



THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

*(a company incorporated in Hong Kong with limited liability,
a licensed bank regulated by the Hong Kong Monetary Authority and
registered under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
for Types 1, 2, 4, 5, 6 and 9 regulated activities)*

as Issuer

**Unlisted Structured Products Programme
(Programme)**

The Hongkong and Shanghai Banking Corporation Limited

as Product Arranger to the Programme

Our unlisted structured products issued under this Programme are NOT equivalent to time deposits. They are embedded with derivatives. Investors may sustain a total loss in their investment.

If you are in any doubt about any of the contents of the structured products offering documents or your investment in our structured products, you should consult a licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser to seek independent professional advice.

The Securities and Futures Commission ("SFC") has authorised the issue of this programme memorandum under Section 105(1) of the Securities and Futures Ordinance. The SFC takes no responsibility for the contents of this programme memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this programme memorandum. The SFC's authorisation does not imply its endorsement or recommendation of the structured products referred to in this programme memorandum.

IMPORTANT

Before you decide whether to invest in our structured products, you should read this programme memorandum, the financial disclosure document, the relevant product booklet (including any addendum to these documents as specified in the relevant indicative term sheet) and the relevant indicative term sheet (together, the “**structured products offering documents**”) and ensure that you fully understand and are willing to assume the risks associated with such an investment. References to “**term sheet**” in this programme memorandum mean both the indicative term sheet and the final term sheet unless otherwise specified. Electronic copies of the structured products offering documents in respect of a series of structured product are available from your distributor(s) and at our website which is presently at <https://www.hsbcnet.com/gbm/structured-investments/asia-pacific/unlisted-structured-products-programme>. This website has not been reviewed by the SFC.

If you are in any doubt about any of the contents of this programme memorandum, you should obtain independent professional advice.

You are warned that the market value of our structured products may fluctuate and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of our structured products and carefully study the risk warnings set out in this programme memorandum and other structured products offering documents and, where necessary, seek independent professional advice, before you decide whether to invest in our structured products.

Our structured products offering documents include particulars given in compliance with the Code on Unlisted Structured Investment Products issued by the SFC (the “**Code**”) for the purpose of giving information with regard to The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**” or the “**Bank**”) as the issuer, HSBC as the product arranger, the Programme and our structured products. The issuer and the product arranger collectively and individually accept full responsibility for the contents of, and the completeness and accuracy of the information contained in the structured products offering documents and confirm, having made all reasonable enquiries, that to the best of the knowledge and belief of the issuer and the product arranger, there is no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading. The issuer and the product arranger confirm that the structured products comply with the Code. The issuer also confirms that it meets the eligibility requirements applicable to issuers set out in the Code and the product arranger confirms that it meets the eligibility requirements applicable to product arrangers set out in the Code. HSBC is the “product arranger” for the purposes of the Code.

Our structured products constitute general, unsecured and unsubordinated contractual obligations of HSBC (as issuer) and of no other person. If you invest in our structured products, you are relying upon HSBC’s creditworthiness.

A Chinese version of this programme memorandum is also available from your distributor(s) and at our website which is presently at <https://www.hsbcnet.com/gbm/structured-investments/asia-pacific/unlisted-structured-products-programme>. This website has not been reviewed by the SFC.

本計劃備忘錄的中文版本可於閣下的分銷商及本公司網站(網址現為<https://www.hsbcnet.com/gbm/structured-investments/asia-pacific/unlisted-structured-products-programme>)瀏覽。此網站未經證監會審閱。

For the purpose of this programme memorandum and where the context requires, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China, to the “**PRC**” are to The People’s Republic of China (which for the purposes of this document shall exclude Hong Kong, Macau and Taiwan) and to the “**Bank Group**” shall refer to HSBC and its subsidiaries.

Our structured products are not available to any person that is: (a) a U.S. person (as defined in Regulation S of the United States Securities Act of 1933, as amended); (b) a U.S. person as defined in 17 C.F.R. § 23.23(a)(23) (a “**CFTC U.S. Person**”) or to others for offer or sale to or for the account or benefit of any such CFTC U.S. Person or; (c) a “United States person” as defined in U.S. Executive Order 13959, as amended by U.S. Executive Order 14032, or in the Chinese Military-Industrial Complex Sanctions Regulations (31 C.F.R. Part 586) (“**E.O. 13959 U.S. Persons**”), to the extent that the underlyings for the relevant structured products (i) include securities whose purchase or sale by E.O. 13959 U.S. Persons is restricted under Executive Order 13959 (as amended) or (ii) provide any investment exposure to any such securities ((i) and (ii) collectively, “**E.O. 13959 Restricted Underlyings**”).

E.O. 13959 U.S. Persons are restricted from purchasing or selling the structured products with E.O. 13959 Restricted Underlyings after the effective date of the Executive Order 13959 (as amended) restrictions applicable to those underlyings and investors should seek their own independent legal advice regarding compliance with Executive Order 13959 (as amended).

IMPORTANT RISK WARNINGS

The following risks should be read together with the other risks contained in (i) the “Risk Warnings” section in this programme memorandum; (ii) the “Risk Warnings” section in the relevant product booklet; and (iii) the “Important Risk Warnings” section in the relevant key facts statement and the relevant term sheet.

- **Embedded derivatives**

Our structured products are NOT equivalent to time deposits and are NOT protected deposits for the purposes of the Deposit Protection Scheme. They are embedded with derivatives.

- **Our structured products may be 100% principal protected, may be partially principal protected or may not be principal protected**

Where a series of our structured products are issued in the form of investments, such structured products may be 100% principal protected or partially principal protected or may not be principal protected and the potential payout under such structured products at expiry may be less than the principal amount of the structured products.

Where a series of our structured products are issued in the form of notes, such structured products may be 100% principal protected or partially principal protected. Where a series of our structured products are issued in the form of notes which are partially principal protected, the potential payout at maturity may be less than the principal amount of the notes but will not be less than the portion of the principal amount of the notes which is specified to be principal protected in the term sheet of the relevant series of our structured products. Where a series of our structured products are issued in the form of notes which are 100% principal protected, the potential payout at maturity will not be less than 100% of the principal amount of the notes.

- **Any principal protection is conditional and dependent on HSBC’s creditworthiness**

You should note that with respect to structured products that are 100% or partially principal protected, the principal protection is provided by HSBC as issuer and such principal protection is not guaranteed by any party. **You should also note that any such principal protection is conditional (e.g. the structured products are principal protected if they are held until maturity or expiry (as the case may be)) and is dependent on HSBC’s creditworthiness.**

If HSBC as issuer defaults on its obligations under the structured products, regardless of whether our structured products are 100% principal protected, partially principal protected or not principal protected, in the worst case scenario, **you could lose all of your investment.**

- **No collateral**

Our structured products are not secured on any of our assets or any collateral.

- **Limited market making arrangements are available and you may make a loss if you sell your structured products before maturity or expiry**

Our structured products are designed to be held to their maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments). Limited market making arrangements are available on a bi-weekly basis for all our structured products. If you try to sell your structured products before maturity or, as the case may be, expiry, the amount you receive for each structured product may be substantially less than the issue price you paid for each structured product.

- **Not the same as investment in the reference underlying**

Investing in our structured products is not the same as investing in the reference underlying(s) to which the structured product is linked. Changes in the market price or level of the reference underlying(s) may not lead to any corresponding change in the market value of, or your potential payout under, our structured products.

- **Not covered by Investor Compensation Fund**

Our structured products are not listed on any stock exchange and are not covered by the Investor Compensation Fund.

- **Maximum loss upon HSBC's default or insolvency**

Our structured products constitute general, unsecured and unsubordinated contractual obligations of HSBC as issuer and of no other person (including the ultimate holding company of our group, HSBC Holdings plc). When you buy our structured products, you will be relying on HSBC's creditworthiness. Regardless of whether our structured products are principal protected or not, if HSBC becomes insolvent or defaults on its obligations under the structured products, in the worst case scenario, **you could lose all of your investment.**

- **English version of the terms and conditions prevails over Chinese version**

The global certificate representing a series of our structured products and the terms and conditions of our structured products are issued in the English language only for the purposes of lodgement with the relevant clearing system(s). If there is any inconsistency between the Chinese version of the terms and conditions of our structured products and the English version, the English version will prevail over the Chinese version. If you do not understand the English version, you should obtain independent professional advice.

- **Conflicts of interest**

We and our subsidiaries may engage in transactions involving any reference underlying(s), the issuer(s) or index compiler(s) of the reference underlying(s) or asset(s) constituting the reference underlying(s). Such transactions may have a negative impact on the market value and the potential payout of our structured products. We (HSBC) may act in different capacities in respect of our structured products which may lead to potential and actual conflicts of interest. Our economic interests in each capacity may be adverse to your interests in our structured products.

- **You do not have direct contractual rights to enforce our structured products against us as issuer**

You do not have direct contractual rights to enforce our structured products against us as issuer. To assert your rights as an investor in our structured products, you will have to rely on your distributor (directly or indirectly via its custodian) to take action on your behalf. If your distributor or its custodian fails to take action against us on your behalf, you may (i) take action against your distributor in accordance with the agreement between you and your distributor; and/or (ii) take action against your distributor's custodian by establishing a claim against the distributor's custodian; and/or (iii) take action against us as issuer by establishing a claim against us, referencing the contractual and agency relationship between you and your distributor, the contractual relationship between your distributor and its custodian (if any) and the contractual relationship between us (as issuer) and your distributor or its custodian. You may only have a claim as an unsecured creditor of your distributor, its custodian or us as issuer. **In the worst case scenario, you could lose all your investment.**

We as issuer cannot give you investment advice; you must decide for yourself, after seeking independent professional advice, whether our structured products meet your investment needs.

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OVERVIEW OF OUR PROGRAMME

We have set up our Programme so that we can issue our structured products to the public in Hong Kong frequently and easily. This is an overview of the main features of our Programme.

Issuer: The Hongkong and Shanghai Banking Corporation Limited

Issuer's current credit ratings: Credit ratings (as at the date of this programme memorandum):

S&P Global Ratings ("S&P") AA- (Outlook: Stable)*
(AA- is among the top three major credit rating categories and is the fourth highest investment-grade ranking of the ten investment-grade ratings (including + or - sub-grades assigned by S&P))

Moody's Investors Services, Inc. Aa3 (Outlook: Negative)*
("Moody's") (Aa3 is among the top three major credit rating categories and is the fourth highest investment-grade ranking of the ten investment-grade ratings (including 1, 2 or 3 sub-grades assigned by Moody's))

* The above ratings and ratings outlook relate to the Issuer's senior long-term debt ratings.

The credit ratings listed above are provided for your reference only and do not imply the rating agency's endorsement or recommendation of our structured products.

Rating agencies usually receive a fee from the issuers that they rate: there may therefore be potential conflict of interests.

A credit rating is forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the structured products;
- a credit rating is not an indication of liquidity or volatility;
- credit ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not indicative of low risk; and
- a credit rating may be downgraded if the credit quality of the issuer declines.

There can be no assurance that any rating will remain in effect for any given period or that any rating will not be revised by the relevant rating agency in the future. You may find our latest credit rating on our website: <https://www.hsbc.com/investors/fixed-income-investors/credit-ratings>. Our credit ratings as of the date of this programme memorandum are provided for reference only. You should also note that any downgrade of our rating by any credit rating agency could result in a reduction in the market value of our structured products. You should make your own assessment of our ability to meet our obligations under the structured products and consult your investment adviser(s) if necessary.

Please see the Appendix for further information on credit ratings.

Ratings of our structured products:

Our structured products are not rated.

Description of Programme:

Unlisted structured products programme.

Nature of structured products:

Structured products are embedded with derivatives. Derivatives are financial instruments, the value and return of which would depend on the performance, the price or the level of their reference underlying(s). The type of reference underlying(s) and derivatives embedded in a structured product will be described in the relevant product booklet.

Form of our structured products:

Our structured products will be issued in registered form. Our structured products may be issued in the form of notes or investments.

Registered form:

Each series of our structured products will be represented by a single global certificate registered in the name of the nominee for the relevant clearing system. The terms and conditions of the structured products as set out in the relevant product booklet will specify whether the register of the holders of our structured products will be kept by the principal registrar or the alternative registrar. We (as issuer) and the principal registrar or, as the case may be, the alternative registrar will treat the nominee as the absolute owner and holder of the structured products.

As we will not issue individual certificates for our structured products, you must arrange for your distributor to hold the structured products in your securities or investment account with your distributor.

Notes:

Our structured products may be issued in the form of notes. A note is an instrument evidencing a debt owed by us as issuer to the holder of the note.

We will issue structured products in the form of notes where any amounts payable at maturity or during the term of the structured products (including principal amount and/or coupon(s)) are fixed on the trade date of the structured products and the payment of such fixed amounts is not contingent upon the occurrence of any future events, the exercise of certain rights by the holder of the structured products and/or the performance of the reference underlying(s).

By way of an example only, with respect to notes which are specified to be 60% principal protected (i.e. partially principal protected), the amount which an investor will receive at maturity under such notes will not be less than 60% of the principal amount of the notes and payment of such amount at maturity will not be contingent upon the occurrence of any future events, the exercise of certain rights by the holder of the notes and/or the performance of the reference underlying(s).

You should note that if a series of our structured products is issued in the form of notes and in Hong Kong dollars, Hong Kong stamp duty is payable on the transfer of such structured products. Hong Kong stamp duty is not applicable on the issue or transfer of structured products that are issued in the form of notes and in a currency other than Hong Kong dollars. Please refer to the section headed “Taxation” on pages 29 to 31 of this programme memorandum for further details.

Investments:

Our structured products may be issued in the form of investments. We will issue structured products in the form of investments where all of the amounts payable at expiry and during the term of the structured products (including principal amount and coupon(s) (if any)) are not fixed on the trade date of the structured products and the payment of all such amounts are contingent upon the occurrence of certain future events, the exercise of certain rights by the holder of the structured products and/or the performance of the reference underlying(s).

By way of an example only, we may issue an investment where coupon will only be payable if the closing price of the reference underlying(s) is above a certain specified price on the specified valuation date. At expiry what the investor will receive will depend on the closing price of the reference underlying(s) on the final valuation date. In such case, if (i) the closing price of the reference underlying(s) on the specified valuation date is at or above the specified price, investors will receive the coupon; and (ii) the closing price of the reference underlying(s) on the final valuation date is at or above a certain specified price, investor will receive a payment equal to 100% of the principal amount of the investments. However, if (i) the closing price of the reference underlying(s) on the specified valuation date is below the specified price, investor will not receive the coupon and (ii) the closing price of the reference underlying(s) on the final valuation date is below a certain specified price, investor will receive a number of the reference underlying(s).

Transfer of structured products that are issued in the form of investments are not subject to Hong Kong stamp duty.

Irrespective of whether our structured products are issued in the form of notes or investments, the ranking of our structured products and the investors’ rights against us as issuer shall not differ. The product booklet for the relevant structured products will specify whether the structured products are issued in the form of notes or in the form of investments.

Transfer:

You may transfer your structured products (whether issued in the form of notes or in the form of investments) to any third party without the issuer’s prior consent. Our structured products are designed to be held to their maturity or expiry (as the case may be) and there will be limited market making arrangements for our structured products (please refer to “Market making arrangement” on page 10 of this programme memorandum for further details).

Product booklet:

We will issue a product booklet for each type (depending on the legal form, the reference underlying(s) and/or the payout at maturity or expiry (as the case may be)) of structured products that we issue. The general terms and conditions that apply to each type of structured products that we can issue under our Programme will be set out in the relevant product booklet.

How we issue:	<p>Our structured products will be offered in series. Each series of structured products will have specific terms and conditions that are applicable to that series only.</p> <p>You can buy our structured products through the distributors specified in the relevant term sheet.</p>
Currencies:	<p>We may issue structured products in Hong Kong dollars, Renminbi, U.S. dollars or other non-restricted and freely convertible currencies. We will specify the currency of our structured products in the relevant term sheet.</p>
Ranking of our structured products:	<p>Our structured products (whether issued in the form of notes or in the form of investments) rank as our general, unsecured and unsubordinated contractual obligations, and are not secured on any assets or collateral.</p>
Product arranger:	<p>The Hongkong and Shanghai Banking Corporation Limited arranges the establishment of our Programme and performs administrative functions such as assisting us (as issuer) with the appointment of the agent and the registrars. Please refer to the section headed “We have appointed an agent, a principal registrar and an alternative registrar for administrative functions.” on pages 14 to 15 of this programme memorandum for further details on the functions of the agent, the principal registrar and the alternative registrar.</p> <p>The Hongkong and Shanghai Banking Corporation Limited is registered under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) for Types 1, 2, 4, 5, 6 and 9 regulated activities.</p> <p>The Hongkong and Shanghai Banking Corporation Limited is the “Product Arranger” for the purposes of the Code.</p>
Minimum investment amount:	<p>We will specify the minimum investment amount for our structured products in the relevant term sheet.</p>
Minimum transfer amount:	<p>Transfer of any interest in our structured products (whether issued in the form of notes or in the form of investments) will be effected only in an amount equal to the minimum transfer amount of our structured products as specified in the relevant term sheet.</p>
Governing law:	<p>Hong Kong law governs our structured products and our Programme.</p>
Listing:	<p>Our structured products will not be listed on any stock exchange.</p>
Post-sale cooling-off period:	<p>The relevant term sheet will specify if a post-sale cooling-off period is applicable to a particular series of our structured products. Post-sale cooling-off period only applies to our structured products with an investment period of more than one year.</p>
Market making arrangement:	<p>Our structured products are designed to be held to their maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments). Limited market making arrangements are available on a bi-weekly basis for all our structured products. The relevant product booklet and the relevant term sheet will specify the market making arrangements applicable to a particular series of the structured products.</p>

OUR PROGRAMME — MAIN FEATURES

Our structured products, which may be in the form of notes or investments, will be issued and sold under our Programme. Our Programme was authorised and approved by resolutions of our executive committee on 2 May 2012. The main features of our Programme are set out in this section.

Offering documentation for our structured products

The following documents constitute our structured products offering documents. **You should read all of these documents (including any addendum to the programme memorandum, the financial disclosure document and/or the product booklet as specified in the relevant indicative term sheet) before deciding whether to invest:**

- This **programme memorandum** gives you an overview of our Programme and our structured products, the general risks associated with investing in our structured products and the risks relating to the issuer and provides corporate information about us (as issuer and product arranger).
- The **financial disclosure document** contains our latest financial information, including our audited consolidated financial statements and unaudited interim condensed consolidated financial statements (if any).
- The **product booklet** for each type of structured products issued by us will set out the key facts statement(s) for each type of structured products offered, the nature of the structured products, whether the structured products are issued in the form of notes or investments, the general terms and conditions, the product features, risk factors and the standard form of the indicative and final term sheet and the standard form of pricing supplement applicable to that type of structured products.
- The **indicative term sheet** that we prepare for each series of structured products will contain a summary of the legally binding terms and conditions of the structured products and the specific commercial terms that are applicable to that series of structured products. In respect of a series of structured products, certain terms may only be determined after the offer period and these may only be expressed in a percentage or range of percentages in the relevant indicative term sheet at the time when you apply for the structured products.

The finalised terms of the structured products will be set out in the relevant final term sheet which will be made available to investors upon request and kept on display at the office of the product arranger while the structured products are in issue. The final term sheet does not form part of our structured products offering documents.

- **The offer of each series of structured products is made only on the basis of this programme memorandum, the financial disclosure document, the relevant product booklet (together with any addendum to each document as specified in the relevant indicative term sheet) and the relevant indicative term sheet.**

Terms and conditions of our structured products

The following documents set out the legally binding terms and conditions of our structured products:

- (i) **General terms and conditions:** the general terms and conditions that are applicable to the relevant type of structured products will be set out in the relevant product booklet. These general terms and conditions may be amended and supplemented by the specific terms that are applicable to a series of structured products, as set out in the relevant pricing supplement.
- (ii) **Pricing Supplement:** for each series of structured products, we will prepare a pricing supplement. A global certificate representing such series of structured products incorporating by reference the general terms and conditions, as amended and supplemented by the applicable pricing supplement relating to the relevant series of our structured products, will be lodged with the relevant clearing system. The pricing supplement will set out the specific commercial terms that are applicable to a particular series of structured products. The commercial terms contained in the pricing supplement of a series of

structured products will reflect the same commercial terms as set out in the relevant final term sheet for that series. The pricing supplement (in both English and Chinese language versions) for each series of structured products will be available for inspection at the offices of the product arranger and the relevant distributors on or after the relevant issue date.

When read together, the general terms and conditions in the relevant product booklet and the relevant pricing supplement will constitute the full terms and conditions applicable to the relevant series of structured products. The full terms and conditions applicable to the relevant series of structured products (in both English and Chinese language versions) will be available for inspection at the offices of the product arranger and available from the relevant distributors on or after the relevant issue date.

A contract note prepared by your distributor containing all the finalised commercial terms that apply to your structured products will be sent to you by your distributor within two Hong Kong business days after the trade date of the structured products.

We will not issue individual certificates for our structured products. Our structured products must be held through a distributor.

- Each series of our structured products will be represented by a single global certificate in registered form.
- If the relevant term sheet specifies that the clearing system for the relevant series of our structured products is the Central Clearing and Settlement System (“CCASS”) operated by the Hong Kong Securities Clearing Company Limited, a global certificate representing the entire issue size for such series of structured products will, upon issuance, be registered in the name of HKSCC Nominees Limited and HKSCC Nominees Limited will be the legal holder of the relevant series of our structured products (a “**structured product holder**”). Our structured products will then be credited to the Clearing Participant or Custodian Participant accounts of the relevant distributor (or its custodian) with CCASS in accordance with the arrangements between such distributor (or its custodian) and CCASS. Please ask your distributor for further details. Although individual investors may, in certain circumstances, open a personal account as an Investor Participant account with CCASS, the relevant distributors have agreed that they will not allot our structured products to any Investor Participant account with CCASS.
- If the relevant term sheet specifies that the clearing system(s) for the relevant series of our structured products is Euroclear and/or Clearstream, Luxembourg, which are international securities clearing systems, a global certificate representing the entire issue size for such series of structured products will, upon issuance, be registered in the name of a nominee for Euroclear and/or Clearstream, Luxembourg and such nominee will be a structured product holder of the relevant series. Our structured products will then be credited to the accounts of the relevant distributor (or its custodian) with Euroclear and/or Clearstream, Luxembourg. Individual investors cannot open a personal account at Euroclear and/or Clearstream, Luxembourg.
- As we will not issue individual certificates for our structured products, you must arrange for your distributor to hold the structured products in your securities or investment account with your distributor. Your distributor will hold the structured products for you, directly or through its custodians, in accounts at Euroclear or Clearstream, Luxembourg, or CCASS. Such distributor or custodian having an account at Euroclear or Clearstream, Luxembourg or CCASS in which your structured products are held are referred to as the “**Accountholder**” in this programme memorandum. As an individual investor, you will not be an Accountholder.
- Unless you already have one, you will have to open a securities or investment account with a distributor before you can buy our structured products. Securities or investment accounts and other services will be supplied by your distributor subject to its standard terms and conditions. We, as issuer, are not responsible for the way your distributor handles your account. (This does not of course affect your position where we act as your distributor.) You should ensure you are familiar with the standard terms and conditions, including fees, which your distributor will apply to your account. Ask your distributor to explain if you are not familiar with these arrangements. **You should note that your potential return or loss on an investment in our structured products will be affected by charges levied by your distributor.**

- In the unlikely event that the clearing system(s) close down, we will issue individual certificates for our structured products, but we will not issue individual certificates otherwise. The registrars' and structured product agency agreement provides in detail for the arrangements which will apply in the unlikely event that individual certificate has to be issued. You can read the registrars' and structured product agency agreement by going to the offices of the product arranger — please refer to page 33 of this programme memorandum for further details. If we need to issue individual certificates for our structured products, we will give a notice to the distributors summarising the arrangements as soon as practicable and the distributors will in turn inform you.
- When issued, our structured products have the benefit of a **deed of covenant** executed by us on 23 July 2012 (as amended and/or supplemented from time to time) in favour of the Accountholders in the relevant clearing system(s) which have been credited with interests in the global certificate. The deed of covenant entitles the Accountholder to take action against us directly to enforce their rights under the structured products if the global certificate becomes void (for example, where no individual certificates are issued after the clearing system(s) close down or in the event we, as issuer, become insolvent or default on our obligations under our structured products).
- The deed of covenant will be kept on display in the offices of the product arranger during the offer period for every series of our structured products, during the period between the trade date and issue date of every series of our structured products and while any of our structured products remain outstanding. Please refer to the section headed "Other information about our Programme" on pages 32 to 34 of this programme memorandum for details.
- As your distributor or its custodian, as the case may be, will be the Accountholder of the structured products that you invested in and only the Accountholder has the benefit of the deed of covenant, in order therefore to assert your rights as an investor in our structured products, you will have to rely on your distributor to take action (directly or indirectly via its custodian) on your behalf.

If your distributor or its custodian fails to take action against us on your behalf, you may (i) take action against your distributor in accordance with the agreement between you and your distributor; and/or (ii) take action against your distributor's custodian by establishing a contractual claim against the distributor's custodian; and/or (iii) take action against us as issuer by establishing a contractual claim against us, referencing the contractual and agency relationship between you and your distributor or its custodian and the contractual relationship between us (as issuer) and your distributor or its custodian. You only have a claim as an unsecured creditor of your distributor, its custodian or us as issuer.

It is therefore important that you familiarise yourself with, and ensure you understand your relationship with your distributor or its custodian in relation to the holding arrangements of our structured products and the arrangements with your distributor or its custodian regarding taking action against your distributor, your distributor's custodian (if any) or against us upon any default of our obligations under the structured products. (This does not of course affect your position where we also act as your distributor).

If you do not understand such arrangements with your distributor or its custodian or you would like to know the steps to enforce your rights under the structured products, you should obtain independent advice.

We will make payments, deliver securities or other assets and send notices through the clearing system(s).

Individual investors cannot open a personal account at Euroclear or Clearstream, Luxembourg or CCASS or other clearing system(s) for the purposes of holding our structured products. Your distributor will hold your structured products for you, directly or through its custodian, in an account at Euroclear or Clearstream, Luxembourg or CCASS or other clearing system(s).

- *We, as issuer, will make payments, deliver securities or other assets due under our structured products through the clearing system(s)*

We, as issuer, will make any payments, deliver securities or other assets due under our structured products to the relevant clearing system(s). This is because the legal holder of our structured products as appearing on the register of holders is HKSCC Nominees Limited (if the relevant clearing system is CCASS) or the common nominee for Euroclear and Clearstream, Luxembourg (if the relevant clearing system(s) is Euroclear and/or Clearstream, Luxembourg), as the case may be.

Once we have done so, you will have to rely (i) on the clearing system(s) to credit the accounts of the distributor (or its custodian) with the relevant payment and/or delivery; (ii) on the custodian of the distributor (if any) to credit the account of the distributor with the relevant payment and/or delivery and (iii) on your distributor to ensure that such payment and/or delivery due under your structured products is credited through to your account with your distributor. You are therefore exposed to the risk of failure by the clearing system to credit the relevant payment and/or delivery to the relevant Accountholders and your distributor (or its custodian) to forward the relevant payment and/or delivery to you, respectively, and the risk of your distributor (or its custodian) becoming insolvent or defaulting on its obligations under the terms of the relevant account keeping or custodian agreement.

You should note that we may make payments and deliver securities or other assets due under our structured products through separate clearing system(s) — if physical settlement is applicable, we will deliver the relevant securities or other assets due under our structured products through the applicable clearing system through which transfers of the relevant securities or other assets are customarily settled (being CCASS if the security or asset is listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”)) and we will make cash payments due under our structured products through the relevant clearing system of the structured products (which may be Euroclear and/or Clearstream, Luxembourg or CCASS as specified in the relevant term sheet).

- *Notices will also be sent through the clearing system(s)*

Any notices we give after the structured products are issued will be given via the relevant clearing system(s): we (as issuer) will arrange for the notice to be sent to Euroclear and/or Clearstream, Luxembourg or CCASS and you will have to rely on the relevant clearing system(s) to forward the notice to the Accountholders, the custodian of your distributor (if any) to forward the notice to your distributor and your distributor to ensure that the notice is forwarded to you.

- *Any payments and/or deliveries or notices to us will have to be made or sent through your distributor*

You will have to rely on your distributor to forward any payments and/or deliveries or notices to be made or delivered to us.

We, as issuer, will make determinations and exercise discretion under the terms and conditions of our structured products.

- We, as issuer, have the sole and absolute discretion in making all determinations and exercising all discretion under the legal documentation. Any decision we make will be made in good faith and in a commercially reasonable manner and is final and binding on you and on us and any other parties involved in the structured products.

We have appointed an agent, a principal registrar and an alternative registrar for administrative functions.

Administrative matters relating to all our structured products are dealt with in the **registrars’ and structured product agency agreement** dated 23 July 2012 (as amended and/or supplemented from time to time), pursuant to which The Hongkong and Shanghai Banking Corporation Limited has agreed to act in the capacity of the issuer’s agent and alternative registrar and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch is appointed as our principal registrar.

This agreement sets out the arrangements between the issuer, the issuer's agent, the principal registrar and the alternative registrar for:

- making any payments and delivery of securities or other assets due under our structured products
- giving notices to the structured products holder
- issuing individual certificates for structured products, in the unlikely event that we ever need to do so
- keeping the register of the structured products holder in Singapore or, if required, in Hong Kong and dealing with other administrative matters.

HSBC (in its capacity as the issuer's agent and alternative registrar) and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as principal registrar owe no duties to you as investors in our structured products.

Each offer of structured products is arranged under distributor appointment agreements.

- We may act as a distributor and sell our structured products to you as a principal or we may enter into distributor appointment agreements with the distributors appointed for each series of our structured products for the offering of the structured products to the retail public in Hong Kong. Such distributors may: (i) purchase the structured products from us as principal and on sell such structured products to you as principal (i.e. you are buying the structured products from your distributor), in which case, if your distributor fails to fulfil its obligation to sell the structured products to you for any reason in accordance with the agreement between you and your distributor, you will have to take action against your distributor; or (ii) purchase the structured products from us acting as your agent (i.e. your distributor is buying the structured products from us on your behalf), in which case, if we fail to fulfil our obligation to sell the structured products to your distributor (as your agent), you will have to take action against us directly in respect of our obligation to sell the structured products.
- Your relationship with your distributor is governed by the customer agreement you sign with the relevant distributor and is not controlled by us as issuer or by anything in this programme memorandum, any product booklet or term sheet. With such arrangement, you have to rely on your distributor to distribute notices, deliver securities or other assets and make payments due under the structured products to you and to take action against us (as issuer). We (as issuer) will not be responsible for any failure or delay on the part of the distributor (or its custodian) in doing so, and we (as issuer) will not be responsible for your loss and will not be providing any indemnity to you if the relevant distributor or its custodian defaults or becomes insolvent. (This does not of course affect your right against HSBC in its capacity as distributor where HSBC is acting as your distributor for the relevant structured products.) Ask your distributor to explain if you are not familiar with these arrangements.
- The distributor appointment agreements record the detailed arrangements between us and the distributors involved in offering our structured products: you do not, as investors in structured products, have any rights under these agreements.
- If these agreements, as they apply to any particular offering of our structured products, contain information which is relevant to you as investors in the structured products, we will disclose it in the relevant product booklet or the relevant term sheet.

RISK WARNINGS

- **There are risks associated with investing in our structured products**

Your investment in our structured products involves risks, including those inherent in any investment. You should read this section together with the “Important Risk Warnings” section on pages 4 to 5 of this programme memorandum and the risk factors set out in the relevant product booklet and indicative term sheet, and ensure that you understand the nature of all these risks before deciding whether to invest in our structured products.

- **Macroeconomic and geopolitical risk**

Current economic and market conditions may materially adversely affect the Bank Group’s results

The Bank Group’s earnings are affected by global and local economic and market conditions.

Uncertain economic conditions and volatile markets can create a challenging operating environment for financial services companies such as the Bank Group. In particular, the Bank Group have faced and may continue to face the following challenges to its operations and operating model:

- **Economic uncertainty:** Current economic forecasts suggest growth will be weaker in 2024, relative to 2023. Consumer and business confidence remains low and major economies continue to face the risk of a more severe downturn, or recession. Interest rates are forecast to fall throughout 2024, but forecasts still assume that they remain materially higher than in recent years. Economic weaknesses and higher interest rates could (among other things) cause asset prices and payment patterns to be adversely affected, leading to greater than expected increases in delinquencies, default rates and expected credit losses (“ECL”) and other credit impairment charges;
- **Mainland China commercial real estate:** Mainland China commercial real estate conditions remain distressed as offshore financing conditions and buyer demand remain subdued. Signs of a material or sustained recovery are yet to emerge, with market data still reflecting reduced investment and weak sentiment. The PRC government is expected to expand fiscal and monetary support to the economy to boost growth and lending in 2024, including specific measures to support developers and stimulate housing demand. However, the risk of a slow and protracted recovery remains significant. The business and financial performance of corporates operating in this market has been weak, and refinancing risks are likely to continue in 2024. State-owned enterprises continue to outperform privately-owned enterprises in general, with above market average sales performance, market share gains and greater access to funding. The challenges in this sector could create further pressure on the Bank Group’s customers;
- **Geopolitical risks:** Geopolitical risks remain elevated. Economic forecasts are assumed to reflect the impact from the Russia-Ukraine and Israel-Hamas wars, but there is significant uncertainty around the duration and possible escalation of these wars. Additionally, recent attacks on shipping in the Red Sea and the resulting countermeasures taken have begun to disrupt supply chains. The escalation or a broadening of the Russia-Ukraine war, or the Israel-Hamas war could aggravate supply chain disruptions and drive inflation higher and may pose challenges for the Bank Group’s customers and the Bank Group’s business (see the section headed “*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group’s financial condition and results*” under this risk factor for further discussion);
- **Credit demand:** The demand for borrowing from creditworthy customers may diminish during periods of recession or where economic activity slows or remains subdued;
- **Market conditions:** The Bank Group’s ability to borrow from other financial institutions or to engage in funding transactions may be adversely affected by market disruption; and
- **Other economic factors:** High inflation, higher interest rates and the impact of geopolitical risks have significantly changed the operating environment for many companies and sectors. While impairment estimates attempt to capture the effects of these in the aggregate, credit losses on specific exposures, with specific idiosyncratic features may not be fully captured in ECL estimates.

The occurrence of any of these events or circumstances could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and customers.

The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results

Significant geopolitical developments, such as the Russia-Ukraine and Israel-Hamas wars, continue to affect the global economy and have the potential to further influence the global macroeconomic outlook.

Global commodity markets were impacted by heightened geopolitical risks in 2023 – including the Russia-Ukraine and Israel-Hamas wars – which sustained concerns about supply chain disruptions.

A fall in global energy and food prices from the highs of 2022 facilitated a process of disinflation across key economies during 2023. Following the reduction in global inflation rates, central banks in most developed markets are expected to have concluded monetary policy tightening in the second half of 2023.

Disinflationary trends are now visible across most major economies. Markets expect a reduction in monetary policy rates over the next year if conditions in labour markets ease further and inflation returns closer to central banks' target rates. However, the possibility of further supply shocks led by geopolitical risks could cause an increase in prices of commodities and manufactured goods and lead to inflation effects on wages. Higher inflation could prompt central banks to raise interest rates further.

The effects of higher inflation and significant increases in interest rates in many countries may also have material impacts on capital and liquidity. In particular, the pressure of sustained higher inflation and higher interest rate rises may affect the credit rating of the Bank Group's customers and their ability to repay debt. In turn, this could negatively impact the Bank Group's risk-weighted assets ("RWAs") and capital position, increase ECL and lead to potential liquidity stress due to, among other factors, increased customer drawdowns. There could be further adverse impacts on the Bank Group's income due to lower lending volumes and lower wealth and insurance revenue, due to market volatility.

The Bank Group's Central scenario, which has the highest probability weighting in the Bank Group's HKFRS 9 "Financial Instruments" ("HKFRS 9") calculations of ECL, assumes that GDP growth in many of the Bank Group's main markets will slow down in 2024 followed by a moderate recovery in 2025. It is anticipated that inflation will converge towards central banks' target rates by early 2025. Similarly, interest rates are expected to decline but remain materially higher than in recent years. However, forecasts remain uncertain, and changing economic conditions and the materialisation of key risks could reduce the accuracy of the Central scenario forecast. In particular, forecasts in recent years have been sensitive to commodity price changes, changing supply chain conditions, monetary policy adjustments and inflation expectations. Uncertainty remains with respect to the relationship between the economic factors and the historical loss experience, which has required adjustments to modelled ECLs in cases where the Bank Group determined that the model was unable to capture the material underlying risks.

There could also be adverse impacts on other assets, goodwill and other intangible assets.

Fiscal deficits are expected to remain large in both developed and emerging markets as public spending on items including social welfare, defence and climate transition initiatives is expected to remain high. In many countries, the fiscal response to the COVID-19 pandemic has also left a very high public debt burden. Against a backdrop of slower economic growth and high interest rates, a rise in borrowing costs could increase the financial strains on highly indebted sovereigns.

While the average maturity of sovereign debt in developed markets has lengthened, higher borrowing costs than in recent years could reduce the affordability of debt and may in some countries eventually bring its sustainability into question. Among emerging markets and some developed markets, those that need to refinance maturing U.S. dollar-denominated debt, in the context of a historically strong U.S. dollar, may face increasing difficulties. Where the Bank Group has exposures to such sovereigns and/or related parties, it could incur losses.

Political changes may also have implications for policy. Many countries are expected to hold elections in 2024. This may result in continuity in some markets, but significant political and policy change in others. Political change could bring uncertainty to the political and legal frameworks in markets where the Bank Group operates.

The Bank Group's financial models have been impacted by the effects of higher inflation and significant increases in interest rates in many countries. These include retail and wholesale credit models such as HKFRS loss models, as well as capital models, traded risk models and models used in the asset/liability management process. This continues to require enhanced monitoring of model outputs and the use of model overlays, including management judgemental adjustments based on the expert judgement of senior credit risk managers and the recalibration of key loss models to take into account the impacts of higher rates on critical model inputs.

The Russia-Ukraine war has continued to elevate geopolitical instability which could have significant ramifications for the Bank Group and its customers. For further information, please refer to the section headed "*The Bank Group is subject to political, social and other risks in the countries and territories in which it operates and globally*" under this risk factor. The Bank Group continues to monitor and respond to economic sanctions and trade restrictions that have been adopted in response. These sanctions and trade restrictions are complex, novel and evolving. In particular, the United States (the "U.S."), the United Kingdom ("UK") and the European Union (the "EU"), as well as other countries have imposed significant sanctions and trade restrictions against Russia. Such sanctions and restrictions target certain Russian government officials, politically exposed persons, business people, Russian oil imports, energy products, financial institutions and other major Russian companies and sanctions evasion networks. These countries have also enacted more generally applicable investment, export, and import bans and restrictions. In December 2023, the U.S. established a new secondary sanctions regime, providing itself broad discretion to impose severe sanctions on non-U.S. banks that are knowingly or even unknowingly engaged in certain transactions or services involving Russia's military-industrial base. This creates challenges associated with the detection or prevention of third-party activities beyond the Bank Group's control. The imposition of such sanctions against any non-U.S. HSBC entity could result in significant adverse commercial, operational, and reputational consequences for the Bank Group, including the restriction or termination of the non-U.S. HSBC entity's ability to access the U.S. financial system and the freezing of the entity's assets that are subject to U.S. jurisdiction. In response to such sanctions and trade restrictions, as well as asset flight, Russia has implemented certain countermeasures, including the expropriation of foreign assets. These sanctions and restrictions may affect the Bank Group, its customers and the markets in which the Bank Group operates by creating regulatory, reputational and market risks.

Significant uncertainties remain in assessing the duration and impact of the Russia-Ukraine and Israel-Hamas wars. There is a risk that the resulting impact on economic activity may last for a prolonged period and this could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings.

The Bank Group is subject to political, social and other risks in the countries and territories in which it operates and globally

The Bank Group operates through an international network of subsidiaries, branches and affiliates across countries and territories around the world. The Bank Group's operations are subject to potentially unfavourable political, social, environmental and economic developments in such jurisdictions, which may include:

- coups, armed conflicts or acts of terrorism;
- political and/or social instability;
- geopolitical tensions;
- epidemics and pandemics (such as the COVID-19);
- climate change, acts of God and natural disasters (such as floods and hurricanes); and
- infrastructure issues, such as transportation and power failures.

Each of the above could impact credit RWAs, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers. These risk events or developments may also give rise to disruption to the Bank Group's services and some may result in physical damage to the Bank Group's operations and/or risks to the safety of the Bank Group's personnel and customers. Geopolitical tensions could have significant ramifications for the Bank Group and its customers. In particular:

- Uncertainty about the scope, duration and potential for further escalation of the Israel and Hamas war presents global economic and political implications. For further details, see the sections headed "*Current economic and market conditions may materially adversely affect the Bank Group's results*" and "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*" under this risk factor;
- The Russia-Ukraine war along with related financial sanctions, trade restrictions and Russian countermeasures, has had global economic and political implications. For further details, see the sections headed "*Current economic and market conditions may materially adversely affect the Bank Group's results*" and "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*" under this risk factor;
- Global tensions over trade, technology and ideology are manifesting themselves in divergent regulatory standards and compliance regimes, presenting long-term strategic challenges for multinational businesses;
- Diplomatic tensions between the PRC and the U.S., which may extend to and involve the UK, the EU, India and other countries, and developments in Hong Kong, Taiwan, and the surrounding maritime region may affect the Bank Group, creating regulatory, reputational and market risks;
- To date, the U.S., the UK, the EU and other countries have imposed various sanctions and trade restrictions on Chinese persons and companies, and the countries' respective approaches to strategic competition with the PRC continue to develop;
- Although sanctions and trade restrictions are difficult to predict, increases in diplomatic tensions between the PRC and the U.S. and other countries could result in further sanctions and trade restrictions that could negatively impact the Bank Group, its customers and the markets in which the Bank Group operates. For example, there is a continued risk of additional sanctions and trade restrictions being imposed by the U.S. and other governments in relation to human rights, technology and other issues with the PRC, and this could create a more complex operating environment for the Bank Group and its customers;
- The PRC, in turn, imposed a number of its own sanctions and trade restrictions that target, or provide authority to target, foreign individuals or companies as well as certain goods such as rare earth minerals and metals, and technology and services. These, as well as certain law enforcement measures, have been imposed mainly against certain countries, Western consulting and data intelligence firms, defence companies and public officials associated with the implementation of foreign sanctions against the PRC; and
- Further sanctions, counter sanctions and trade restrictions may adversely affect the Bank Group, its customers and the markets in which the Bank Group operates by creating regulatory, reputational and market risks.

As the geopolitical landscape evolves, the compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional compliance, reputational and political risks for the Bank Group.

While it is the Bank Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical risks and tensions, and potential ambiguities in the Bank Group's compliance obligations, will continue to present challenges and risks for the Bank Group and could have a material adverse impact on the Bank Group's business, financial condition, results of operations, prospects, strategy and reputation, as well as on the Bank Group's customers.

The Bank Group is likely to be affected by global geopolitical trends, including the risk of government intervention

While economic globalisation appears to remain deeply embedded in the international system, it is increasingly challenged by nationalism and protectionism. Consequently, international institutions may be less capable of adapting to this trend. A dispersion of global economic power from the U.S. and the EU towards the PRC and emerging markets appears to be occurring, providing a backdrop for greater U.S.-PRC competition.

A rise in nationalism and protectionism, including trade barriers, may be driven by populist sentiment and structural challenges facing developed and developing economies. Similarly, if capital flows are disrupted, some emerging markets may impose protectionist measures that could affect financial institutions and their clients, and other emerging, as well as developed, markets, may be tempted to follow suit. This rise could contribute to weaker global trade, potentially affecting the Bank Group's business.

The broad geographic footprint and coverage of the Bank Group will make it and its customers susceptible to protectionist measures taken by national governments and authorities, including imposition of trade tariffs, restrictions on market access, restrictions on the ability to transact on a cross-border basis, expropriation, restrictions on international ownership, interest rate caps, limits on dividend flows and increases in taxation.

There may be uncertainty as to the conflicting nature of such measures, their duration, the potential for escalation, and their potential impact on global economies. Whether these emerging trends are cyclical or permanent is hard to determine, and their causes are likely to be difficult to address. The occurrence of any of these events or circumstances could have a material adverse effect on the Bank Group's business, financial condition, results of operations and prospects.

The Bank Group is subject to financial and non-financial risks associated with Environmental, Social and Governance ("ESG") related matters, such as climate change, nature-related and human rights issues

ESG related matters such as climate change, society's impact on nature and human rights issues bring risks to the Bank Group's business, its customers and wider society. If the Bank Group fails to meet evolving regulatory expectations or requirements relating to these matters, this could have regulatory compliance and reputational impacts.

Climate change could have both financial and non-financial impacts on the Bank Group either directly or indirectly through its customers. Transition risk can arise from the move to a low-carbon economy, such as through policy, regulatory and technological changes. Physical risk can arise through increasing severity and/or frequency of severe weather events or other climatic events, such as rising sea levels and flooding, and chronic shifts in weather patterns, which could affect the Bank Group's ability to conduct its day-to-day operations.

The Bank Group currently expects that the following are the most likely ways in which climate risk may materialise for the Bank Group:

- credit risk for the Bank Group's corporate customers may increase if climate-related regulatory, legislative or technological developments impact customers' business models or if extreme weather events disrupt customers' operations, resulting in financial difficulty for customers and/or stranded assets. The Bank Group's customers may find that their business models fail to align to a net zero economy or face disruption to their operations or deterioration to their assets as a result of extreme weather;
- trading losses if climate change results in changes to macroeconomic and financial variables which negatively impact the Bank Group's trading book exposures;
- residential real estate may be affected by changes to the climate, the increase in the frequency and severity of and extreme weather events and chronic shifts in weather patterns, which could impact both property values and the ability of borrowers to afford their mortgage payments;

- the Bank Group’s operations may see an increase in operational risk if extreme weather events impact its critical operations and premises;
- regulatory compliance risk may result from the increasing pace, breadth and depth of climate-related regulatory expectations, including on the management of climate risk, and variations in climate-related reporting standards, requiring implementation in short timeframes across multiple jurisdictions;
- conduct risks could develop in association with the increasing demand for “green” products where there are differing and developing standards or taxonomies; and
- reputational risks may result from the Bank Group’s decisions on how it supports its customers in high-emitting sectors in their transition to net zero, and if the Bank Group makes insufficient progress in achieving the Bank Group’s climate-related ambitions, targets and commitments.

The Bank Group also faces increased reputational, legal and regulatory risks as it makes progress towards the Bank Group’s net zero ambition and other ESG-related ambitions, targets and commitments, with stakeholders likely to place greater focus on its actions, such as the development of climate and broader ESG-related policies, its disclosures and financing and investment decisions relating to its net zero ambition and other ESG-related ambitions, targets and commitments. The Bank Group will face additional risks if it knowingly or unknowingly makes inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to its stakeholders.

Climate risk may also have an impact on model risk, as the uncertain and evolving impacts of climate change as well as data and methodology limitations present challenges to creating reliable and accurate model outputs.

The Bank Group may be exposed to climate and broader ESG-related litigation and regulatory enforcement risks, either directly if stakeholders think that it is not adequately managing climate and broader ESG risks or indirectly if its clients and customers are themselves the subject of litigation, potentially resulting in the revaluation of client assets.

Requirements, policy objectives, expectations or views may vary by jurisdiction and stakeholder in relation to ESG related matters. The Bank Group may be subject to potentially conflicting approaches to ESG matters in certain jurisdictions, which may impact its ability to conduct certain business within those jurisdictions or result in additional regulatory compliance, reputational, political or litigation risks. These risks may also arise from divergence in the implementation of ESG, climate policy and financial regulation in the many regions in which the Bank Group operates, including initiatives to apply and enforce policy and regulation with extraterritorial effect.

In addition, there is increasing evidence that a number of nature-related risks beyond climate change – which include risks that can be represented more broadly by economic dependency on nature – can and will have significant economic impact. These risks arise when the provision of ecosystem services such as water availability, air quality, and soil quality is compromised by overpopulation, urban development, natural habitat and ecosystem loss, and other environmental stresses beyond climate change. They can manifest themselves in a variety of ways, including through macroeconomic, market, credit, reputational, legal and regulatory risks, for both the Bank Group and its customers.

The human rights issues, which are the human rights at risk of the most severe negative impact through the Bank Group’s business activities and relationships include the right to decent work, including freedom from slavery and forced labour and the right to equality and freedom from discrimination, amongst others. The Bank Group’s analysis focused on the risk to people, while recognising that where this risk at its highest, it often converges with material risk to its business, specifically, in the Bank Group’s role as employer, buyer, investor, and provider of products and services to personal and business clients. Failure to manage these risks may negatively impact people and communities, which in turn may have reputational, legal, regulatory and financial consequences for the Bank Group.

In respect of all ESG-related risks, the Bank Group also needs to ensure that its strategy and business model, including the products and services it provides to customers and risk management processes (including processes to measure and manage the various financial and non-financial risks the Bank Group faces as a result of ESG related matters), adapt to meet regulatory requirements and stakeholder and market expectations, which continue to evolve significantly and at pace. Achieving the Bank Group's strategy with respect to ESG matters, including any ESG-related ambitions, commitments and targets it may set, will depend on a number of different factors outside of the Bank Group's control, such as advancements in technologies and supportive public policies in the markets where the Bank Group operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the Bank Group may fail to achieve its ESG related ambitions, commitments and targets.

In order to track and report on the Bank Group's progress against its ESG-related ambitions, targets and commitments, it relies on internal and, where appropriate and available, external data sources, guided by certain industry standards and the Bank Group's own ability to collect and process such data. While ESG-related reporting has improved over time, data remains of limited quality and consistency exposing the Bank Group to the risk of using incomplete and inaccurate data and models which could result in sub-optimal decision making. Methodologies, data, scenarios and industry standards that the Bank Group has used may develop over time in line with market practice, regulation and developments in science, where applicable. Any such developments in methodologies and scenarios, and changes in the availability, accuracy and verifiability of data over time and the Bank Group's ability to collect and process such data, exposes the Bank Group to financial reporting risk in relation to the Bank Group's climate-related and broader ESG disclosures and could result in revisions to the Bank Group's internal measurement frameworks as well as reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on-year. This could also result in the Bank Group having to re-evaluate its progress towards its ESG-related ambitions, commitments and targets in the future and this could result in reputational, legal and regulatory risks.

If any of the above risks materialise, this could have financial and non-financial impacts for the Bank Group, which could, in turn, have a material adverse effect on its business, financial condition, results of operations, reputation, prospects and strategy.

The Bank Group operates in markets that are highly competitive

The Bank Group competes with other financial institutions in a highly competitive industry that continues to undergo significant change as a result of financial regulatory reform, including Open Banking in Hong Kong, as well as increased public scrutiny stemming from a continued challenging macro-economic environment.

The Bank Group targets internationally mobile clients who need sophisticated global financial solutions and generally competes on the basis of the quality of its customer service, the wide variety of products and services that the Bank Group can offer its customers, the ability of those products and services to satisfy its customers' needs, the extensive distribution channels available for its customers, its innovation and its reputation. Continued and increased competition in any one or all of these areas may negatively affect the Bank Group's market share and/or cause the Bank Group to increase its capital investment in its businesses in order to remain competitive. Additionally, the Bank Group's products and services may not be accepted by its targeted clients. In many markets, there is increased competitive pressure to provide products and services at current or lower prices.

Consequently, the Bank Group's ability to reposition or re-price its products and services from time to time may be limited, and could be influenced significantly by the actions of its competitors who may or may not charge similar fees for their products and services. Any changes in the types of products and services that the Bank Group offers its customers and/or the pricing for those products and services could result in a loss of customers and market share.

Developments in technology and changes to regulations are enabling new entrants to the industry. This challenges the Bank Group to continue innovating and taking advantage of new digital capabilities so that the Bank Group improves how it serves its customers, drive efficiency and adapt its products to attract and retain customers. As a result, the Bank Group may need to increase its investment in its business to adapt or develop new products and services to respond to the Bank Group's customers' evolving needs. The Bank Group also needs to ensure that new digital capabilities do not weaken its resilience. If the Bank Group fails to develop and adapt its products and services to take advantage of new digital capabilities this could have an adverse impact on its business.

The digitisation of financial services continues to have an impact on the payment services ecosystem, including new market entrants and payment mechanisms, not all of which are subject to the same level of regulatory scrutiny or regulations as financial institutions. This presents ongoing challenges in terms of maintaining required levels of payment transparency, notably where financial institutions serve as intermediaries. Developments around digital assets and currencies have continued at pace, with an increasing regulatory and enforcement focus.

Any of these factors could have a material adverse effect on the Bank Group's business, financial condition, results of operations, prospects and reputation.

Market fluctuations may reduce the Bank Group's income or the value of its portfolios

The Bank Group's businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices, and the risk that the Bank Group's customers act in a manner inconsistent with its business, pricing and hedging assumptions.

Market pricing can be volatile and ongoing market movements could significantly affect the Bank Group in a number of key areas. For example, banking and trading activities are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. Changes in interest rate levels, interbank spreads over official rates and yield curves affect the interest rate spread realised between lending and borrowing costs. The potential for future volatility and margin changes remains. See the section headed "*The macroeconomic and market impact of major geopolitical developments may affect the Bank Group's financial condition and results*" under this risk factor regarding the impact of these on the interest rate environment.

Competitive pressures on fixed rates or product terms in existing customer products sometimes restrict the Bank Group's ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The Bank Group's insurance businesses are exposed to the risk that market fluctuations may cause mismatches to occur between product liabilities and the investment assets that back them. Market risks can affect the Bank Group's insurance products in a number of ways depending upon the product and the associated contract. For example, mismatches between assets and liability yields and maturities give rise to interest rate risk. Some of these risks are borne directly by the customer and some are borne by the insurance businesses, with their excess capital invested in the markets. Some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance businesses could bear some of the cost of such guarantees and options. The performance of the investment markets could thus have a direct effect upon the value embedded in the insurance and investment contracts and the Bank Group's operating results, financial condition and prospects.

It is difficult to predict with any degree of accuracy changes in market conditions, and such changes could have a material adverse effect on the Bank Group's business, financial condition, results of operations, capital position and prospects.

Liquidity, or ready access to funds, is essential to the Bank Group's businesses

The Bank Group's ability to borrow on a secured or unsecured basis, and the cost of doing so, can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the Bank Group or the banking sector, including the Bank Group's perceived or actual creditworthiness.

Current accounts and savings deposits payable on demand or at short notice form part of the Bank Group's funding, and the Bank Group places considerable importance on maintaining their stability. For deposits, stability depends upon preserving investor confidence in the Bank Group's capital strength and liquidity, and on comparable and transparent pricing.

The Bank Group also accesses wholesale markets in order to provide funding for entities that do not accept deposits, to align asset and liability maturities and currencies, and to maintain a presence in local markets. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a material adverse effect on the Bank Group's liquidity.

Unfavourable macroeconomic developments, market disruptions or regulatory developments may increase the Bank Group's funding costs or challenge the Bank Group's ability to raise funds to support or expand the Bank Group's businesses.

If the Bank Group is unable to raise sufficient funds through deposits and/or in the capital markets, the Bank Group's liquidity position could be adversely affected, and the Bank Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature, to meet the Bank Group's obligations under committed financing facilities and insurance contracts or to fund new loans, investments and businesses. The Bank Group may need to liquidate unencumbered assets to meet the Bank Group's liabilities. In a time of reduced liquidity, the Bank Group may be unable to sell some of the Bank Group's assets, or the Bank Group may need to sell assets at reduced prices, which in either case could materially adversely affect the Bank Group's business, financial condition, results of operations, capital position and prospects.

- **Risks related to the Bank Group's financial statements and accounts**

Changes in accounting standards may have a material impact on how the Bank Group reports its financial results and financial condition

The Bank Group prepares its consolidated financial statements in conformity with the requirements of the Companies Ordinance (Cap. 622, Laws of Hong Kong) and in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Financial Reporting Standards Committee ("FRSC") of the Hong Kong Institute of Certified Public Accountants.

From time to time, the FRSC may issue new accounting standards that could materially impact how the Bank Group calculates, reports and discloses its financial results and financial condition, and which may affect its capital ratios, including the Common Equity Tier 1 (CET1) ratio. The Bank Group could be required to apply new or revised standards retrospectively, resulting in restating its prior period financial statements in material amounts. This could have a material adverse effect on the Bank Group's business, financial condition, results of operations and capital position.

HOW TO BUY OUR STRUCTURED PRODUCTS

Our structured products are available from the distributor(s) specified in the term sheet for a particular series. You cannot purchase our structured products directly from us (in our capacity as issuer). If you wish to purchase any of our structured products, you must contact one of the distributors. The names and contact details of the distributors are specified in the relevant term sheet and are available upon request from the offices of the product arranger at Level 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

Our structured products are not available to U.S. persons (as defined in Regulation S of the U.S. Securities Act of 1933, as amended).

Do I need an application form?

No, we will not issue an application form for our structured products.

The distributor with which you place your order will ask you to fill in their order form.

What is the relationship between me and my distributor?

Your relationship with your distributor is governed by the customer agreement you signed with your distributor and is not controlled by us (unless HSBC is acting as your distributor) or by anything in this programme memorandum, any product booklet or term sheet. Ask your distributor to clarify if you are concerned about this.

Your distributor should be able to explain to you how our structured products work and to answer your questions.

How will applications be processed?

After you have placed your order with your distributor, your distributor will make an application to us for your order, aggregating any other orders it received from other investors.

We, as issuer, may choose to close the offer period for any series of structured products or withdraw invitations made under a term sheet at any time.

We, as issuer, may also reject an application (or part of an application) from a distributor in our sole and absolute discretion.

If we accept a distributor's order, we will send a confirmation to that distributor on the trade date, setting out the total amount accepted and the final terms applicable to that relevant series.

Our confirmation may aggregate applications made on behalf of a number of investors by a distributor. We (in our capacity as issuer) will not provide any confirmation directly to you. Ask your distributor for details of how it will apportion among investors any structured products allocated to it, how your order will be confirmed by it and how you can check your holdings in the structured products from time to time.

Do I have to make any confirmations?

At the time you buy our structured products, you may be required to give a number of confirmations and acknowledgements. Your distributor is required to ensure that you understand and are able to give these confirmations and acknowledgements. Ask your distributors for details of what confirmations and acknowledgements you will need to give and when you will need to give them.

Are structured products available only from the distributors?

We may make arrangements for our structured products to be sold through other channels which are not set out in a term sheet.

Offers of structured products made through other channels could be made at a lower purchase price or on terms other than those that are available to investors who buy structured products through a distributor specified in a term sheet.

WHAT ARE OUR STRUCTURED PRODUCTS

What are structured products?

Structured products are embedded with derivatives. Derivatives are financial instruments, the value and return of which would depend on the performance, the price or the level of their reference underlying(s). The type of reference underlying(s) and derivatives embedded in a structured product will be described in the relevant product booklet. The payout on a structured product may be linked to a single reference underlying (e.g. a specific stock listed on the Hong Kong Stock Exchange or on other stock exchanges, the performance of a specific index or the price or the changes in price of a specific commodity) or a basket of reference underlyings that belong to different asset classes (e.g. linked to the performance of a specific stock, the performance of an index and the price or the changes in price of a specific commodity).

Upon certain conditions being met, you may receive payment of a certain cash amount or physical delivery of the relevant reference underlying at a specified future date under our structured products.

You should note that while your investments in our structured products may give you potentially higher returns compared to bank deposits, you must be prepared to take higher risks. You may lose some or all of the money that you invested in the structured products.

What are the key elements of a structured product?

Generally, the key elements of a structured product are:

- the legal form of the structured products
- whether the structured products will or will not be principal protected
- the reference stock(s), the reference index or indices and/or the reference commodity or commodities to which the structured products are linked
- the type of derivatives embedded in the structured products
- the potential payout at maturity (in the case of structured products issued in the form of notes) or expiry (in the case of structured products issued in the form of investments), which is either:
 - a cash settlement amount (this relates to the payment of a cash amount you will be entitled to receive upon redemption or termination of the structured products at maturity or expiry (as the case may be) upon certain conditions being met under the terms of the relevant structured products. Where the structured products are principal protected at maturity or expiry (as the case may be), the cash settlement amount will not be less than the portion of the principal amount of the structured products which is specified to be principal protected at maturity or expiry (as the case may be) in the term sheet of the relevant series of our structured products. Any charges and expenses arising from termination or redemption of the structured products will be deducted from the cash settlement amount. Currently there are no such charges or expenses. If any cash settlement expenses are payable in the future, we will inform the distributor(s) as soon as practicable and the distributor(s) will in turn inform you.)
 - a physical settlement amount (this relates to the physical delivery of a number of reference stock(s) or other assets (as the case may be) you will be obliged to purchase from us at a pre-determined price upon redemption or termination of the structured products at maturity or expiry (as the case may be) upon certain conditions being met under the terms of the relevant structured products. You will be required to pay the buyer's portion of the taxes, charges and expenses arising from the transfer and receipt of the reference stock(s) or other assets (depending on the terms of the structured products you buy).)

- the issue price (the amount you pay at the time you place an order for the structured products)
- the scheduled tenor of the structured products (the period from the issue date to the date on which the final payment or delivery is scheduled to be paid or delivered)
- the investment period of the structured products (the period between the date on which all the terms of the structured products you wish to buy are finalised (i.e. the trade date) and the date on which the final settlement is determined)

The relevant product booklet will explain how a particular type of structured products works.

Stock linked structured products.

The payout on stock linked structured products will be dependent upon the performance of a specific stock or a basket of stocks listed in Hong Kong or elsewhere. Investing in stock linked structured products is not the same as investing in the reference stock(s). Changes in the market price of the reference stock(s) may not lead to any corresponding change in the market value of, or your potential payout under, stock linked structured products.

Index linked structured products.

The payout on index linked structured products will be dependent upon the level(s) of the reference index or indices. The index may be comprised of reference equities, bonds or commodities. Changes in the index level may not lead to any corresponding change in the market value of, or your potential payout under, index linked structured products. A change in the components in the index could adversely affect the market value of index linked structured products.

Commodity linked structured products.

The payout on commodity linked structured products will be dependent upon the price or changes in the price of a specific commodity or commodities. Buying our commodity linked structured products is not the same as a direct investment in that commodity or commodities. Changes in the market price of the relevant commodity or commodities may not lead to any corresponding change in the market value of, or your potential payout under, our commodity linked structured products.

Structured products linked to a basket of reference underlyings that belong to different asset classes.

The payout on structured products linked to a basket of reference underlyings that belong to different asset classes (e.g. linked to the performance of a specific stock, the performance of a reference index and the price or the changes in price of a specific commodity) will be dependent upon the performance of the relevant reference underlyings in the basket. Buying our structured products linked to a basket of reference underlyings that belong to different asset classes is not the same as a direct investment in the relevant reference underlyings in the basket.

Investors of our structured products rank for payment equally with our other unsecured creditors.

Our structured products are NOT equivalent to a time deposit with us and are NOT protected deposits for the purposes of the Deposit Protection Scheme.

Our structured products constitute our general, unsecured and unsubordinated obligations. This means that if we become insolvent or default on our obligations under the structured products, the structured product holders will rank for payment equally with all our other creditors whose claims are not:

- preferred by law;
- secured on our assets; or
- subordinated, which means that they rank after the claims of other creditors.

We or our group companies may buy and sell our structured products.

We or our group companies may at any time and at any price buy our structured products whether in the open market or by private arrangement. Such trading activities may have a negative impact on the market value of our structured products. If purchases are made by tender, we or our group companies will allow all holders of the series of structured products to take part. Any structured products that we or our group companies purchased may be held or resold or cancelled. We, as issuer, have a “Chinese Wall” policy in place to separate duties between its investment banking business and its trading and retail business. Each department will be working independently to prevent conflict of interests. There are rules and guidelines from compliance department that each function needs to follow and the trading of the structured products will be transacted at arm’s length.

Our Programme is governed by Hong Kong law.

All our programme documentation, including the terms and conditions of our structured products, is governed by Hong Kong law. The terms and conditions of our structured products provide that the courts of Hong Kong have non-exclusive jurisdiction to settle any disputes in connection with our structured products.

Use of proceeds.

The proceeds of our structured products will be used for HSBC’s and HSBC’s group companies’ general business purposes, including, without limitation, to enter into transactions to hedge our exposure under the structured products. The proceeds of our structured products will not be used for fund raising purposes.

TAXATION

The statements below regarding taxation are based on relevant law and practice at the date of this programme memorandum and are subject to any subsequent changes in law or practice (which could be made on a retroactive basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to purchase, holding or sale of our structured products.

The summary on the relevant law and practice below is not complete and we are not giving you any tax advice. You should consult your own independent tax advisor about the tax consequences of investing in our structured products, particularly if you are subject to special tax rules (for example, if you are a bank, dealer, insurance company or a tax-exempt entity under Hong Kong law).

HONG KONG

Withholding tax

We are not required under current law to make any withholding on account of Hong Kong tax from payments in respect of our structured products.

Profits Tax and Capital Gains Tax

Profit or gains arising to the investor from the sale or disposal of the structured products may be chargeable to Hong Kong profits tax where such sale or disposal is, or forms part of, a trade, profession or business carried on in Hong Kong. Capital gains arising from such sale or disposal are not subject to tax.

Stamp Duty

Our structured products which are issued in the form of investments are not expected to be subject to Hong Kong stamp duty either when issued or on any subsequent transfer.

With respect to structured products that are issued in the form of notes and in Hong Kong dollars, Hong Kong stamp duty are payable on the transfer of such structured products. Stamp duty is currently charged at 0.2 per cent. of the value of the transfer, payable as to half by the transferor and half by the transferee. If stamp duty is not paid on or before the due date (which is within two days after the sale or purchase if effected in Hong Kong or within 30 days thereafter if effected elsewhere), a penalty will be imposed. Hong Kong stamp duty is not applicable on the issue or transfer of structured products that are issued in the form of notes and are denominated and redeemable in a currency other than Hong Kong dollars.

If any series of our structured products are subject to Hong Kong stamp duty on its subsequent transfer as per the Stamp Duty Ordinance (Cap. 117, Laws of Hong Kong) (“**SDO**”), we will specify that in the relevant product booklet or term sheet.

Unless exempted or provided otherwise by the SDO, if shares or units of a fund constituting “Hong Kong stock” as defined in the SDO are transferred and delivered to the investor under the terms of the physical settlement of our structured products, there will be stamp duty payable on such transfer and delivery of the shares or units of a fund currently at the rate of 0.2 per cent. of the amount, being the consideration for such transfer or the value of such shares or units of a fund determined in accordance with the SDO and practice of the Inland Revenue Department of Hong Kong. Such stamp duty will be payable equally by the transferor and the transferee. Unless a product booklet or term sheet specifies otherwise, you are liable to bear, pay or reimburse such stamp duty as transferee that is, currently 0.1 per cent. of the said amount.

U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) generally imposes a 30 per cent. United States withholding tax (“**FATCA Withholding**”) on certain United States source payments (“**Withholdable Payments**”) paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the United States Treasury to collect and provide to the United States Treasury substantial information regarding United States account holders with such institution (including certain account holders that are foreign entities with United States

owners) or such institution otherwise complies with its obligations under FATCA. FATCA Withholding generally is also imposed on Withholdable Payments made to a “recalcitrant holder” or to a non-financial foreign entity unless, in general, such entity provides the withholding agent with a certification that it does not have any substantial United States owners (or a certification identifying the direct and indirect substantial United States owners of the entity), demonstrates that it or an affiliate is publicly traded or that it has an active business, or otherwise establishes an exemption. A “recalcitrant holder” generally is a holder of an account with a foreign financial institution that fails to comply with certain requests for information that will enable the relevant foreign financial institution to comply with its obligations under FATCA. A structured product may constitute an account for these purposes. “Withholdable Payments” generally includes any payments made with respect to the structured products that are contingent upon or determined by reference to the value of, or dividends on, stock issued by an entity that is treated as a United States corporation (or by any other entity the dividends of which are treated as United States source) for United States federal income tax purposes. We will not issue any structured products that provide for Withholdable Payments.

In addition, under FATCA, “foreign passthru payments” made by a foreign financial institution to recalcitrant holders or non-compliant foreign financial institutions or non-financial foreign entities generally are subject to FATCA Withholding. The term “foreign passthru payment” has not yet been defined under current United States Treasury regulations.

Under the current United States Treasury regulations and related guidance, FATCA Withholding generally will apply to foreign passthru payments no earlier than the second anniversary of the date on which final regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register. In addition, payments made with respect to our structured products that are not Withholdable Payments generally will not be subject to FATCA Withholding if such structured products are executed on or before the “Grandfather Date” and are not materially modified thereafter. For these purposes: “**Grandfather Date**” is the date that is six months after the date on which final United States Treasury regulations defining the term “foreign passthru payment” are filed with the United States Federal Register.

As stated above, we will not issue any structured products that provide for Withholdable Payments. Thus, payments under our structured products generally will not be subject to FATCA Withholding to the extent (i) they are made before the second anniversary of the date on which final regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register or (ii) our structured products are executed on or before the Grandfather Date and are not materially modified thereafter.

While a series of structured products is represented by the global certificate and held within the clearing systems, it is expected that FATCA will not affect the amount of any payment made under, or in respect of, the structured products by HSBC (as issuer) or any paying agent, given that each of the entities in the payment chain beginning with HSBC (as issuer) and ending with the clearing systems is a major financial institution whose business is dependent on compliance and participation with FATCA. 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 distributor (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.

Pursuant to the distributor appointment agreements entered into between HSBC (as issuer) and each distributor appointed for a series of our structured products as set out in the relevant indicative term sheet for such series (each, an “**Appointed Distributor**”), each Appointed Distributor shall warrant and represent to HSBC that, at all times that any structured products are outstanding:

- (i) such Appointed Distributor, and any custodian used by such Appointed Distributor to hold any structured products, is entitled to receive all payments free from any FATCA Withholding (by qualifying, for example, as a “Participating Foreign Financial Institution”, a compliant “Deemed Compliant Foreign Financial Institution” or a compliant “Reporting Financial Institution” under an applicable FATCA intergovernmental agreement, in each case for purposes of FATCA, and satisfying the requirements pursuant thereto) (“**FATCA Compliant**”);

- (ii) upon request by HSBC, such Appointed Distributor and any custodian used by such Appointed Distributor shall provide HSBC with such forms and/or other documentation to establish, to the satisfaction of HSBC, that such Appointed Distributor or any custodian used by such Appointed Distributor is FATCA Compliant; and
- (iii) in the event that any of such Appointed Distributor's customers requests to transfer such customer's interest in any structured products held by such Appointed Distributor (or any custodian used by such Appointed Distributor) on such customer's behalf to another entity to hold on such customer's behalf, such Appointed Distributor and custodian shall ensure that any such transfer shall only be made to an entity that satisfies (and will continue to satisfy) paragraphs (i) and (ii) above.

If any of our structured products are issued after the Grandfather Date and any payment made with respect to any structured product is subject to FATCA Withholding as a result of:

- (i) the existence of any present or former connection between an investor (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of power over, such investor, if the investor is an estate, trust, nominee, partnership, limited liability company or corporation) and the United States (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein); or
- (ii) any misrepresentation by an investor (or the applicable beneficial owner) to us, any distributor, any custodian or any applicable payor; or
- (iii) the failure of an investor (or the applicable beneficial owner) to fully comply with its obligations under FATCA (including obligations to comply with reasonable requests for information and/or other documentation by an applicable payor); or
- (iv) an investor's appointment of an intermediary (other than an Appointed Distributor or any custodian used by such Appointed Distributor) to hold its interest in any structured products where such intermediary fails to be FATCA Compliant, or
- (v) the failure of the applicable clearing system to be FATCA Compliant,

then, in each case, we (or an applicable withholding agent) would be entitled to impose FATCA Withholding on such payment. In addition, we are not required to pay any additional amounts with respect to any amounts so withheld *except to the extent* such FATCA Withholding is imposed as a result of HSBC (as issuer), an Appointed Distributor, or any custodian used by such Appointed Distributor to hold any structured products, not being FATCA Compliant.

You are urged to consult with your own independent tax advisor regarding the possible implications of FATCA on your investment in our structured products.

OTHER INFORMATION ABOUT OUR PROGRAMME

We take responsibility for this programme memorandum

This programme memorandum includes particulars given in compliance with the Code for the purpose of giving information with regard to HSBC as the issuer, HSBC as the product arranger, the Programme and our structured products. The issuer and the product arranger collectively and individually accept full responsibility for the contents of, and the completeness and accuracy of the information contained in this programme memorandum and confirm, having made all reasonable enquiries, that to the best of the knowledge and belief of the issuer and the product arranger, this programme memorandum contains no untrue or misleading statement, or other facts the omission of which would make any statement herein untrue or misleading.

Information included on the website referred to in this programme memorandum does not form part of this programme memorandum.

None of the distributors which sell our structured products is responsible in any way to ensure the accuracy of our programme memorandum, the financial disclosure document, any product booklet (including any other addendum to these documents as set out in the relevant term sheet) or any term sheet.

We will update this programme memorandum, the relevant product booklet and/or the financial disclosure document whenever we offer structured products, if necessary

This programme memorandum is accurate as at the date of this programme memorandum. You must not assume, however, that information in this programme memorandum is accurate at any time after the date of this programme memorandum.

If any information in this programme memorandum or the relevant product booklet needs to be updated at the time we issue a term sheet for a series of structured products, we will either put the updated information in the relevant term sheet or, if we prefer, we may put it into an addendum to this programme memorandum or the relevant product booklet (as the case may be).

We intend to publish an updated financial disclosure document as soon as practicable after the release of a new annual report and audited accounts and an updated financial disclosure document or an addendum to the financial disclosure document (as the case may be) as soon as practicable after the publication of new unaudited interim condensed consolidated financial statements (if any), and the updated financial disclosure document and/or the addendum to the financial disclosure document will supersede or supplement (as the case may be) the relevant information contained in the previous financial disclosure document. The relevant term sheet will specify the date of our current financial disclosure document and the addendum to the financial disclosure document (if any). If an updated financial disclosure document and/or an addendum to the programme memorandum, the relevant product booklet and/or the financial disclosure document is published during an offer period for a series of structured products, we will, as soon as practicable, notify the distributors who will in turn notify those investors who have placed an order for that series of structured products. Those investors will be given the opportunity to cancel their purchase order within a limited period of time as notified to them by their distributors. Neither we nor the distributor will charge you for any fees for such cancellation. Please check with your distributor for further details.

The relevant term sheet will tell you whether an updated financial disclosure document, an addendum to this programme memorandum, the financial disclosure document and/or the relevant product booklet has been published. Whenever an addendum is published, you should read this programme memorandum, the financial disclosure document, the relevant product booklet and the relevant term sheet as including the addendum, starting from the date of the addendum, wherever we refer to such documents.

This programme memorandum is also available in Chinese version if you prefer.

ONGOING DISCLOSURE

HSBC, as the issuer and product arranger, will keep the SFC and the distributor(s) informed as soon as reasonably practicable if (a) HSBC (as issuer) ceases to meet any eligibility requirements of the Code, (b) HSBC (as product arranger) ceases to meet any eligibility requirements of the Code and, (c) to the extent permitted by any applicable law, changes in our financial condition or other circumstances which could reasonably be expected to have a material adverse effect on our ability (as issuer) to fulfil our commitment in connection with our structured products. Your distributor will in turn inform you. Please contact your distributor for further details.

WHERE YOU CAN READ OUR LEGAL DOCUMENTATION FOR OUR PROGRAMME

This programme memorandum contains only a summary description of our Programme. To find out more, you can read the documents set out below free of charge by going to the offices of the product arranger at Level 18, HSBC Main Building, 1 Queen's Road Central, Hong Kong. These offices are open only during normal business hours and not on Saturdays, Sundays or public holidays.

These are the documents we will keep on display during the offer period of our structured products, during the period between the trade date and issue date of our structured products and while any of our structured products remain outstanding (unless otherwise specified, the document will only be available in English):

- our articles of association;
- our programme memorandum and any updating addendum (in English and Chinese versions);
- our current financial disclosure document and any updating addendum (in English and Chinese versions);
- the relevant product booklet and any addendum (in English and Chinese versions) which contains the general terms and conditions of the relevant type of structured products;
- the relevant indicative term sheet in respect of a series of structured products (in English and Chinese versions);
- the relevant final term sheet in respect of a series of structured products (in English and Chinese versions) (which will be available after the trade date of the relevant series of the structured products);
- a certified true copy of the registrars' and structured product agency agreement;
- a certified true copy of the deed of covenant;
- a certified true copy of the global certificate in respect of a series of structured products (which will be available on or after the issue date of the relevant series of our structured products);
- a certified true copy of the relevant pricing supplement (in English and Chinese versions) (which will be available on or after the issue date of the relevant series of our structured products) which together with the general terms and conditions set out in the relevant product booklet, constitute the legally binding terms and conditions applicable to the relevant series of structured products. The commercial terms contained in the pricing supplement will reflect the same commercial terms as set out in the relevant final term sheet;
- our most recently published annual report and audited accounts and unaudited interim condensed consolidated financial statements (in English and Chinese versions);
- any notices given by us under the conditions of our structured products (in English and Chinese versions); and
- a certified true copy of a letter from our auditor, PricewaterhouseCoopers, consenting to the reproduction of their report in the financial disclosure document.

A reasonable fee will be charged if you want to take photocopies of any of the documents whilst they are on display.

SERVICE OF PROCESS

The Hongkong and Shanghai Banking Corporation Limited (as issuer and product arranger and on behalf of its directors) will accept service of process at its registered office in Hong Kong specified on page 35 of this programme memorandum.

THE OFFERING DOCUMENTS OF OUR STRUCTURED PRODUCTS ARE NOT PROSPECTUSES

None of this programme memorandum, our financial disclosure document, any product booklet or any indicative term sheet constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). None of these documents will be lodged or registered under the securities laws of any jurisdiction outside Hong Kong and these documents will not be registered with any regulatory authority outside Hong Kong. You should observe any applicable restrictions in the relevant jurisdiction in making an investment in our structured products.

INFORMATION ABOUT THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

Incorporation and Business

On 14 August 1866, “The Hongkong and Shanghai Banking Corporation” was established with limited liability in the Hong Kong Special Administrative Region (the “**Hong Kong SAR**”) by The Hongkong and Shanghai Bank Ordinance 1866, as subsequently amended by The Hongkong and Shanghai Banking Corporation Limited Ordinance (Cap. 70, Laws of Hong Kong) (the “**Ordinance**”). On 6 October 1989, it was registered under the name of “The Hongkong and Shanghai Banking Corporation Limited” pursuant to Part IX of the then Companies Ordinance (Cap. 32, Laws of Hong Kong), which is now Part 17 of the Companies Ordinance (Cap. 622, Laws of Hong Kong). On 6 June 1997, Memorandum and Articles of Association (the “**M&A**”) were adopted, replacing the Ordinance in part and superseding The Hongkong and Shanghai Bank Regulations (Cap. 70A, Laws of Hong Kong) which formerly were the constitutive documents of the Bank. Subsequently, a new set of Articles of Association was adopted in substitution for and to the exclusion of the M&A on 19 May 2014. Its registered and head office is situated at 1 Queen’s Road Central, Hong Kong. Its business registration number is 00173611.

Established in Hong Kong and Shanghai in 1865, The Hongkong and Shanghai Banking Corporation Limited is the founding member of HSBC Holdings plc and its subsidiaries (the “**HSBC Group**”) – one of the world’s largest banking and financial services organisations. It is the largest bank incorporated in Hong Kong and one of Hong Kong’s three note-issuing banks. It is a wholly-owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group, which has an international network covering: Europe, Asia, Middle East and North Africa, North America and Latin America.

Directors and Secretary

As of the date of this programme memorandum, the Directors and Secretary of the Bank are set out below.

Names of Directors

Dr Peter Tung Shun WONG[#], GBS, JP, *Chairman*
David Gordon ELDON[#], GBS, CBE, JP, *Deputy Chairman*
David Yi Chien LIAO, JP, *Co-Chief Executive Officer*
Surendranath Ravi ROSHA, *Co-Chief Executive Officer*
Paul Jeremy BROUGH*
Judy Lai Kun CHAU*
Edward Wai Sun CHENG*, GBS, JP
Sonia Chi Man CHENG*
Yiu Kwan CHOI*
Andrea Lisa DELLA MATTEA*
Pam KAUR[#]
Rajnish KUMAR*
Beau Khoon Chen KUOK*
Irene Yun-lien LEE*
Annabelle Yu LONG*

* *independent non-executive Director*

[#] *non-executive Director*

Name of Secretary

Paul Stafford, FCG HKFCG

Main Subsidiaries

The main subsidiaries of the Bank as at 31 December 2023 are:

Name	Place of incorporation	Principal activity	The Bank Group's interest in issued share capital/ registered or charter capital (per cent.)
Hang Seng Bank Limited ¹	Hong Kong	Banking	62.14
HSBC Bank (China) Company Limited	mainland China	Banking	100
HSBC Bank Malaysia Berhad	Malaysia	Banking	100
HSBC Bank Australia Limited ²	Australia	Banking	100
HSBC Bank (Taiwan) Limited ²	Taiwan	Banking	100
HSBC Bank (Singapore) Limited	Singapore	Banking	100
HSBC Life (International) Limited ²	Bermuda	Retirement benefits and life insurance	100

Note:

¹ In addition to the strategic holding disclosed above, the Bank and its subsidiaries held 0.09% shareholding as part of its trading books.

² Held indirectly.

The principal places of business are the same as the places of incorporation except for HSBC Life (International) Limited which operates mainly in Hong Kong.

Share capital

The following shows the share capital of the Bank Group as at 31 December 2023:

The issued and fully paid up ordinary share capital of the Bank was HK\$180,181 million, comprising 49,579,391,798 ordinary shares, which included HK\$123,949 million paid up in HK\$ and HK\$56,232 million paid up in U.S.\$. The paid up share capital in U.S.\$ represents preference shares which were redeemed or bought back via payment out of distributable profits and for which the amount was transferred from retained earnings to share capital in accordance with the requirements of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

Total shareholders' equity

The total shareholders' equity of the Bank Group as at 31 December 2023 was HK\$812,726 million comprising HK\$180,181 million of share capital, HK\$52,465 million of other equity instruments, HK\$117,214 million of other reserves and HK\$462,866 million of retained earnings.

Subordinated liabilities

The Bank Group had no subordinated liabilities issued to third parties measured at amortised cost as at 31 December 2023. Subordinated liabilities of the Bank Group issued to third parties measured at amortised cost, as at 31 December 2022, consisted of undated floating rate primary capital notes. Subordinated liabilities issued to group entities are not included in the below.

	2023 HK\$m	2022 HK\$m
Subordinated liabilities	—	3,119

Debt Securities in Issue

The debt securities in issue of the Bank Group measured at amortised cost as at 31 December 2023 were HK\$87,745 million.

Legal Proceedings and Regulatory Matters

Reference is made to “Note 40 Legal proceedings and regulatory matters” in the Annual Report and Accounts 2023 of the Bank (which is extracted and included on page 79 of our financial disclosure document dated 24 July 2024). In December 2023, the Korean Securities and Futures Commission fined the Bank in connection with trades carried out in breach of Korean short selling rules and referred the case to the Korean Prosecutors' Office for investigation. In March 2024, the Korean Prosecutors' Office issued a criminal indictment against the Bank and three current and former employees. The Bank will defend the action. There are many factors that may affect the range of outcomes of this matter which could be significant.

THE APPENDIX

FURTHER INFORMATION ON CREDIT RATINGS

These are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means as at the date of this programme memorandum. While we have correctly extracted and reproduced such information and take responsibility for such extraction and reproduction, there can be no assurance that the meaning of any such rating will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided under this Appendix and/or what a credit rating means, you should seek independent professional advice.

A credit rating is forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

These are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means as at the date of this programme memorandum.

S&P long-term issuer credit ratings definitions

AAA

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

AA

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

A

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.

Plus (+) or minus (-)

The above ratings (except for 'AAA') may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

Please refer to <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352> (in English language version only) for further details. If you do not understand what these credit ratings mean, you should obtain independent advice.

Moody's long-term ratings definitions

Aaa

Obligations rated Aaa are judged to be of the highest quality, with minimal risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are considered upper medium-grade and are subject to low credit risk.

Baa

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.

Modifiers "1", "2" and "3"

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to <https://ratings.moody's.io/ratings> (in English language version only) for further details. If you do not understand what these credit ratings mean, you should obtain independent advice.

Rating outlooks

A rating outlook is an opinion regarding the likely rating direction over the medium term. The rating outlook assigned by S&P and Moody's will usually indicate whether the rating direction is likely to be positive, negative, stable or developing.

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