), it will have sent to each Dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons to substantially the following effect:

"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Tranche of Notes of which such Notes are a part, as determined and certified by the relevant Dealer or Dealers, except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S of the Securities Act."

Terms used in the above paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

- (1) Each Dealer has agreed that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, sell or resell any of such Notes (or approve the resale of any such Notes), except (A) inside the United States through a U.S. broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to institutional investors, each of which such Dealer reasonably believes is a "**qualified institutional buyer**" (as defined in Rule 144A under the Securities Act), or a fiduciary or agent purchasing Notes for the account of one or more qualified institutional buyers or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes, the Dealer Agreement and this Base Prospectus.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereof, the selling Dealer shall have provided each offeree that is a U.S. person (as defined in Regulation S) with a copy of this Base Prospectus in the form the Issuer and Dealers shall have agreed most recently shall be used for offers and sales in the United States.

- (2) Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.

In addition, until forty days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or an affiliate of one of the Dealers. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

The Bearer Notes are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by



U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

***Selling restrictions addressing additional United Kingdom securities laws***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***People's Republic of China***

Each of the Dealers has represented, warranted and undertaken that the Notes will not be offered or sold, directly or indirectly, in the People's Republic of China ("**PRC**") (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

***Hong Kong***

Each of the Dealers has represented, warranted and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

***Singapore***

The Base Prospectus relating to the Notes has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**"). Accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may the Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA;
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### ***Taiwan***

The Notes may not be offered or sold in Taiwan unless they have been approved or reported for effectiveness for public offering and sale or are sold through private placement pursuant to Taiwan laws. The Notes may not be sold to any holder acting for the benefit or account of, or using funds of, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan.

Holders of Notes are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Notes to or for the benefit or account of, or in consideration of funds received from, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan.

The Notes will not be offered or sold to, and will not be offered or sold in consideration of funds received from, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan. Any sale or transfer of the Notes in violation of these restrictions will be invalid and will not be recognised by the Issuer.

## GENERAL INFORMATION

1. The establishment and continuation of the Programme was authorised pursuant to resolutions of the Board of Directors of the Issuer passed on 26 May 2000, 25 May 2001, 26 April 2002, 25 April 2003, 30 April 2004, 30 September 2005, 24 November 2006, 29 February 2008, 22 January 2009, 20 January 2010, 19 January 2011, 18 January 2012, 18 January 2013, 17 January 2014 and 30 January 2015.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be set out in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Principal Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Notes.
4. In relation to the Issuer, any transfer of, or payment in respect of, a Note or Coupon involving the government of any country which is at the relevant time the subject of United Nations sanctions, any person or body resident in, incorporated in or constituted under the laws of any such country or exercising public functions in any such country or any person or body controlled by any of the foregoing or by any person acting on behalf of the foregoing may be subject to restrictions pursuant to such sanctions.
5. So long as Notes are capable of being issued under this Programme, the following documents may be inspected during normal business hours at the registered office of the Issuer:
  - (a) the constitutional documents of the Issuer;
  - (b) the Dealer Agreement;
  - (c) the Agency Agreement;
  - (d) the Trust Deed (including the Forms of Notes, Coupons, Talons and Receipts);
  - (e) the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2013 and 31 December 2014 together with all other audited consolidated annual reports and accounts of the Issuer subsequent to 31 December 2014;
  - (f) in the case of any issue of listed notes, any Final Terms will generally only be available for inspection by a holder of such Note and such holder must provide evidence satisfactory to the Issuer as to the identity of such holder; and
  - (g) in the case of any issue of listed notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).
6. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors or such other expert.
7. The Issuer will, at its registered office, at the registered office of HSBC Bank plc and at the specified offices of the Paying Agents, make available for inspection during normal office hours, free of charge, upon oral or written request, a copy of this Base Prospectus and any document incorporated by reference therein prepared in relation to the Programme. Written or oral requests for such documents should be directed to the specified office of any Paying Agent.
8. This Base Prospectus and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes').

9. In the case of Subordinated Notes, unless such Notes have (or will have on the date fixed for redemption) ceased fully to qualify as part of the Issuer's regulatory capital, the Issuer shall not exercise any right under the Conditions to redeem or purchase Notes prior to their Maturity Date unless the Issuer has first obtained a Relevant Supervisory Consent, if the same is required at such time by the Lead Regulator applicable to the Issuer.

For these purposes, a "**Relevant Supervisory Consent**" means as required, a consent or waiver to, or, following the giving of any required notice, the receipt of no objection to, the relevant redemption or purchase from the Lead Regulator applicable to the Issuer.

In the event any Subordinated Notes are to be redeemed in accordance with the Conditions prior to the fifth anniversary of their issue date:

- (a) due to the occurrence of a Capital Disqualification Event, the Relevant Rules oblige and are currently expected to continue to oblige the Issuer to demonstrate to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant event was not reasonably foreseeable at the Issue Date; or
- (b) pursuant to Condition 6(b) (*Redemption for Taxation Reasons*), the Relevant Rules oblige and are currently expected to continue to oblige the Issuer to demonstrate to the satisfaction of the Lead Regulator applicable to the Issuer that the relevant event was material and was not reasonably foreseeable at the Issue Date,

in each case prior to the Relevant Supervisory Consent being obtained for such redemption. For these purposes, "**Relevant Rules**" means the capital requirement rules from time to time as applied by the Lead Regulator applicable to the Issuer and as amended from time to time.

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**PRINCIPAL PAYING AGENT,  
REGISTRAR AND TRANSFER AGENT**

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