

HSBC Global Markets Indices

Ground Rules for HSBC Optimised Global Water Index

August 2008

HSBC Global Markets Indices

HSBC Optimised Global Water Index

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Definitions

Annual Review	Procedure for reviewing the list of constituents which make up the Index
Annual Review Date	Date at which data for the Annual Review is taken which is the last Business Day in the UK in the months of July
Average Daily Traded Value	Average daily value of shares traded over a specified period of time
Base Date	31 July 2003
Business Day	Any day when financial markets are open in the United Kingdom
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and a Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and for organisations outside of HSBC
Capital Adjustment	Adjustment to an Index Constituent's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	31 July 2008
Currency Adjusted Market Capitalisation	Market Capitalisation translated into USD
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from an Annual Review take effect in the calculation of the Index
Foreign Ownership Review	Where there are limits on foreign ownership, Index Constituents are only included when foreign ownership limits have not been reached. Foreign ownership is monitored daily by Global Markets and formally reviewed on each Annual Review Date. If foreign ownership limits are reached then the next largest eligible Index Constituent by Currency Adjusted Market Capitalisation replaces the affected Index Constituent
Free-float	Percentage of shares of an Index Constituent not held by corporate insiders that are freely tradable in the public market or on markets on which a company's securities are listed. It is calculated as: $100\% \times (\text{number of shares available to the public})/(\text{number of current shares})$
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
Index	HSBC Optimised Global Water Index
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 Universe	The potentially eligible list of water and water-related companies, revised at each Annual Review Date, from which the Index Constituents are selected through the application of the Ground Rules
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
Outstanding Shares	The number of a company's shares held by public investors or by the company's officers. Shares that a company repurchases itself (treasury stock) and shares that the company has authorised but not issued are not considered to be outstanding
Market Capitalisation	The Outstanding Shares for each listed Index Constituent multiplied by the share price
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Price Return Index	The calculated returns using only the price development of the Index Constituents
Total Return Index	The calculated returns with price development and re-investments of net dividend income of the Index Constituents
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weighting at Annual Review or Foreign Ownership Review to given percentages as specified in Section 1.3

1. Introduction

1.1. HSBC Optimised Global Water Index Overview

The HSBC Optimised Global Water Index (the “Index”) is promoted by HSBC Global Markets (“HSBC GM”), a business area of HSBC Bank plc. The Index is provided in US dollars as two series: The HSBC Optimised Global Water Total Return Index, which includes ex-dividend adjustments, and the HSBC Optimised Global Water Price Return Index, which excludes the effects of dividends.

The purpose of the Index is to provide investors with a benchmark which gives exposure to the largest companies, which are engaged in water or water-related businesses. These companies are selected from the Index Universe. This includes companies engaged in water storage, transportation, purification, metering, desalination, sanitation as well as companies producing water pumps and related businesses.

1.2. Index Construction

HSBC GM compiles the Stock Universe through extensive analysis of companies engaged in water and water-related businesses. Each company in the Stock Universe must have a Free-float of a minimum of 10%.

1.3. Steps for Selection of Index Constituents from the Stock Universe

1. Companies in whose shares HSBC GM is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance are excluded.
2. All Index Constituents must have Average Daily Traded Value of USD 1 million over a three-month period at each Annual Review Date.
3. Up to 20 of the largest companies (as measured by Market Capitalisation in US dollars) are selected. Shares of these companies listed in the form of American Depositary Receipts (“ADRs”) or Global Depositary Receipts (“GDRs”) also qualify if they meet minimum liquidity criteria as set out above (please see Section 1.5).
4. The minimum number of Index Constituents is 15.
5. If the total number of Index Constituents is less than 15 then the liquidity criterion is lowered by USD 100,000 progressively until at least 15 companies are eligible.
6. Index Constituents are weighted using the modified Market Capitalisation methodology, where the largest Index Constituents have a reduced weighting in the Index to limit their dominance. If the largest Index Constituent has a weighting greater than 8% then this Index Constituent’s weighting is set at 8% by the multiplication of a Weighting Factor, with lower-

ranked Index Constituents having their weightings increased pro-rata. If the second Index Constituent is 8% or more following pro-rating of weighting from the first constituent then the process is repeated and is repeated again with the third Index Constituent onwards until all Index Constituents have 8% weighting or lower. The consequent Weighting Factor is the ratio between the weighting before applying this rule and the weighting after. Where no Index Constituent has a weighting of 8% or above, the Index is represented by Index Constituents at their full Market Capitalisations and all Weighting Factors are set to 1 (please see Section 1.6).

7. Index Constituents and weightings are reviewed annually at the Annual Review Date.
8. Index Constituents which become ineligible between Annual Reviews are replaced with the eligible non-constituent from the Index Universe with the highest Currency Adjusted Market Capitalisation at the replacement date.
9. Results of actions affecting the Index will be published on the HSBC GM website for indices (please see Section 4.4).
10. The Index Values shall be calculated in US dollars only. Please refer to Section 4.5 for information about exchange rates used to calculate the Index Values.

1.4. Liquidity Screening

When companies are newly listed, including newly issued ADRs or GDRs, 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. The only exception to this rule applies to Suez Environnement S.A., which will be included in the Index on the Creation Date although four weeks of price and volume data is not available.

1.5. Multiple Share Classes

In addition to the stocks provided to QT by HSBC GM, ADRs and GDRs, as well as equivalent issuances connected with these, 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. Ground Rules may prohibit domestic-listed securities due to access being denied to HSBC Bank plc, or where the Foreign Ownership Limit on the domestic-listed security has been reached. In the event of more than one ADR/GDR issue or different classes of shares, e.g. A and B shares, becoming eligible, the most liquid shall be selected.

1.6. Weighting

The Stock Universe will be provided to the Calculation Agent by HSBC GM annually. For rebalancing purposes, the starting point is that all constituents of the Stock Universe from which Index Constituents are selected are represented by their full Currency Adjusted Market Capitalisation. The weightings are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A: HSBC Optimised Global Water Index Calculation Formula.

The list of Index Constituents and their weightings as of 31 July 2008 are contained in Appendix B: HSBC Optimised Global Water Index Constituents.

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 are processed on the day the action takes effect.

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

2.2. Mergers, Acquisitions and Restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed at the start of the date on which they are effective. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. 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 GM website for indices whether the resultant company will become an Index Constituent with the original company removed.

2.3. Initial Public Offerings (“IPOs”)

Newly listed companies normally only become eligible for inclusion into the Index Universe at the next 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 up to twelve months between

the date when an Index Constituent's shares are first traded and the date when they are considered for inclusion into the Index Universe.

2.4. Suspension

An Index Constituent'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 price at which 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 a price of zero. 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 Index Constituent which was removed from the Index at a price of zero resumes trading it will be reinstated in the Index at a price of zero, thereafter being valued at its closing price. Notification of Index Constituent suspensions will be posted on the HSBC GM website for indices.

2.5. Replacement of Index Constituents

If an Index Constituent 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 Annual Review.

Notice of removal shall be posted on the HSBC GM 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 an Index Constituent is first quoted ex-dividend. Net Dividends which appear to be paid from an Index Constituent's capital are treated as capital repayments (please see Section 2.1). See

Appendix D: HSBC Optimised Global Water Index Withholding Tax Rates.

The Index is calculated to act as a reference value for financial products which are linked to its performance. Should the tax regulations in Luxembourg change, then the HSBC Optimised Indices Oversight Committee may change the withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC GM website for indices.

3. Index Governance

3.1. Overview

The HSBC Optimised Global Water Index is a rules based index sponsored by HSBC GM. The Index is calculated independently by the Calculation Agent. HSBC GM has formed an HSBC Optimised Indices Oversight Committee to review policies and coverage of the HSBC Global Markets Indices, meeting between 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 GM resolves to cease publishing the Index, will be available directly from the HSBC GM 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 GM has made sure all products which use the Index as a reference have expired or have been redeemed.

For the purpose of this Index, any additions to the Stock Universe will only be implemented with the approval of the HSBC Optimised Indices Oversight Committee. Additions to the Stock Universe may result from IPOs or spin offs.

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 GM. The purpose of the Oversight Committee is to approve any proposed changes to the Ground Rules document for the purposes of compliance or those that might impact the Index Constituents or their selection as a result

of changes to access of the markets where the Index Constituents are listed. Any changes to the Ground Rules made by the Oversight Committee will be published on the HSBC GM website for indices. The amendments will be updated in the Ground 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 GM website for indices and the material provided on it.

3.4. About HSBC Global Markets Indices

This Index has been created by HSBC GM. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC GM has attempted to optimise the Ground Rules so that investment products which reference this index can be serviced on a long-term basis. The HSBC Global Market 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 GM”) 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 GM (please see Appendix E: 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 Annual Review Date using the Stock Universe most recently provided by HSBC GM in order to reconstitute the Index in accordance with the Ground Rules as specified by HSBC GM.

The Calculation Agent also:

1. Reviews liquidity
2. Identifies Index Constituent changes
3. Revises Weighting Factors
4. Compiles the new Index 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 Index Constituents forming the Index is rebalanced annually, based on prices, numbers of shares and exchange rates as at the Annual Review Dates. Index Constituent changes resulting from the Annual Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in August.

4.2. Index Calculation Formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weightings are defined according to the methodology in Section 1.6. The weightings are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The index calculation formula is provided in Appendix A: HSBC Optimised Global Water Index Calculation Formula.

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

The Creation Date of the Index is 31 July 2008. Index Values are available from the Base Date when the 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

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, closing prices, traded volumes and numbers of issued shares used 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 may supplement data from IDC with other sources such as Reuters at its absolute discretion. 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 Annual Review Index Constituent changes during the first week in August. All changes to Index Constituents will be notified to HSBC GM five days (excluding UK bank holidays and non-trading days in the UK) before Index Constituent or weighting changes, if any, take effect.

5.2. Index Constituent Changes

Announcements concerning Index Constituent changes (apart from 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 five Business Days following the announcement date.

5.3. Amendments

If an announcement needs to be amended, then HSBC GM issues a replacement announcement as soon as is reasonably practicable. HSBC GM makes every attempt to be as accurate as possible, but 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 GM website for indices 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 GM. Index Values are calculated daily and supplied to clients and data providers at 8:00 a.m. (UK time). Neither HSBC GM 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 Global Water Index and other HSBC Global Markets Indices please contact your local HSBC GM representative or contact HSBC GM Third Party Structured Products Development on +44 (0)20 7992 6002, email structured.investments@hsbcib.com, or visit the HSBC GM website for indices.

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets Indices please contact the Calculation Agent, QT, on + 44 (0)8455 847360 or email qt-inquiries@hsbcib.com.

Appendix A: HSBC Optimised Global Water Index Calculation Formula

The Index return is a weighted average return of the Index Constituents, where the weightings are in line with the Modified Market Capitalisation method. The weightings 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 Outstanding Shares in Issue of Index Constituent i at time t
F_{it}	=	The Weighting Factor of Index Constituent i at time t
D_t	=	Divisor at base date of the Index at time t

Where no Index Constituents are capped at 8% the Weighting Factor F_{it} is equal to 1 for all Index Constituents i .

Where an Index Constituent i is capped at 8% the Weighting Factor F_{it} is defined as

$$F_{it} = 8\% \times \frac{\sum P_{kT} N_{kT}}{P_{iT} N_{iT}}$$

For an Index Constituent i not capped at 8% the factor F_{it} is defined by

$$F_{it} = [1 - (c \times 8\%)] \times \frac{\sum P_{kT} N_{kT}}{\sum_j P_{jT} N_{jT}}$$

T	=	Last Annual Review Date prior to time t
j	=	1 ... all Index Constituents not capped at 8%
k	=	1 ... all Index Constituents of the Index
c	=	Number of Index Constituents with capped Weighting Factors

The Divisor, D_t , 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 Index Constituents and changes in the Index Constituents' share capital, thus avoiding distortions in the Index.

Divisor Adjustments

The Divisor Adjustment formula is:

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

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

Total Return Index

For the Total Return Index at time t , TRI_t , the calculation formula is:

$$TRI_t = TRI_{t-1} \times TRF_t$$

where:

TRF_t = Total Return Factor at time t

$$TRF_t = \frac{Index_t \times (1 + ID_t)}{Index_{t-1}}$$

where:

ID_t = Index Dividend at time t

$$ID_t = \frac{\sum (N_{it-1} \times F_{it} \times XD_{it})}{\sum N_{it} F_{it} P_{it}}$$

where:

XD_{it} = Ex-dividends of Index Constituent i at time t , following deduction of withholding tax

Appendix B: HSBC Optimised Global Water Index Constituents

The following table shows the Index Constituents of the HSBC Optimised Global Water Index as at 31 July 2008.

HSBC Optimised Global Water Index				
Country of Incorporation	Index Constituent	Bloomberg Ticker*	Exchange	Weighting (to 2 decimal places)
FRANCE	SUEZ ENVIRONNEMENT SA	SEV FP	EURONEXT PARIS S.A.	8.00%
FRANCE	VEOLIA ENVIRONNEMENT	VIE FP	EURONEXT PARIS S.A.	8.00%
UNITED KINGDOM	UNITED UTILITIES GROUP PLC	UU/ LN	LONDON STOCK EXCHANGE, THE	8.00%
SWITZERLAND	GEBERIT AG-REG	GEBN VX	SWISS EXCHANGE	5.70%
UNITED KINGDOM	SEVERN TRENT PLC	SVT LN	LONDON STOCK EXCHANGE, THE	6.57%
USA	ROPER INDUSTRIES INC	ROP US	NEW YORK STOCK EXCHANGE, INC.	5.86%
BRAZIL	CIA SANEAMENTO BASICO DE-ADR	SBS US	NEW YORK STOCK EXCHANGE, INC.	6.10%
USA	REPUBLIC SERVICES INC	RSG US	NEW YORK STOCK EXCHANGE, INC.	6.32%
SPAIN	AGUAS DE BARCELONA-CLASS A	AGS SM	MERCATO CONTINUO ESPANOL	5.03%
JAPAN	KURITA WATER INDUSTRIES LTD	6370 JP	TOKYO STOCK EXCHANGE	4.53%
UNITED KINGDOM	PENNON GROUP PLC	PNN LN	LONDON STOCK EXCHANGE, THE	4.75%
ITALY	HERA SPA	HER IM	ELECTRONIC SHARE MARKET	3.90%
ITALY	ACEA SPA	ACE IM	ELECTRONIC SHARE MARKET	4.06%
USA	AMERICAN WATER WORKS CO INC	AWK UN	NEW YORK STOCK EXCHANGE, INC.	3.29%
USA	ITRON INC	ITRI US	NASDAQ GS	3.37%
USA	PENTAIR INC	PNR US	NEW YORK STOCK EXCHANGE, INC.	3.66%
UNITED KINGDOM	NORTHUMBRIAN WATER GROUP PLC	NWG LN	LONDON STOCK EXCHANGE, THE	3.39%
USA	NALCO HOLDING CO	NLC US	NEW YORK STOCK EXCHANGE, INC.	3.55%
USA	IDEX CORP	IEX US	NEW YORK STOCK EXCHANGE, INC.	3.33%
HONG KONG	GUANGDONG INVESTMENT LTD	270 HK	STOCK EXCHANGE OF HONG KONG LTD, THE	2.56%

* The Bloomberg Ticker is only shown to identify the Index Constituent and does not specify the price source.

Appendix C: HSBC Optimised Global Water Index Universe

The following table shows the Stock Universe of the HSBC Optimised Global Water Index as at 31 July 2008.

HSBC Optimised Global Water Index Universe		
Country of Incorporation	Constituent	Bloomberg Ticker*
FRANCE	SUEZ ENVIRONNEMENT SA	SEV FP
FRANCE	VEOLIA ENVIRONNEMENT	VIE FP
UNITED KINGDOM	UNITED UTILITIES GROUP PLC	UU/ LN
SWITZERLAND	GEBERIT AG-REG	GEBN VX
UNITED KINGDOM	SEVERN TRENT PLC	SVT LN
USA	ROPER INDUSTRIES INC	ROP US
BRAZIL	CIA SANEAMENTO BASICO DE-ADR	SBS US
USA	REPUBLIC SERVICES INC	RSG US
SPAIN	AGUAS DE BARCELONA-CLASS A	AGS SM
JAPAN	KURITA WATER INDUSTRIES LTD	6370 JP
UNITED KINGDOM	PENNON GROUP PLC	PNN LN
ITALY	HERA SPA	HER IM
ITALY	ACEA SPA	ACE IM
USA	AMERICAN WATER WORKS CO INC	AWK UN
USA	ITRON INC	ITRI US
USA	PENTAIR INC	PNR US
UNITED KINGDOM	NORTHUMBRIAN WATER GROUP PLC	NWG LN
USA	NALCO HOLDING CO	NLC US
USA	IDEX CORP	IEX US
USA	AQUA AMERICA INC	WTR US
HONG KONG	GUANGDONG INVESTMENT LTD	270 HK
GREECE	ATHENS WATER SUPPLY & SEWAGE	EYDAP GA
FINLAND	KEMIRA OYJ	KRA1V FH
USA	MUELLER WATER PRODUCTS INC-B	MWA/B US
FINLAND	UPONOR OYJ	UNR1V FH
USA	WATTS WATER TECHNOLOGIES-A	WTS US
SINGAPORE	HYFLUX LTD	HYF SP
USA	PICO HOLDINGS INC	PICO UQ
USA	CALIFORNIA WATER SERVICE GRP	CWT US
USA	AMERICAN STATES WATER CO	AWR US
SINGAPORE	EPURE INTERNATIONAL LIMITED	EPUR SP
JAPAN	ORGANO CORP	6368 JT
USA	SJW CORP	SJW US
CAYMAN ISLANDS	CONSOLIDATED WATER CO-ORD SH	CWCO UW
HONG KONG	CHINA WATER AFFAIRS GROUP	855 HK

* The Bloomberg Ticker is only shown to identify the Index Constituent and does not specify the price source.

Appendix D: HSBC Optimised Global Water Index Withholding Tax Rates

Country	Withholding Tax Rate %
FRANCE	25
HONG KONG	0
ITALY	27
JAPAN	7
SPAIN	18
SWITZERLAND	35
UNITED KINGDOM	0
USA (ADR)	25
USA	30

Appendix E: IMPORTANT NOTE

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