

HSBC Global Markets Indices

HSBC Optimised Middle East Index Series

June 2008

HSBC Global Markets Indices

Ground Rules for HSBC Optimised Middle East Index Series

1. Introduction	4	5. Announcements	13
1.1 HSBC Optimised Middle East Index Series overview	4	5.1 Index reviews	13
1.2 HSBC Optimised Middle East Index Series currencies	5	5.2 Index constituent changes	13
1.3 Weighting	5	5.3 Amendments	13
1.4 Market/Region Weighting and Constituent Distribution	5	5.4 Information about announcements	13
1.5 Exclusions	6	5.5 Index Values	13
1.6 Liquidity screening	6		
1.7 Multiple share classes	6	6. Contacts	14
2. Index Maintenance	7		
2.1 Changes to number of shares in issue and Capital Adjustments	7	Appendix A: Index Calculation Formula	15
2.2 Mergers, acquisitions and restructurings	7	Appendix B HSBC Optimised Middle East Index Series Constituents	17
2.3 IPOs	7		
2.4 Suspension	7	Appendix C: HSBC Optimised Middle East Index Series withholding tax rates	25
2.5 Replacement of Index Constituents	8		
2.6 Dividends	8	Appendix D: Important Note	26
3. Index governance	8		
3.1 Overview	8		
3.2 Oversight Committee	9		
3.3 Information about the Index	9		
3.4 About HSBC Global Markets Indices	9		
4. Role of the Calculation Agent	10		
4.1 Calculation	10		
4.2 Index calculation formula	11		
4.3 Initial values	11		
4.4 Daily calculations	11		
4.5 Index calculation and maintenance data sources	12		
4.6 Market Disruptions and Data Disruptions	12		

June 2008

Definitions

Average Daily Traded Value	Average daily value of shares traded over a specified period of time
BOQ	Bahrain, Oman, Qatar
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and an independent Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and to organisations outside of HSBC
Capital Adjustment	Adjustment to a company's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	30 May 2008
Currency Adjusted Market Capitalisation	Total value of a company's issued share capital expressed in US dollars
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from a Semi-annual Review take effect in the calculation of the Index
Free-float	Shares of a company which are freely available for purchase in stock markets
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
GCC Countries	Gulf Cooperation Council consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE
Index	HSBC Optimised Middle East Index Series
Index Constituent	Company whose shares are used to calculate the Index Value
Index Shares	The number of shares of an Index Constituent used to calculate the Index Value
Index Value	Calculated value of the Index. Applies to both capital (price) return and total return calculations
Optimised Indices Oversight Committee	A committee of HSBC Global Markets professionals charged with issues of index governance
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Semi-annual Review	Procedure for reviewing the list of constituents which make up the Index
Semi-annual Review Date	Date from which data for the Semi-annual Review is taken which is the last Business Day in the UK in the months of February and August
UAE	United Arab Emirates (Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain). Most companies in this region are listed on the stock exchanges in Dubai and Abu Dhabi.
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weight at Semi-annual Review or Foreign Ownership Review to 10%

1. Introduction

1.1 HSBC Optimised Middle East Index Series overview

The HSBC Optimised Middle East Index Series (the “Indices”) are promoted by HSBC Global Markets, a business area of HSBC Bank plc. Each of the Indices is provided as two series: The HSBC Optimised Total Return Index, which includes ex-dividend adjustments; and the HSBC Optimised Price Return Index, which excludes the effects of dividends.

The purpose of each Index is to provide investors with a benchmark which gives exposure to companies from countries specified in Table 1. Each stock must be open to foreign investment and normally have a minimum Average Daily Traded Value of USD 1 million over a three-month period at each Semi-annual Review Date. The largest stocks (by market capitalisation) in each market or region are selected. The minimum Average Daily Traded Value may be lowered if there are less than the minimum number of constituents specified for each Index.

The maximum weight per constituent in an Index is 10% and this criterion is set on the Index start date and on each Periodic Review Date.

Table 1 gives the number of constituents for each Index. Only securities incorporated and listed on regulated stock exchanges in the markets or regions are eligible for inclusion in each of the Indices. Indices are constructed with the aim of having the Maximum number of constituents in each index subject to the constituent selection criteria.

Table 1

Market or Region	Minimum constituents	Maximum constituents
GCC Markets		
Abu Dhabi	10	15
Bahrain (see Smaller Markets)	na	na
Dubai	10	15
Kuwait	10	15
Oman (see Smaller Markets)	na	na
Qatar (see Smaller Markets)	na	na
GCC + Egypt	30	40
GCC + Egypt + Jordan	30	40
Egypt	15	20
Jordan	10	15
Smaller Markets		

Bahrain, Oman, Qatar (“BOQ”)	10	15
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Appendix B details the list of constituents and their weightings as of 30 May 2008 for each Index.

1.2 HSBC Optimised Middle East Index Series currencies

The Index Values shall be calculated in USD. Single market Indices will also be calculated in the local market currency.

1.3 Weighting

For rebalancing purposes, the starting point is that all constituents of the universe from which Index Constituents are selected are represented by their full USD market capitalisation.

The maximum constituent weighting in an Index is 10% with the exception of the HSBC Optimised GCC+Egypt+Jordan Index where the maximum constituent weighting is 5%.

At each Semi-annual Review Date, if the largest constituent of the Index is greater than 10% then this constituent’s weight is set at 10% by the multiplication of a weighting factor, with lower-ranked constituents having their weights increased pro-rata. If the second constituent is 10% or more then the process is repeated and is repeated again with the third constituent onwards until all constituents are 10% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule and the weight after. Where no constituent has a weight of 10% or above, all Weighting Factors are set to 1.

Similarly, for the HSBC Optimised GCC+Egypt+Jordan Index, at each Semi-annual Review Date, if the largest constituent of the Index is greater than 5% then this constituent’s weight is set at 5% by the multiplication of a weighting factor, with lower-ranked constituents having their weights increased pro-rata. If the second constituent is 5% or more then the process is repeated and is repeated again with the third constituent onwards until all constituents are 5% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule and the weight after. Where no constituent has a weight of 10% or above, all Weighting Factors are set to 1.

The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers, and de-mergers). The Index calculation formula is provided in Appendix A.

1.4 Market/Region Weighting and Constituent Distribution

The maximum and minimum number of constituents for each Index are specified in Table 1. If there are fewer eligible companies than the maximum numbers shown in the Table 1 in any Index then the

number available is used. If the total number of companies is consequently lower than the minimum number for any given Index, then the liquidity criterion is lowered by USD100,000 progressively until at least the minimum number of companies are eligible for each Index.

For purposes of clarity the indices consisting of more than one country have the largest constituents as measured by their full USD market capitalisation which satisfy the minimum liquidity criteria are selected.

For historic simulation purposes, the same procedures apply at each historic Semi-annual Review Date that apply at the Creation Date.

1.5 Exclusions

The following securities are ineligible as Index Constituents and are excluded from Semi-annual Reviews:

- Companies with below 10% free float
- Companies in whose shares HSBC Global Markets is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance.

Index Constituents which become ineligible between Semi-annual Reviews are replaced with the eligible non-constituent with the highest market capitalisation (please see Section 1.1). Results of actions affecting the Index will be published on the HSBC Global Markets website for indices www.hsbcinvestorsolutions.com.

1.6 Liquidity screening

At the date of launch and on subsequent Semi-annual Review Dates, each company must have a minimum Average Daily Traded Value over 3 months of USD 1,000,000 (however this may be lowered under certain circumstances– please see Section 1.4). When companies are newly listed on the relevant stock exchange (or relevant exchange where ADRs or GDRs are used in their place), and 3-month data is not available, the Average Daily Traded Value over the period since trading began is used provided that at least four weeks of price and volume data is available.

1.7 Multiple share classes

Other than ordinary shares listed on the relevant exchanges for each market/region, American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) and equivalent issuances are also permitted. The substitution by an ADR or GDR of a domestic listed security will arise where its liquidity renders it eligible even if the domestic listed security is also eligible, where these Ground

Rules prohibit domestic listed securities, or where the foreign ownership limit on the domestic listed security has been reached.

2. Index Maintenance

2.1 Changes to number of shares in issue and Capital Adjustments

Changes to the number of shares in issue and Capital Adjustments which affect the price of an Index Constituent (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and demergers) are processed on the day the action takes effect.

Share changes resulting from IPOs, additional listings and conversions (of warrants, convertibles etc), or partial cancellations and buy-backs would not normally be processed before the subsequent Semi-annual Review Date.

2.2 Mergers, acquisitions and restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed after the close of the business day. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. These are processed at the start of the date on which they are effective. If an Index Constituent is no longer eligible then it is removed without replacement. If an Index Constituent has a spin off (or de-merger), then the Calculation Agent (see Section 4 below) will review both the original company and the resultant company prior to the effective date and announce on the HSBC Global Market website for indices if the resultant company will become an Index Constituent with the original company removed.

2.3 IPOs

Newly listed companies only become eligible for inclusion into the Index at the next Semi-annual Review Date, provided that four weeks of price and volume data are available to the Calculation Agent to ensure that liquidity criteria are met. Consequently there may be more than three months between the date when a company's shares are first traded and the date when they are considered for inclusion into the Index.

2.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover

discussions, regulatory arrangements, or other corporate restructurings, then the Index Constituent is not removed from the index and its price remains static at the value when it was suspended.

If the suspension is attributable to the possibility that the Index Constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the Index Constituent's quote, or is likely to be suspended for an indefinite period, then the Index Constituent is removed with zero value. Removal of suspended Index Constituents takes place after the tenth business day of suspension, but the time period can be longer where the reason for suspension has not been clearly established.

If a suspended company which was removed from the Index at zero value resumes trading it will be reinstated in the Index at zero value, thereafter being valued at its closing price. Notification of constituent suspensions will be posted on the HSBC Global Markets website for indices.

2.5 Replacement of Index Constituents

If a company is removed from the Index due to takeover, delisting or suspension, there is no replacement before the following Effective Date as a consequence of the Semi-annual Review. Notice of removal shall be posted on the HSBC Global Markets website for indices.

2.6 Dividends

For the purposes of calculating a total return index, net dividends, meaning the dividend amount received after deduction of any local and withholding taxes based on the tax treatment of a Luxembourg based investor, are processed when a company is quoted ex-dividend. Net Dividends which appear to be paid from a company's capital are treated as capital repayments (please see Section 2.1). See Appendix C: HSBC Optimised Middle East Index Series withholding tax rates.

The indices are calculated to act as reference values for financial products which are linked to their performance. Should the tax regulations as they relate to the withholding tax on corporate actions (dividends) in Luxembourg change, the Optimised Indices Oversight Committee may change the withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC Global Markets website for indices.

3. Index governance

3.1 Overview

The HSBC Optimised Middle East Index Series is a Rules Based Index sponsored by HSBC Global Markets. The Index is calculated independently by the Calculation Agent. HSBC Global Markets has

formed an Optimised Indices Oversight Committee to review policies and coverage of the HSBC Global Markets Indices, meeting between Semi-annual Review Dates as and when required. Whilst, it is not envisaged that the Rules will change, any modification to the Rules, including notification of when HSBC Global Markets resolves to cease publishing the Index, will be available directly from the HSBC Global Markets website for indices (please refer to Section 4.4) with a 3-month notice period prior to the proposed change. Any decision to cease publication shall only be taken once HSBC Global Markets has made sure all products which use the Index as a reference have expired or have been redeemed.

3.2 Oversight Committee

The HSBC Optimised Indices Oversight Committee has the following constituents:

HSBC Global Markets:

1. Structured Equities
2. Execution Services
3. Third Party Structured Product Development
4. Compliance

The names of Oversight Committee members can be obtained by contacting HSBC Global Markets. Any changes to the Index Rules made by the Oversight Committee will be published on the HSBC Global Markets website for indices. The amendments will be updated in the Index Rules.

3.3 Information about the Index

All data and information concerning the Index, such as

- a) Ground Rules
- b) Change of Ground Rules (if any)
- c) Index Values
- d) Index Constituents
- e) Announcements
- f) Information as to historical volatilities etc.

is available directly from the HSBC Global Markets website for indices.

3.4 About HSBC Global Markets Indices

This Index has been created by HSBC Global Markets. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC Global Markets has attempted to optimise the Index Rules so that investment products which reference these indices can be serviced on

a long-term basis. These indices are characterised by their relatively small number of constituents and their strong emphasis on foreign availability and market liquidity.

Investors should be aware that the Index is constituted by the Global Markets Division of HSBC Bank plc (“HSBC Global Markets”) and is not an independent research index operated by the Global Research Department.

The HSBC Global Markets Indices are a distinct series of indices from the range offered by HSBC Global Research, of which the Calculation Agent is a part. HSBC Global Research operates as a separate business within HSBC from HSBC Global Markets (please see Appendix D: Important Note).

4 Role of the Calculation Agent

The role of the Calculation Agent is to calculate the daily value of the constituted Index and to Review the Index on each Review date in order to reconstitute the Index in accordance with the rules of the Index as specified by HSBC Global Markets.

The Calculation Agent:

1. Reviews the Stock Universe for each of the Index Series.
2. Reviews liquidity.
3. Identifies Index Constituent changes.
4. Revises weighting factors.
5. Compiles the new constituents for the Index.

All removals and inclusions are effective on the Effective Date.

4.1 Calculation

Index Values are calculated daily, after the close of business at the US stock exchanges.

Corporate actions affecting the price of a security (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and de-mergers) are processed on the day when they are effective. See Section 2 for further details of how corporate actions affect the Index calculation.

The list of constituents forming the Index is rebalanced semi-annually, based on prices, numbers of shares and exchange rates as at the last business day of the relevant exchange in the months of February and August. These are the Semi-annual Review Dates. Index Constituent changes resulting from the

Semi-annual Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in February and August.

4.2 Index calculation formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weights are defined according to the methodology in Section 1.3. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A.

The index calculation method does not incorporate any deductions for transaction costs, taxes or fees other than taxes used in the calculation of net dividends for the purpose of calculating the total return series (please see Section 2.6).

4.3 Initial values

Each index series Creation Date is 30 May 2008. Index Values are available from the Creation Date when each Index Value is set at 100.

4.4 Daily calculations

Index Values are calculated and released normally before 8:00 a.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

Data Vendor	Page
Bloomberg:	HSIP
Reuters:	HSBC/OPTIMISED1
HSBC Global Markets website for indices	www.hsbcinvestorsolutions.com

Index	Bloomberg Ticker
HSBC Optimised Abu Dhabi Total Return Index	HSIXABUT Index
HSBC Optimised Abu Dhabi Price Return Index	HSIXABUP Index
HSBC Optimised BOQ Total Return Index	HSIXBOQT Index
HSBC Optimised BOQ Price Return Index	HSIXBOQP Index
HSBC Optimised Dubai Total Return Index	HSIXDUBT Index
HSBC Optimised Dubai Price Return Index	HSIXDUBP Index
HSBC Optimised Egypt Total Return Index	HSIXEGYT Index
HSBC Optimised Egypt Price Return Index	HSIXEGYP Index

HSBC Optimised Jordan Total Return Index	HSIXJORT Index
HSBC Optimised Jordan Price Return Index	HSIXJORP Index
HSBC Optimised Kuwait Total Return Index	HSIXKUWT Index
HSBC Optimised Kuwait Price Return Index	HSIXKUWP Index
HSBC Optimised GCC+Egypt Total Return Index	HSIXGCET Index
HSBC Optimised GCC+Egypt Price Return Index	HSIXGCEP Index
HSBC Optimised GCC+Egypt+Jordan Total Return Index	HSIXGEJT Index
HSBC Optimised GCC+Egypt+Jordan Price Return Index	HSIXGEJP Index

Remark: Market Disruptions (please see Section 4.6) may prevent Index Values being published before 8:00 am.

4.5 Index calculation and maintenance data sources

The Calculation Agent obtains exchange rates for both calculation and maintenance of the Index Values each day from Interactive Data Corporation, Bedford, USA (IDC). The exchange rate data provided by IDC are composite; meaning they are calculated using a number of quotes taken at 4:00 p.m. in London.

The Calculation Agent obtains closing prices, traded volumes and numbers of issued shares used for both calculation and maintenance of the Index Values each day from Reuters. The Calculation Agent does not guarantee the accuracy of the data from its data vendors or independently verify such data.

4.6 Market Disruptions and Data Disruptions

In the event of a Market Disruption (including but not restricted to: a relevant stock exchange not opening for or severely curtailing hours of business or; trading on a relevant stock exchange being conducted without timely electronic dissemination of closing price data or; disruptions preventing HSBC staff from calculating and/or disseminating Index Values), HSBC shall not publish Index Values until such time as the Market Disruption is over and that it believes it can once again accurately calculate the Index Values.

In the event of a Data Disruption (including but not restricted to: failure of electronic data delivery by data providers contracted to HSBC; unavailability of electronic or internet access to data obtained from an online source; or a disruption of any of HSBC's data systems rendering data inaccessible to

processes required to calculate the Index) HSBC shall use its best endeavours to source data from alternative sources with the aim of publishing Index Values by 8:00 a.m. on a day of calculation. HSBC shall not publish Index Values until the Data Disruption is over or data from an alternative source has been acquired. The unavailability of Free-float and Foreign Ownership data shall not be considered sufficient reason to delay the calculation of Index Values and until such time that Free-float or Foreign Ownership data is once again available HSBC shall continue using the last data available to it for the maintenance of the Index.

5. Announcements

5.1 Index reviews

The Calculation Agent will typically announce Semi-annual Review constituent changes during the first week in February and August. All changes to constituents, including those arising from Foreign Ownership Reviews will be notified to HSBC Global Markets one day (excluding UK bank holidays) before constituent or weighting changes, if any, take effect.

5.2 Index Constituent changes

Announcements concerning Index Constituent changes (apart from Semi-annual Reviews) are made as soon as the Calculation Agent has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

5.3 Amendments

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

5.4 Information about announcements

Details of announcements are available on the HSBC Global Markets website for indices (www.hsbcinvestorsolutions.com) by following the link to “Announcements”.

5.5 Index Values

The Calculation Agent is acting in an arm’s length capacity to provide independent calculation services to HSBC Global Markets. Index Values are calculated daily and supplied to clients and data providers at 8:00 a.m. (UK time). Neither HSBC Global Markets nor the Calculation Agent can be held

responsible for any errors, intentional or unintentional, on the part of external data providers nor for any delays in publishing the Index.

6. Contacts

For general information about the HSBC Optimised Middle East Index Series and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email structured.investments@hsbcib.com, or visit the HSBC Global Markets website for indices, www.hsbcinvestorsolutions.com

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets Indices please contact the Calculation Agent, QT, on + 44 8455 847360 or email qt-inquiries@hsbcib.com.

Appendix A: Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the standard method of calculation for indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum P_{it}N_{it}F_{it}}{D_t}$$

where:

$Index_t$	=	Index Value at time t.
$Index_0$	=	Index Value as at the inception date of the Index.
P_{it}	=	The closing price of Index Constituent i at time t.
N_{it}	=	The number of Index Shares of Index Constituent i at time t.
F_{it}	=	The Weighting Factor of Index Constituent i at time t.
D_t	=	Divisor at time t.

The weighting factor, F_{it} is calculated at each Semi-annual Review Date to comply with the requirement to equally-weight constituents in the same market/region.

$$F_{it} = \frac{P_{it}N_{it}}{\sum P_{jt}N_{jt}}$$

For all Index Constituents j at time t

Where a stock is capped at 10% the factor F_{it} is defined as

$$F_{it} = 10\% \times \frac{\sum P_{kt}N_{kt}}{P_{it}N_{it}}$$

For a stock not capped at 10% the factor F_{it} is defined by

$$F_{it} = [1 - (N \times 10\%)] \times \frac{\sum P_{kt}N_{kt}}{\sum P_{jt}N_{jt}}$$

j	=	1 .. all constituents not capped at 10%
k	=	1 .. all constituents of the index

Note that if $N = 0$ then $F_{it} = 1$ for all i. This is the case when all stocks are fully weighted and none are capped.

In the case of the HSBC Optimised GCC+Egypt+Jordan Index, where a stock is capped at 5% the factor F_{it} is defined as

$$F_{it} = 5\% \times \frac{\sum P_{kt}N_{kt}}{P_{it}N_{it}}$$

For a stock not capped at 5% the factor F_{it} is defined by

$$F_{it} = [1 - (N \times 5\%)] \times \frac{\sum P_{kt}N_{kt}}{\sum P_{jt}N_{jt}}$$

j = 1 .. all constituents not capped at 5%

k = 1 .. all constituents of the index

Note that if $N = 0$ then $F_{it} = 1$ for all i . This is the case when all stocks are fully weighted and none are capped.

The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to constituents and changes in the constituents' share capital, thus avoiding distortions in the Index.

Divisor Adjustments

The Divisor adjustment formula is:

$$D_t = D_{t-1} \times \left(1 + \frac{\sum CA_{it}}{M_{t-1}} \right)$$

where:

D_t = Divisor at time t.

D_{t-1} = Divisor at time t minus 1 day.

CA_{it} = The capital adjustment of Index Constituent i at time t.

M_{t-1} = Market Capitalisation of the Index at time t minus 1 day

Appendix B:

HSBC Optimised Middle East Index Series Constituents

The following table shows the constituents of the HSBC Optimised Middle East Index Series as at 30 May 2008.

Abu Dhabi

Weights as at 30 May 2008

HSBC Optimised Abu Dhabi Index			
Name	Country	Bloomberg	Index wt
ABU DHABI COMM BK	UAE	ADCB UH	10.0%
DANA GAS	UAE	DANA UH	10.0%
ALDAR PROPERTIES	UAE	ALDAR UH	10.0%
NATL BK ABU DHABI	UAE	NBAD UH	10.0%
UNION NATIONAL BK	UAE	UNB UH	10.0%
SOROUH REAL ESTATE	UAE	SOROUH UH	10.0%
FIRST GULF BANK	UAE	FGB UH	10.0%
ABU DHABI NAT HTLS	UAE	ADNH UH	6.8%
GULF CEMENT CO	UAE	GCEM UH	5.1%
BANK OF SHARJAH	UAE	BOS UH	4.7%
RAS AL KHAIMAH PRO	UAE	RAKPROP UH	4.2%
AL WAHA CAPITAL	UAE	WAHA UH	3.6%
AABAR PETROLEUM	UAE	AABAR UH	2.7%
EMIRATES FOOD STUF	UAE	AGTHIA UH	1.5%
RAS AL KHAIMAH CEM	UAE	RAKCC UH	1.4%

Dubai

Weights as at 30 May 2008

HSBC Optimised Dubai Index

Name	Country	Bloomberg	Index wt
DUBAI INVESTMENTS	UAE	DIC UH	10.0%
DUBAI ISLAMIC BANK	UAE	DIB UH	10.0%
DUBAI FINANCIAL MKT	UAE	DFM UH	10.0%
UNION PROPERTIES	UAE	UPP UH	10.0%
DP WORLD	UAE	DPW DU	10.0%
EMAAR PROPERTIES	UAE	EMAAR UH	10.0%
ARABTEC HOLDING CO	UAE	ARTC UH	8.2%
AIR ARABIA	UAE	AIRARABI UH	7.9%
TAMWEEL LLC	UAE	TAMWEEL UH	6.9%
AMLAK FINANCE	UAE	AMLAK UH	6.2%
ISLAMIC ARAB INSUR	UAE	IAIC UH	3.2%
ARAMEX COMPANY	UAE	ARMX UH	2.7%
GULF NAVIGATION HO	UAE	GULFNAV UH	2.5%
NATL CENTRAL COOLING	UAE	TABREED UH	2.5%

Kuwait

Weights as at 30 May 2008

HSBC Optimised Kuwait Index

Name	Country	Bloomberg	Index wt
NATIONAL INDS GP HOL	KUWA	NIND KK	10.0%
NAT BK OF KUWAIT	KUWA	NBK KK	10.0%
KUWAIT FINANCE HOU	KUWA	KFIN KK	10.0%
MOBILE TELEPH SYS	KUWA	ZAIN KK	10.0%
COMM BK OF KUWAIT	KUWA	CBK KK	9.1%
GULF BNK OF KUWAIT	KUWA	GBK KK	8.8%
PUBLIC WAREHOUSING	KUWA	AGLTY KK	6.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	6.4%
NATL MOBILE TELECOM	KUWA	NMTC KK	5.6%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	4.9%
BURGAN BANK	KUWA	BURG KK	4.7%
INVESTMENT DAR CO	KUWA	TID KK	4.3%
BOUBYAN BANK (K.S.C)	KUWA	BOUBYAN KK	3.4%
NATL INVESTMENT CO	KUWA	NINV KK	3.4%
BOUBYAN PETROCHEM	KUWA	BPCC KK	3.0%

GCC+Egypt

Weights as at 30 May 2008

HSBC Optimised GCC+Egypt Index

Name	Country	Bloomberg	Index wt
MOBILE TELEPH SYS	KUWA	ZAIN KK	7.8%
KUWAIT FINANCE HOU	KUWA	KFIN KK	6.3%
EMAAR PROPERTIES	UAE	EMAAR UH	5.6%
NAT BK OF KUWAIT	KUWA	NBK KK	5.4%
QATAR NATIONAL BK	QATA	QNBK QD	5.0%
DP WORLD	UAE	DPW DU	4.9%
ORASCOM TELECOM GDR	EGYP	OTLD LI	4.7%
ORASCOM CONSTRN	EGYP	OCIC EY	4.4%
DUBAI FINANCIAL MKT	UAE	DFM UH	3.7%
NATL BK ABU DHABI	UAE	NBAD UH	3.4%
COMM BK OF QATAR	QATA	CBQK QD	2.7%
FIRST GULF BANK	UAE	FGB UH	2.6%
DUBAI ISLAMIC BANK	UAE	DIB UH	2.5%
QATAR TELECOM	QATA	QTEL QD	2.4%
ALDAR PROPERTIES	UAE	ALDAR UH	2.3%
NATIONAL INDS GP HOL	KUWA	NIND KK	2.3%
QATAR ISLAMIC BANK	QATA	QIBK QD	2.2%
ABU DHABI COMM BK	UAE	ADCB UH	2.0%
COMM BK OF KUWAIT	KUWA	CBK KK	2.0%
GULF BNK OF KUWAIT	KUWA	GBK KK	1.9%
SOROUH REAL ESTATE	UAE	SOROUH UH	1.9%
TELECOM EGYPT	EGYP	ETEL EY	1.7%
BANK MUSCAT GDR	OMAN	BKM LI	1.7%
BARWA REAL ESTATE	QATA	BRES QD	1.6%
PUBLIC WAREHOUSING	KUWA	AGLTY KK	1.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	1.4%
MASRAF AL-RAYAN	QATA	MARK QD	1.4%
UNION NATIONAL BK	UAE	UNB UH	1.3%
UNION PROPERTIES	UAE	UPP UH	1.3%
OMANTEL	OMAN	OTEL OM	1.3%
NATL MOBILE TELECOM	KUWA	NMTC KK	1.2%
DOHA BANK	QATA	DHBK QD	1.2%
TALAAAT MOSTAFA GROUP	EGYP	TMGH EY	1.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	1.1%
EFG HERMES HLDGS	EGYP	HRHO EY	1.1%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	1.1%
BURGAN BANK	KUWA	BURG KK	1.0%
DANA GAS	UAE	DANA UH	1.0%
MOBINIL	EGYP	EMOB EY	1.0%
DUBAI INVESTMENTS	UAE	DIC UH	1.0%

GCC+Egypt+Jordan

Weights as at 30 May 2008

HSBC Optimised GCC+Egypt+Jordan Index

Name	Country	Bloomberg	Index wt
MOBILE TELEPH SYS	KUWA	ZAIN KK	5.0%
NAT BK OF KUWAIT	KUWA	NBK KK	5.0%
EMAAR PROPERTIES	UAE	EMAAR UH	5.0%
KUWAIT FINANCE HOU	KUWA	KFIN KK	5.0%
QATAR NATIONAL BK	QATA	QNBK QD	5.0%
DP WORLD	UAE	DPW DU	4.9%
ORASCOM TELECOM GDR	EGYP	OTLD LI	4.7%
ORASCOM CONSTRN	EGYP	OCIC EY	4.4%
ARAB BANK	JORD	ARBK JR	4.4%
DUBAI FINANCIAL MKT	UAE	DFM UH	3.7%
NATL BK ABU DHABI	UAE	NBAD UH	3.4%
COMM BK OF QATAR	QATA	CBQK QD	2.7%
FIRST GULF BANK	UAE	FGB UH	2.6%
ARAB POTASH	JORD	APOT JR	2.6%
DUBAI ISLAMIC BANK	UAE	DIB UH	2.5%
QATAR TELECOM	QATA	QTEL QD	2.4%
ALDAR PROPERTIES	UAE	ALDAR UH	2.3%
NATIONAL INDS GP HOL	KUWA	NIND KK	2.3%
QATAR ISLAMIC BANK	QATA	QIBK QD	2.2%
ABU DHABI COMM BK	UAE	ADCB UH	2.0%
COMM BK OF KUWAIT	KUWA	CBK KK	2.0%
GULF BNK OF KUWAIT	KUWA	GBK KK	1.9%
SOROUH REAL ESTATE	UAE	SOROUH UH	1.9%
TELECOM EGYPT	EGYP	ETEL EY	1.7%
BANK MUSCAT GDR	OMAN	BKM LI	1.7%
BARWA REAL ESTATE	QATA	BRES QD	1.6%
PUBLIC WAREHOUSING	KUWA	AGLTY KK	1.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	1.4%
MASRAF AL-RAYAN	QATA	MARK QD	1.4%
UNION NATIONAL BK	UAE	UNB UH	1.3%
UNION PROPERTIES	UAE	UPP UH	1.3%
OMANTEL	OMAN	OTEL OM	1.3%
NATL MOBILE TELECOM	KUWA	NMTC KK	1.2%
DOHA BANK	QATA	DHBK QD	1.2%
TALAAAT MOSTAFA GROUP	EGYP	TMGH EY	1.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	1.1%
EFG HERMES HLDGS	EGYP	HRHO EY	1.1%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	1.1%
JORDAN PHOSPHATE	JORD	JOPH JR	1.1%
BURGAN BANK	KUWA	BURG KK	1.0%

Egypt

Weights as at 30 May 2008

HSBC Optimised Egypt Index

Name	Country	Bloomberg	Index wt
ORASCOM CONSTRN	EGYP	OCIC EY	10.0%
ORASCOM TELECOM GDR	EGYP	OTLD LI	10.0%
TELECOM EGYPT	EGYP	ETEL EY	9.0%
TALAAAT MOSTAFA GROUP	EGYP	TMGH EY	6.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	6.2%
EFG HERMES HLDGS	EGYP	HRHO EY	6.1%
MOBINIL	EGYP	EMOB EY	5.4%
EGYPT-KUWAIT HLDG	EGYP	EKHO EY	5.2%
COMMERCIAL INTL GDR	EGYP	CBKD LI	5.2%
ELSWEDY CABLES HOL	EGYP	SWDY EY	4.9%
ORASCOM HOTELS & D	EGYP	ORHD EY	4.8%
AL EZZ STEEL REBAR	EGYP	ESRS EY	4.6%
ABU KIR FERTILIZER	EGYP	ABUK EY	3.9%
NATL SOC GEN BK	EGYP	NSGB EY	3.6%
SIDI KERIR PETROCHEM	EGYP	SKPC EY	3.4%
SOUTH VALLEY CMNT	EGYP	SVCE EY	3.0%
EGYPT ALUMINIUM	EGYP	ENAL EY	2.7%
GB AUTO	EGYP	AUTO EY	2.0%
EGYPT FOR TOURISM	EGYP	EGTS EY	1.9%
ALEXANDRIA MINERAL	EGYP	AMOC EY	1.9%

Jordan

Weights as at 30 May 2008

HSBC Optimised Jordan Index

Name	Country	Bloomberg	Index wt
JORDAN PETROL REF PF	JORD	JOPT JR	10.0%
JORDAN PHOSPHATE	JORD	JOPH JR	10.0%
TAAMEER JORDAN HOL	JORD	TAMR JR	10.0%
ARAB POTASH	JORD	APOT JR	10.0%
ARAB BANK	JORD	ARBK JR	10.0%
JORDAN ELEC POWER	JORD	JOEP JR	10.0%
UTD ARAB INVESTORS	JORD	UAIC JR	9.2%
ROYAL JORDANIAN AI	JORD	RJAL JR	7.4%
MIDDLE EAST COMPLE	JORD	MECE JR	6.8%
SPECIALISED INVEST	JORD	SPIC JR	6.4%
JORDAN STEEL	JORD	JOST JR	5.4%
UNION LAND DEVELOP	JORD	ULDC JR	2.6%
UNION INVESTMNT CO	JORD	UINV JR	2.2%

BOQ

Weights as at 30 May 2008

HSBC Optimised BOQ Index

Name	Country	Bloomberg	Index wt
QATAR TELECOM	QATA	QTEL QD	10.0%
COMM BK OF QATAR	QATA	CBQK QD	10.0%
QATAR NATIONAL BK	QATA	QNBK QD	10.0%
QATAR ISLAMIC BANK	QATA	QIBK QD	10.0%
BANK MUSCAT GDR	OMAN	BKM LI	8.2%
BARWA REAL ESTATE	QATA	BRES QD	7.9%
MASRAF AL-RAYAN	QATA	MARK QD	6.8%
OMANTEL	OMAN	OTEL OM	6.2%
DOHA BANK	QATA	DHBK QD	5.7%
BAHRAIN TELECOM.	BAHR	BATELCO BI	4.6%
GULF FINANCE GDR	BAHR	GFH LI	4.5%
AL KHALIJ COMMERCIAL	QATA	KCBK QD	4.3%
QATAR INT ISLAM BK	QATA	QIIK QD	4.3%
QATAR INSURANCE	QATA	QATI QD	3.9%
NAT BK OF OMAN	OMAN	NBOB OM	3.4%

Appendix C:

HSBC Optimised Middle East Index Series withholding tax rates

All markets considered in the Middle East Index Series are zero-rated for withholding tax.

Appendix D:

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