INFORMATION STATEMENT

Dated July 15, 2008

(Amended and Restated as of July 15, 2008)

HSBC

HSBC BANK CANADA

BOOSTED RETURN RANGE DEPOSIT NOTES, SERIES 1

DUE OCTOBER 29, 2010

PRICE: $100.00 per Note

MINIMUM SUBSCRIPTION: $2,000.00 (20 Notes)

FundSERV Code: FIE 2001

IMPORTANT INFORMATION

This Information Statement has been prepared for the sole purpose of assisting prospective Noteholders in making an investment decision with respect to the Notes. ***The contents of this Information Statement are not intended as, do not constitute and should not be considered as investment, legal or tax advice. Each prospective Noteholder should seek independent investment, legal and tax advice concerning the consequences of making an investment in the Notes.***

The Notes are not conventional notes or debt securities in that they do not provide to Noteholders a return at maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity. The Notes are complex investment products which provide both principal protection and indirect exposure (positive or negative) to an underlying asset(s). Depending on the performance of the underlying asset(s), a Noteholder's return on the Notes could be zero. ***An investment in the Notes is speculative and only persons who are willing to accept no return on their investment should consider purchasing the Notes****.*

*The Notes will be new instruments for which there is currently no established trading market. If there is no secondary market, Noteholders will not be able to sell their Notes prior to maturity. The Notes are more suitable for purchasing and holding up to maturity. Prospective purchasers should take into account all of the various risk factors associated with this offering. See "****Risk Factors****".*

*By purchasing the Notes, Noteholders will be deemed to represent that they understand the terms of the offering and that they have the knowledge and experience necessary to evaluate the merits of such an investment. HSBC Bank Canada ("****HSBC****" or the "****Bank****") has taken all reasonable care to ensure that the facts stated in this Information Statement in relation to the Notes are true and accurate in all material respects and that there are no other material facts in relation to the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading as of the date hereof.*

Prospective Noteholders should rely only on the information contained in:

(a) *this Information Statement;*

(b) *any amendments from time to time to this Information Statement; or*

(c) *any supplementary terms and conditions provided in any related global certificate of deposit lodged with a depository or other definitive replacement certificate of deposit therefor;*

in connection with the Notes. Nothing in this Information Statement will constitute a representation or create any implication that there has been no change in the affairs of HSBC since the date hereof.

The Notes will constitute unsecured, unsubordinated deposit obligations of the Bank and, as such, will rank pari passu as among themselves and with all of the Bank's other outstanding unsecured, unsubordinated, present and future obligations including deposit liabilities (except as otherwise prescribed by law) and will be payable rateably without any preference or priority. ***The Notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or under any other deposit insurance regime.***

*In this Information Statement, capitalized terms will have the meanings ascribed to them and references to "****$****" are to Canadian dollars unless otherwise expressly specified****.***

This Information Statement does not constitute an offer or invitation by anyone in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Information Statement and the offering or sale of the Notes in some jurisdictions may be restricted by law. Persons into whose possession this Information Statement comes are required by HSBC and such person's broker to inform themselves about and to observe any such restriction. This Information Statement constitutes an offering of the Notes only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and then only through persons duly qualified to effect such sales.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and subject to certain exceptions, may not be offered or sold within the United States or to U.S. persons as contemplated under the U.S. Securities Act and the regulations thereunder.

No securities commission or similar authority has in any way passed upon the merits of the Notes and any representation to the contrary may be an offence.

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You may request information about the Notes or obtain another copy of this Information Statement by calling HSBC at 1-866-511-4722 or Fiera Capital at 1-866-323-5598. A copy of this Information Statement is also posted at www.hsbcnet.com/spcanada and at www.fieracapital.com.

During the term of the Notes, you may inquire as to the net asset value of a Note or the level of the underlying indices and how they relate to the Contingent Coupon (as described herein) that may be payable under the Notes by contacting HSBC or Fiera Capital at the above numbers.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to HSBC Bank Canada, in accordance with legislation in effect as at the date hereof, the Notes offered hereby will, at the Issue Date, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability saving plans or deferred profit sharing plans within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") (other than a deferred profit sharing plan under which HSBC Bank Canada or a person or partnership with which HSBC Bank Canada does not deal at arm's length within the meaning of the Tax Act is an employer).

SUMMARY OF THE OFFERING

As this is a summary, it may not contain all of the information that may be important to you. You should read the entire Information Statement carefully before you decide to make an investment in the Notes. Capitalized terms that are used but not defined in this summary are defined elsewhere in the Information Statement.

Issuer: The Notes will be issued by HSBC Bank Canada (the "**Bank**", "**HSBC**", "**we**", "**our**" or "**us**").

Issue: **HSBC Boosted Return Range Deposit Notes**, **Series 1** (the "**Notes**") are principal protected deposit notes issued by HSBC. If held to maturity, the Notes will pay:

- 100% of the principal amount invested; and
- a Contingent Coupon, if payable, of 30% of the Principal Amount or $30.00 per Note, if a "**Kick-Out Event**"(as defined below) does NOT occur during the Observation Period. A **Kick-Out Event** occurs if, on any Scheduled Trading Day during the Observation Period, the Closing Level of either the S&P 500® Index or the Russell 2000® Index is greater than their respective Upper Barrier Level (as defined herein) or less than their respective Lower Barrier Level (as defined herein).

If a Kick-Out Event occurs during the Observation Period, the Contingent Coupon will NOT be payable and a Noteholder will receive at maturity only their original Principal Amount invested. See "*Description of the Notes – Contingent Coupon*".

Indices: The Russell 2000® Index (Bloomberg Ticker: RTY) and the S&P 500® Index (Bloomberg Ticker: SPX) (collectively, the "**Indices**" and each an "**Index**"). The Indices are described in more detail below under "*The Indices*" and "*Annex A"*.

Principal Amount: The price for each Note is $100.00 (the "**Principal Amount**") with a minimum subscription of $2,000.00 (20 Notes) per holder (each a "**Noteholder**").

Issue Date: The Notes will be issued on or about August 29, 2008.

Issue Price: 100% of the Principal Amount.

Closing Date: On or about August 25, 2008.

Issue Size: Up to $20,000,000. HSBC may increase or decrease the size of the offering at its sole discretion.

Maturity Date/Term: The Notes will mature on October 29, 2010 or if such date is not a Business Day then on the next succeeding Business Day (the "**Maturity Date"**), resulting in a term to maturity of approximately two (2) years and 2 (two) months (the "**Term**").

Notwithstanding the above, if the Maturity Valuation Date is postponed because such date, as initially scheduled, is not a Scheduled Trading Day or because a Market Disruption Event occurs or is continuing on such date, and as a result the Maturity Date would not be at least three Business Days after the Maturity Valuation Date, the Maturity Date will be postponed to the third Business Day immediately following the Maturity Valuation Date, as postponed.

Maturity Valuation Date: October 25, 2010, subject to postponement if such date, as initially scheduled, is not a Scheduled Trading Day or if a Market Disruption Event occurs or continues on such date.

Amounts payable at Maturity: On the Maturity Date, subject to the occurrence of a Special Circumstance or a Market Disruption Event, repayment of the full Principal Amount of $100.00 per Note will be payable to a Noteholder regardless of the performance of the Indices, plus the Contingent Coupon, if payable (together, the "**Maturity Redemption Amount**").

Initial Index Level: For each Index, the Closing Level for such Index on the Issue Date, subject to adjustment in the case of an ongoing Market Disruption Event. See "*Description of the Notes – Market Disruption Event*".

Upper Barrier Level: For each Index, 125% of its respective Initial Index Level.

Lower Barrier Level: For each Index, 75% of its respective Initial Index Level.

Kick-Out Event: A **Kick-Out Event** occurs if, on any Scheduled Trading Day during the Observation Period, the Closing Level of either Index is greater than its respective Upper Barrier Level or less than its respective Lower Barrier Level.

Observation Period: Every Scheduled Trading Day from but excluding the Issue Date to and including the Maturity Valuation Date.

Contingent Coupon: The "**Contingent Coupon**", if payable, will be 30% of the Principal Amount or $30.00 per Note payable on the Maturity Date (subject to the occurrence of a Special Circumstance or a Market Disruption Event), which is the equivalent to a compounded rate of return of approximately 12.87% per annum over the Term of the Notes. **The Contingent Coupon will ONLY be payable if a Kick-Out Event with respect to either Index does NOT occur on any Scheduled Trading Day during the Observation Period.** The Contingent Coupon will be payable at maturity if the Closing Level of both Indices on each Scheduled Trading Day during the Observation Period remains greater than or equal to their respective Lower Barrier Level and less than or equal to their respective Upper Barrier Level**.** See "*Description of the Notes – Contingent Coupon*".

Distribution: The Notes will be sold through Fiera Capital Inc. (the "**Agent**").

Expenses of the Offering: HSBC has agreed to pay the Agent an amount equal to 1.55% of the aggregate Principal Amount of the Notes sold for the performance by the Agent of its obligations under the Agency Agreement and has agreed to pay the members of the selling group for the sale of the Notes a commission of 2.0% of the aggregate Principal Amount of the Notes sold by such members. These dealers and other firms may pay a portion of these commissions to their advisors who sell the Notes to Noteholders. These fees will not have an effect on the amounts payable to the Noteholders at maturity. Specifically, the fees will not factor into the formula for, or affect the amount of the Contingent Coupon which may be payable to Noteholders at maturity.

Ongoing Information: Ongoing information with respect to the Notes will be made available at www.fieracapital.com. HSBC will also maintain background information with respect to the Notes on its website at www.hsbcnet.com/spcanada.

Subscriptions through FundSERV: Subscriptions must be made through dealers and other firms that facilitate purchase and related settlement through the clearing and settlement service operated by FundSERV Inc. ("**FundSERV**") under the mutual fund order code FIE 2001. Upon receipt of the subscription funds, the Agent will deposit the funds in an account established by the Agent at PensonPrime Trading & Custody Services, a division of Penson Financial Services Canada Inc. (the "**Custodian**"), in trust for the subscribers. The Agent will pay to the subscribers interest on the subscription funds which will be used to subscribe for additional Notes (or portion thereof) for the benefit of the relevant subscribers. Subscribers will have no right to receive a cash payment representing any interest earned on the subscription funds if the settlement of this offering is completed. If Notes subscribed through FundSERV are not issued for any reason, the subscription funds will be returned forthwith to the investor together with the interest earned on such funds. See "*FundSERV*".

Secondary Market for the Notes: **There is currently no established trading market through which the Notes may be sold**. A Noteholder cannot elect to receive the Principal Amount from HSBC prior to the Maturity Date and the Notes will not be listed on any exchange. However, Noteholders may be able to sell Notes prior to maturity in any available secondary market that develops, but no assurances are given that such a market will develop or that it will be liquid.

The Agent intends in normal market conditions, concurrently with HSBC Securities (Canada) Inc. ("**HSBC Securities**"), and subject to certain conditions, to use reasonable efforts to provide daily a secondary market price for the Notes during the Term, in which the maximum bid-offer spread will be 1% of the Bid Price (excluding commissions) when orders and settlements are made through FundSERV and 1% of the Principal Amount (excluding commissions) when orders and settlements are not made through FundSERV. Noteholders, through their dealers, will need to initiate an irrevocable request to sell the Notes in accordance with the then established procedures of FundSERV. Generally, this means that the Noteholder's dealer will need to initiate the sale request by 4:00 p.m. (Eastern time each day or the following Business Day if such day is not a Business Day), or such other day or time as may hereafter be established by HSBC and the Agent. See "*FundSERV*".

An Early Trading Charge will be deducted from a Noteholder's sale proceeds for sales effected through FundSERV on or prior to March 1, 2010. The Early Trading Charge will be equal to a percentage of the Bid Price for the Note posted on FundSERV and will be determined as follows:

Time Period	Early Trading Charge
Issue Date to and including March 2, 2009	3.25%
March 3, 2009 to and including August 28, 2009	2.25%
August 31, 2009 to and including March 1, 2010	1.00%
March 2, 2010 to and including the Maturity Date	0%

Beginning March 2, 2010 and thereafter, there will not be an Early Trading Charge on a sale of your Notes. See "*Description of the Notes – Secondary Trading of Notes*".

A sale of Notes originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV. See "*Book-Entry System*" and "*FundSERV – Sale through FundSERV*".

The Notes are not intended to be short-term trading instruments and are generally not suitable for an investor who requires liquidity prior to maturity. You should consult your investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note on the secondary market (assuming it is available) or hold the Notes until the Maturity Date. You should also consult your tax advisor as to the income tax consequences arising from a sale of the Notes prior to the Maturity Date as compared to holding the Notes until the Maturity Date.

Noteholders choosing to sell their Notes prior to the Maturity Date will receive a market price which is not necessarily equal to 100% of the Principal Amount, and, as a result, Noteholders may suffer losses. See "*Risk Factors*".

Book-Entry Registration: On the Issue Date, the Notes will be evidenced and issued by way of a single global certificate to be delivered to and registered in the name of CDS and deposited with CDS. Registrations of interests in and transfers of Notes will be made only through the Book-Entry System and must be subscribed, transferred and repurchased through either a participant in the depository service of CDS (a "**CDS Participant**") or FundSERV. Subject to certain limited exceptions, no Noteholder will be entitled to any certificate or other instrument from HSBC or CDS evidencing ownership of the Notes, and no Noteholder will be shown on the records maintained by CDS, except through a CDS Participant. Noteholders of Notes purchased through FundSERV will have an indirect beneficial interest in the global certificate held by CDS through an account established by the Agent at the Custodian, in trust for the beneficial Noteholders. All payments distributed to the Custodian, as a CDS Participant, will be credited by the Agent to Noteholders in accordance with the register showing records of beneficial interest in the Notes maintained by the Agent. Upon payment to CDS or its nominee, as registered holder of the Notes, HSBC shall have completed its payment obligations for the Notes. See "*Book-Entry System*" and "*FundSERV*".

Rank: The Notes will constitute direct unsecured deposit obligations of the Bank. The Notes will be issued on an unsubordinated basis and will rank *pari passu* as among themselves and will be payable rateably without any preference or priority. **The Notes will not constitute deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime.** The Notes will not be issued under a trust indenture, and no trustee or other fiduciary for Noteholders will be appointed.

Calculation Agent: The Calculation Agent will be HSBC Bank USA, National Association. We may appoint a different Calculation Agent at any time without notice to Noteholders.

Credit Rating of the Issuer: The Notes will not be specifically rated by any rating agency. However, as of the date of this Information Statement, the deposit liabilities of HSBC with a term to maturity of more than one (1) year were rated AA by DBRS and AA by S&P. These ratings represent the rating agencies' assessments of HSBC's creditworthiness and are not indicative of the market risk or liquidity associated with the Notes or the performance of the Indices. **A rating is not a recommendation to buy, sell or hold investments and may be subject to change or withdrawal at any time by the relevant rating agency.**

Eligibility for Investment: The Notes are RRSP, RRIF, RDSP, RESP and DPSP eligible, subject to the conditions set out under "*Eligibility for Investment*".

Where a subscriber's purchase order for Notes is effected by a dealer or other firm using the FundSERV network, such dealer or other firm may not be able to accommodate a purchase of

Notes through certain registered plans for purposes of the Tax Act. Subscribers should consult their financial advisors as to whether their orders for Notes will be made using the FundSERV network and any limitations on their ability to purchase Notes through registered plans.

Tax Considerations:

The amount of the Contingent Coupon, if payable, will be included in the Initial Noteholder's income in the taxation year in which the Maturity Valuation Date occurs. Subject to the limitations outlined under "*Canadian Federal Income Tax Considerations*", while the matter is not free from doubt, an amount received by an Initial Noteholder on a disposition or a deemed disposition of a Note (other than a payment by or on behalf of HSBC) should generally give rise to a capital gain (or capital loss) to such Initial Noteholder at such time to the extent such amount exceeds (or is less than) the aggregate of such Initial Noteholder's adjusted cost base of the Note and any reasonable costs of disposition. **Holders who dispose of a Note within a short period of time before the Maturity Valuation Date or the Maturity Date or pursuant to a private agreement with HSBC or an affiliate should consult their own tax advisor with respect to their particular circumstances.** See "*Canadian Federal Income Tax Considerations*".

Redemption Under Special Circumstances:

Notwithstanding the Maturity Date, the Bank may redeem the Notes prior to maturity under certain limited circumstances, including a change in the law, regulation, taxation regulations or taxation practice or other circumstances not within the control of the Bank. See "*Calculation Agent – Redemption Under Special Circumstances*".

Risk Factors to Consider:

The Notes subject the Noteholders to significant risks, including the potential for lost investment opportunities. Potential Noteholders should carefully review and consider all risks set forth in this Information Statement (see "*Risk Factors*"), including:

- The volatility or degree to which the level that each Index changes;
- Notes will not constitute insured deposits;
- Noteholders holding to maturity may not receive the Contingent Coupon;
- The return on the Notes is limited to the amount of the Contingent Coupon, if payable;
- A Kick-Out Event with respect to either Index could occur on any Scheduled Trading Day during the Observation Period;
- Principal Amount is protected only if Notes are held to maturity;
- There is no guaranteed secondary market for the Notes and if such a market develops, there can be no assurance that it will be liquid;
- The return on the Notes is not directly linked to the appreciation in the level of the Indices;
- Price or other movements in the instrument or instruments comprising the Indices are unpredictable;
- The historical or pro forma performance of each Index not an indication of future performance; and
- Special Circumstances.

FREQUENTLY ASKED QUESTIONS

What is a "principal protected deposit note"?

Generally, a "principal protected deposit note" or "**PPN**" is an investment product that consists of: (1) a deposit whereby the Noteholder will receive on maturity not less than 100% of the principal amount invested; and (2) an investment opportunity that offers the Noteholder potential returns based on the performance of an underlying investment that is often linked to the performance of an equity, equity index, commodity index, currency, mutual fund or hedge fund.

The Notes available under this Information Statement do not provide for a minimum guaranteed return (except for payment of the full Principal Amount at the Maturity Date).

What are the investment objectives of the Notes?

The primary objectives of the Notes are to provide the Noteholder with principal protection, if held to maturity, while simultaneously providing the opportunity to potentially earn an enhanced return that is linked to the fluctuations in the Closing Level of each Index throughout the Observation Period. The Closing Level of each Index is monitored on each Scheduled Trading Day from but excluding the Issue Date to and including the Maturity Valuation Date. If, on any Scheduled Trading Day during the Observation Period, the Closing Level of either Index is greater than its respective Upper Barrier Level or less than its respective Lower Barrier Level, a Kick-Out Event has occurred and the Contingent Coupon is NOT payable.

Who should invest in PPN?

You may be suited to become a Noteholder if, among other benefits, you: (1) are looking for safety of principal if held to maturity; (2) want the potential to earn a return that may be greater than what is available from a traditional fixed term deposit but with similar risks to your principal investment; (3) want exposure to an investment that is linked to the performance of the Indices; (4) you are willing to accept no return on your investment; and (5) you believe the Closing Level of both Indices on each Scheduled Trading Day during the Observation Period will not fluctuate in excess of their respective Upper Barrier Levels or less than their respective Lower Barrier Levels.

Am I entitled to CDIC protection on these investments?

No. The Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada).

How is the return (if any) under the Notes linked to the performance of the Indices?

The volatility in the level of both Indices throughout the Observation Period will determine whether or not the Contingent Coupon will be payable. If, on any Scheduled Trading Day during the Observation Period, the Closing Level of either Index is greater than its respective Upper Barrier Level or less than its respective Lower Barrier Level, a Kick-Out Event has occurred and the Contingent Coupon is NOT payable and a Noteholder only receives their original Principal Amount invested at maturity. However, if a Kick-Out Event does not occur during the Observation Period, a Noteholder will be entitled to at maturity, their Principal Amount plus the Contingent Coupon of 30% of the Principal Amount or $30.00 per Note.

The return on the Notes will not be enhanced by large increases in the level of either Index. Instead, the Notes return is wholly-dependent on whether the increase or decrease in the level of the Indices over the course of the Observation Period is above or below the levels at which a Kick-Out Event would occur. Appreciation in either Index above its respective Upper Barrier Level will cause the payment on the Notes at maturity to be limited to the return of the Principal Amount only. Strong or weak performance by either Index over the Term may negatively affect the likelihood of a Noteholder receiving the Contingent Coupon on a Note and will not be offset or mitigated by the performance of the other Index.

You should recognize that it is impossible to know how much the level of each underlying Index will rise or fall during the Observation Period. You should familiarize yourself with the basic features of the Indices and the method of determining how a Kick-Out Event occurs.

At maturity, is it possible that the amount payable under the Notes at maturity would be less than the Principal Amount of $100.00 per Note?

No. The full Principal Amount is assured at maturity in the same manner as the Bank's other outstanding unsecured, unsubordinated obligations regardless of the performance of the Indices.

What if I need my money back early?

There is currently no established trading market for the Notes. A Noteholder cannot elect to receive the Principal Amount from HSBC prior to the Maturity Date and the Notes will not be listed on any exchange. However, Noteholders may be able to sell Notes prior to maturity in any available secondary market, but no assurances are given that such a market will develop or that it will be liquid.

The Agent intends in normal market conditions, concurrently with HSBC Securities, and subject to certain conditions, to use reasonable efforts to provide daily a secondary market price for the Notes during the Term, in which the maximum bid-offer spread will be 1% of the Bid Price (excluding commissions) when orders and settlements are made through FundSERV and 1% of the Principal Amount (excluding commissions) when orders and settlements are not made through FundSERV. If a secondary market develops, it may be suspended or discontinued at any time without notice to Noteholders.

The Notes are generally not suitable for an investor who requires liquidity prior to maturity. If there is no secondary market, Noteholders will not be able to sell their Notes prior to maturity. For further information on the resale of Notes prior to maturity, see "*Description of the Notes – Secondary Trading of Notes*".

If I decide to sell my Notes, could I get less than the Principal Amount of $100.00 per Note?

Yes. Prior to maturity, the Notes could trade above or below the $100.00 Principal Amount per Note in the secondary market if such market is established. The price of the Notes in any secondary market which may develop will be set by such market and any sale of Notes prior to maturity may also be subject to an Early Trading Charge. A sale of Notes which were originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV. Noteholders wishing to sell all or a part of their holdings prior to maturity should consult with their dealers or financial advisors in advance to understand the timing and other procedures, requirements and limitations of selling and otherwise dealing with Notes through the FundSERV system. See "*FundSERV – Sale through FundSERV*".

What factors may affect the trading value of my Notes in any secondary market?

The value of the Notes in a secondary market that may develop, if any, will be affected by a number of complex and inter-related factors. The effect of any one factor may be offset or magnified by the effect of another factor. The following list, although not exhaustive, describes some of the factors that may impact the trading value of the Notes:

- how much the level of each Index has risen or fallen since the Issue Date;
- whether a Kick-Out Event has occurred or is close to occurring during the Observation Period;
- the volatility or degree to which the Closing Level of each Index changes;
- lack of liquidity or lack of market demand for the Notes; and
- price or other movements in the instrument or instruments comprising the Indices are unpredictable.

The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note in any secondary market that may develop. For a more detailed description of various risk factors affecting the Notes, see "*Risk Factors* ".

Will I have the right to vote or deal with securities that comprise the Indices as a result of owning Notes?

No. The Notes will not entitle a Noteholder to any interest in such securities and a Noteholder will not be entitled to the rights and benefits of a shareholder, including the right to receive dividends and vote at or attend meetings of shareholders.

How is investing in Notes referencing the Indices different from direct investments in securities of issuers which underlie such Indices?

An investment in the Notes is different from owning the securities that comprise the underlying Indices. The Notes represent a form of indirect investment and as a result Noteholders are not able to divest or concentrate their investment in any of the companies that comprise each underlying Index. Unlike direct investments in the securities of specific issuers, the Noteholder does not have any direct relationship to the specific issuer of securities underlying each Index, and will not have any recourse to such issuers to satisfy the amounts due under the Note. In addition, the Note will not entitle Noteholders to receive, and the Contingent Coupon (if payable) will not be adjusted to reflect, any ordinary dividends paid on the shares of the underlying companies in the Indices. In addition, any changes in the way an Index is administered may adversely affect the Noteholder.

Are there any special considerations regarding the Indices of which I need to be aware?

For a summary of information concerning the underlying Indices, see "*The Indices*" and "*Annex A*" for more information.

What factors will determine the levels of the underlying Indices?

The trading price of each of the component stocks of each underlying Index (based on price return) will determine its level. Noteholders should recognize that it is impossible to know whether the level of an underlying Index will rise or fall and how much the Closing Level of both Indices will fluctuate during the Observation Period. Trading prices and volatility of the stocks comprising each of the Indices will be influenced by the complex and interrelated political, economic, financial and other factors that can affect the capital markets generally or the equity trading markets on which the stocks are trading and by the various circumstances that can influence the values of the securities in specific market segments or in particular stocks.

What is a Redemption Under Special Circumstances?

A Special Circumstance is an event that could have an impact on our ability to perform our obligations under the Notes or to hedge our position in respect of our obligation to make payments under the Notes. A Special Circumstance could include, among other things: any court or governmental order prohibiting us from performing our obligations under the Notes, any governmental action which has a material adverse effect on relevant financial markets, or hostilities (international political or natural) which have a material adverse effect on the Bank's ability to perform its obligations under the Notes or prevents us from executing or maintaining hedges. A Special Circumstance will permit the Bank to redeem the Notes. The Calculation Agent's calculations and determinations in respect of the redemption amount of the Notes will, absent manifest error, be final and binding on Noteholders. In all cases the $100.00 Principal Amount per Note is expected to still be payable only at maturity. See "*Calculation Agent –Redemption Under Special Circumstances*".

What about tax?

A Noteholder should consult with his or her own tax advisor with respect to his or her individual tax position. General Canadian federal tax issues relevant to an initial purchaser who is a resident of Canada are summarized under "*Canadian Federal Income Tax Considerations*". The Notes are RRSP, RDSP, RRIF, RESP and DPSP eligible. See "*Eligibility for Investment*".

This Information Statement is not intended to provide, nor should it be relied upon as, tax advice to any particular Noteholder. In addition, no information on the effect of provincial, territorial or foreign tax laws is provided in this Information Statement.

What is FundSERV and why is it relevant to me?

The Notes are available for purchase only through certain dealers and financial advisors that facilitate the acquisition, sale and settlement of Notes through the clearing and settlement service operated by FundSERV. Only those dealers and financial advisors that have an effective agreement concerning the implementation of transactions in relation to Notes through FundSERV will be eligible to deal with Notes on behalf of Noteholders.

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with online order access to such financial products. FundSERV was originally designed and is operated as a mutual fund communications network facilitating members in electronically placing, clearing and settling mutual fund orders and redemptions. In addition, FundSERV is currently used in respect of other financial products that may be sold by dealers and financial advisors. FundSERV enables its participants, among other things, to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

Purchasers of Notes should consult their financial advisors to obtain further information regarding FundSERV and the procedures and requirements applicable under the FundSERV system.

How will I receive notice of significant events affecting the Notes?

If notice is required to be given to Noteholders, HSBC or the Agent will take reasonable steps to effect such notice through CDS, the Agent's website at www.fieracapital.com and/or FundSERV to those dealers and financial advisors representing clients who hold Notes. Noteholders will only have access to such information through dealers and financial advisors through which their Notes are held.

How would I access FundSERV to sell my Notes?

Noteholders wishing to sell Notes prior to maturity will be subject to certain procedures, requirements and limitations relating to the FundSERV system described under the heading "*FundSERV*". Noteholders wishing to sell all or part of their holdings prior to maturity should consult with their dealers or financial advisors in advance in order to understand the timing and other procedures, requirements and limitations of selling and otherwise dealing with Notes through the FundSERV system.

Can I change my dealer or financial advisor for the purpose of holding my Notes?

A Noteholder should realize that Notes may not be transferable to another dealer or financial advisor. Any transfer would be subject to certain conditions, including that the new dealer or financial advisor would need to have access to the FundSERV system and would have to have an effective agreement with the Agent regarding the specific application of the FundSERV procedures to the Notes. If a Noteholder were to replace or transfer investment accounts to another dealer or financial advisor who did not satisfy such conditions, the Noteholder would be required to sell the Notes pursuant to the procedures described under "*FundSERV*".

HSBC BANK CANADA

HSBC Bank Canada is the largest full service, globally integrated foreign-owned bank in Canada and the seventh largest Canadian bank overall, with more than 170 offices and total assets of approximately CAD $62.9 billion as at December 31, 2007. As an indirect wholly owned subsidiary of HSBC Holdings plc, HSBC Bank Canada provides its clients with access to one of the largest banking and financial services organizations in the world.

HSBC Holdings plc together with its direct and indirect subsidiaries including HSBC Bank Canada (the "**HSBC Group**") have over 10,000 offices in 83 countries and territories and assets of US$2,354 billion on a consolidated basis as at December 31, 2007. The HSBC Group provides a comprehensive range of financial services to more than 125 million customers worldwide.

HSBC Bank Canada files reports and other information, including financial information, on the System for Electronic Document Analysis and Retrieval pursuant to Canadian securities laws. The address of that website is http://www.sedar.com. HSBC Bank Canada's address on the World Wide Web is http://www.hsbc.ca. The information on these websites is for reference purposes only and is not incorporated herein.

DESCRIPTION OF THE NOTES

The Notes will not be issued under a trust indenture as is customarily the case in respect of the issuance of debt securities in public offerings, and no trustee or other fiduciary will be appointed for the Noteholders under such a form of trust indenture or otherwise. The Bank may from time to time incur other indebtedness and additional obligations that rank equally with or senior to the Notes.

The following is a description of the material attributes and characteristics of the Notes and is entirely qualified by and subject to the global certificate referred to below, which contains the full text of such attributes and characteristics. The Bank will provide a copy of the global certificate of the Notes to any Noteholder who requests it.

Ongoing information with respect to the Notes will be made available at www.fieracapital.com. HSBC will also maintain background information with respect to the Notes on its website at www.hsbcnet.com/spcanada.

Issue

The Notes will be issued by HSBC on the Issue Date.

Maturity and Repayment of Principal

Each Note matures on the Maturity Date, on which date the Principal Amount (i.e. $100.00 per Note) and the Contingent Coupon, if payable, will be paid in Canadian dollars to Noteholders, subject to the occurrence of a Special Circumstance or a Market Disruption Event. However, if the Maturity Date does not occur on a Business Day, then the Maturity Date will be deemed to occur on the next following Business Day and no interest or other compensation will be paid in respect of such postponement.

Contingent Coupon

The Contingent Coupon will ONLY be payable if a Kick-Out Event DOES NOT occur during the Observation Period. A Kick-Out Event occurs if, on any Scheduled Trading Day during the Observation Period, the Closing Level of either Index is greater than its respective Upper Barrier Level (as defined below) or less than its respective Lower Barrier Level (as defined below).

The Contingent Coupon will be fixed at 30% of the Principal Amount or $30.00 per Note, and if payable, will be paid on the Maturity Date (subject to the provisions of Market Disruption Event and Redemption Under Special Circumstances set out under "*Calculation Agent*"), which is equivalent to a compounded rate of return of approximately 12.87 % per annum over the Term of the Notes. The Contingent Coupon will be payable at maturity if the Closing Level of both Indices on each Scheduled Trading Day during the Observation Period remains greater than or equal to their respective Lower Barrier Level and less than or equal to their respective Upper Barrier Level.

Where:

"*Upper Barrier Level*" is, for each Index, 125% of its respective Initial Index Level (based on price return).

"Lower Barrier Level" is, for each Index, 75% of its respective Initial Index Level (based on price return).

"Observation Period" means every Scheduled Trading Day from but excluding the Issue Date to and including the Maturity Valuation Date.

The Notes will not bear interest or otherwise accrue any amount payable during the Term. Subject to the occurrence of a Special Circumstance or a Market Disruption Event, Noteholders will be paid on the Maturity Date either: i) the return of their Principal Amount or; ii) the return of their Principal Amount plus payment of the Contingent Coupon. The return, if any, on the Notes is based solely on whether or not the Contingent Coupon will be payable and cannot be determined prior to the Maturity Valuation Date (or the earlier occurrence of a Kick-Out Event). Such return per Note, if any, will be payable on the Maturity Date. Subject to the occurrence of a Special Circumstance, no distributions or other payments will be payable on the Notes prior to the Maturity Date. No amounts payable on the Notes will accrue after the Maturity Date.

HYPOTHETICAL EXAMPLES

PLEASE NOTE THAT THE FOLLOWING HYPOTHETICAL EXAMPLES ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY AND ARE NOT A FORECAST OR ESTIMATE OF THE PERFORMANCE OF THE INDICES OR WHETHER OR NOT THE CONTINGENT COUPON WILL BE PAYABLE AT MATURITY

Figures Used are for Illustration Purposes Only – Not Intended to Predict Actual Results

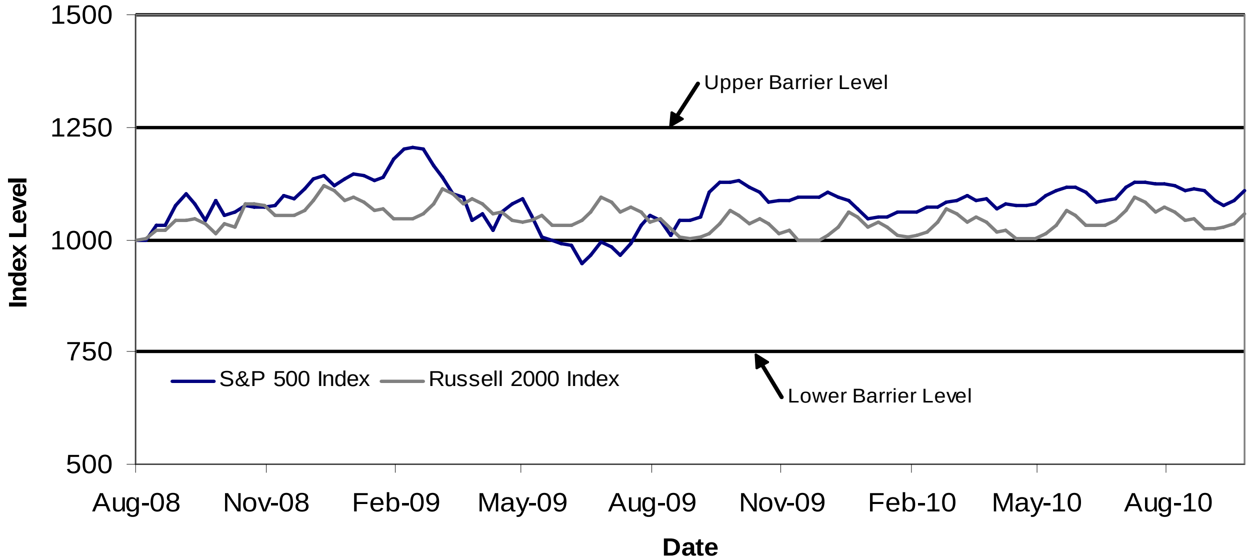
For the examples below, it is assumed that both Indices have the same Initial Index Level of 1,000 and the investor has purchased $2,000.00 in Notes representing their aggregate Principal Amount. If held to maturity, the Notes will pay:

- 100% of the Principal Amount invested; and
- a Contingent Coupon, if payable, of 30% of the Principal Amount (or $30.00 per Note), if a Kick-Out Event does NOT occur during the Observation Period. A Kick-Out Event occurs if, on any Scheduled Trading Day during the Observation Period, the Closing Level of either Index is greater than its respective Upper Barrier Level or less than its respective Lower Barrier Level. In the event the Contingent Coupon is payable, it would be calculated as follows:

$2,000.00(Principal Amount) x 30% (Contingent Coupon) = $600.00

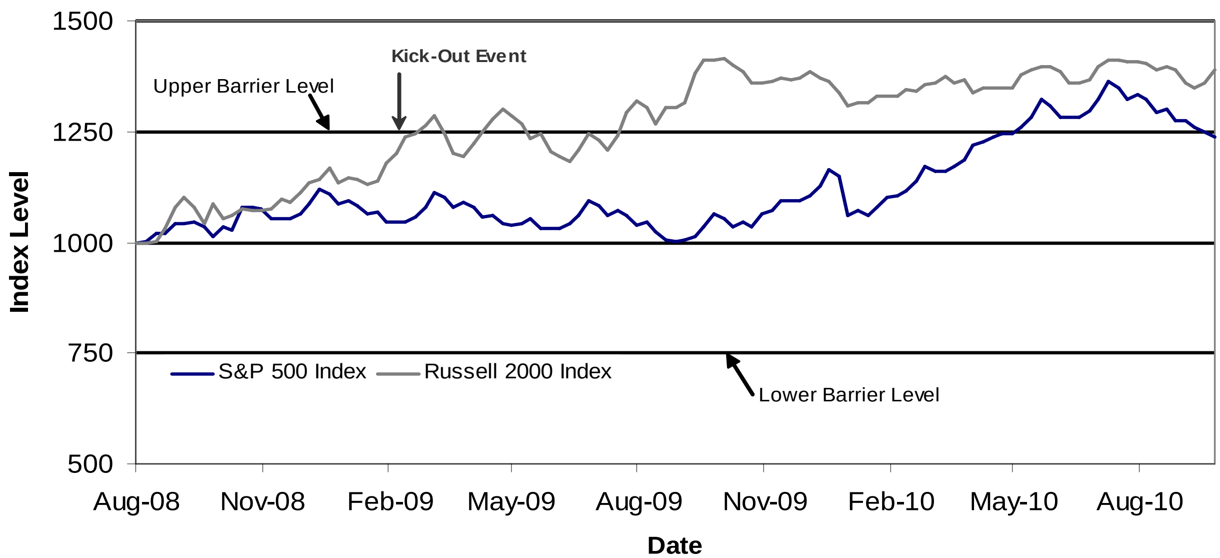
Initial Index Level of S&P 500® Index	1,000
Initial Index Level of Russell 2000® Index	1,000
Upper Barrier Level of each Index:	1,250 (125% of its respective Initial Index Level)
Lower Barrier Level of each Index:	750 (75% of its respective Initial Index Level)
Observation Period:	August 30, 2008 to October 25, 2010
Contingent Coupon (if payable):	30% of the Principal Amount ($30.00 per Note)

Example 1: A Kick-Out Event does not occur during the Observation Period



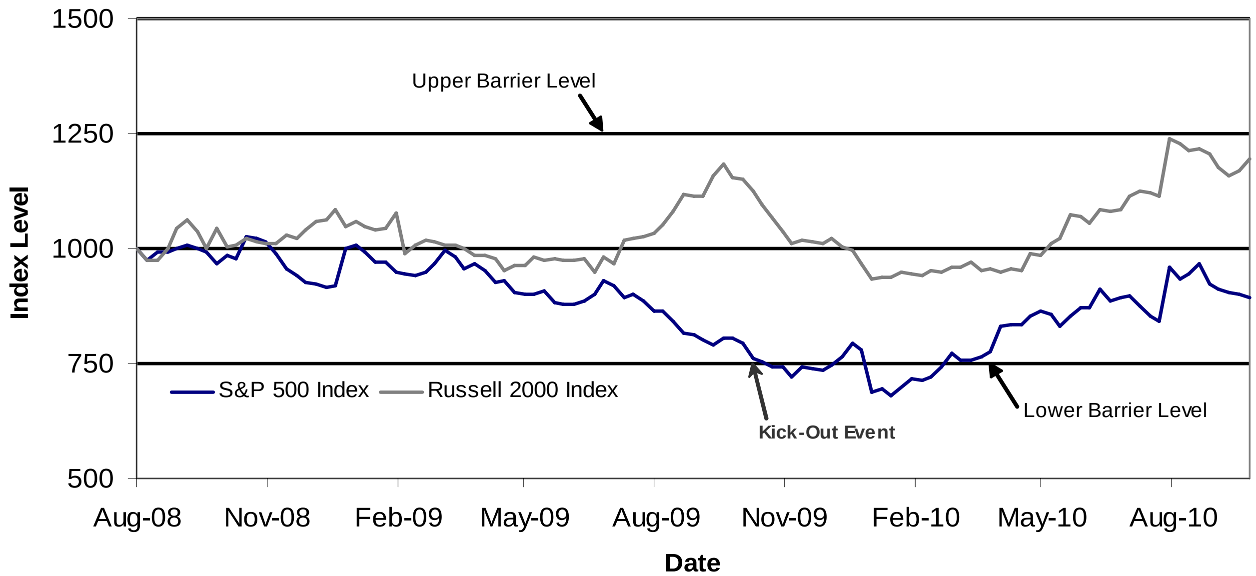
In this scenario, the Closing Level of both Indices on every Scheduled Trading Day throughout the Observation Period remained greater than or equal to their respective Lower Barrier Levels and less than or equal to their respective Upper Barrier Levels. As a result, a Kick-Out Event does not occur and the Principal Amount and the Contingent Coupon will be payable at maturity. Based on an initial investment of $2,000.00, the Noteholder will receive a Maturity Redemption Amount of $2,600.00, which includes their Principal Amount of $2,000.00, plus a Contingent Coupon of $600.00. This is equivalent to a compounded rate of return of approximately 12.87 % per annum over the Term of the Notes.

Example 2: Both the Indices breach their respective Upper Barrier Level



In this scenario, the Russell 2000® Index closed above its Upper Barrier Level in or about February 2009 during the Observation Period. The fact that this Index sold off briefly afterward does not matter. The S&P 500® Index closed above its Upper Barrier Level in or about April 2010 during the Observation Period. Once a Kick-Out Event has occurred with respect to either Index, no Contingent Coupon is payable at maturity and only the Principal Amount of $2,000.00 will be returned to the Noteholder at maturity.

Example 3: The S&P 500® Index breaches its Lower Barrier Level



In this example, the S&P 500® Index closed below its Lower Barrier Level in or about October 2009 during the Observation Period. The fact that this Index rallied afterward or that the Russell 2000® Index remained range-bound throughout the Observation Period does not matter. Once a Kick-Out Event has occurred with respect to either Index, no Contingent Coupon is payable at maturity and only the Principal Amount will be returned at maturity. As a result, in this example, a Noteholder would only receive their Principal Amount of $2,000.00 at maturity.

Secondary Trading of Notes

Secondary Market

There is currently no established trading market through which the Notes may be sold. A Noteholder cannot elect to receive the Principal Amount from HSBC prior to the Maturity Date and the Notes will not be listed on any exchange. However, Noteholders may be able to sell Notes prior to maturity in any available secondary market that develops, but no assurances are given that such a market will develop or that it will be liquid.

The Agent intends in normal market conditions, concurrently with HSBC Securities (Canada) Inc. ("**HSBC Securities**"), and subject to certain conditions, to use reasonable efforts to provide daily a secondary market price for the Notes during the Term, in which the maximum bid-offer spread will be 1% of the Bid Price (excluding commissions) when orders and settlements are made through FundSERV and 1% of the Principal Amount (excluding commissions) when orders and settlements are not made through FundSERV. Noteholders, through their dealers, will need to initiate an irrevocable request to sell the Notes in accordance with the then established procedures of FundSERV. Generally, this means that the Noteholder's dealer will need to initiate the sale request by 4:00 p.m. (Eastern time) each day (or the following Business Day if such day is not a Business Day), or such other day or time as may hereafter be established by HSBC and the Agent.

The Agent or HSBC Securities may, from time to time, purchase and sell Notes but will not be obligated to do so. The Agent and HSBC Securities will have the right, in their sole discretion, to cease to purchase or sell Notes. If a secondary market develops, it may be suspended or discontinued at any time without notice to Noteholders.

An Early Trading Charge will be deducted from a Noteholder's sale proceeds for sales effected through FundSERV on or prior to 18 months from the Issue Date. The Early Trading Charge will be equal to a percentage of the Bid Price for the Note posted on FundSERV and will be determined as follows:

Time Period	Early Trading Charge
Issue Date to and including March 2, 2009	3.25%
March 3, 2009 to and including August 28, 2009	2.25%
August 31, 2009 to and including March 1, 2010	1.00%
March 2, 2010 to and including the Maturity Date	0%

Beginning March 2, 2010 and thereafter, there will not be an Early Trading Charge on a sale of your Notes. A sale of Notes originally purchased through FundSERV will be subject to certain additional procedures and limitations established by FundSERV. See "*Book-Entry System*" and "*FundSERV – Sale through FundSERV*".

The Notes are not intended to be short-term trading instruments and are generally not suitable for an investor who requires liquidity prior to maturity. You should consult your investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note on the secondary market (assuming it is available) or hold the Note until the Maturity Date. You should also consult your tax advisor as to the income tax consequences arising from a sale of the Notes prior to the Maturity Date as compared to holding the Notes until the Maturity Date.

Noteholders choosing to sell their Notes prior to the Maturity Date will receive a market price which is not necessarily equal to 100% of the Principal Amount and, as a result, Noteholders may suffer losses. See "*Risk Factors*".

Forms of the Notes

Each Note will generally be represented by a global deposit note representing the entire issuance of Notes. HSBC will issue Notes evidenced by certificates in definitive form to a particular Noteholder only in limited circumstances. Both certificated Notes in definitive form and global deposit notes will be issued in registered form.

Definitive Notes if issued will name Noteholders or nominees as the owners of the Notes, and in order to transfer or exchange these definitive Notes or to receive any payment under the Notes,, the Noteholders or nominees (as the case may be) must physically deliver the Notes to HSBC. A global deposit note will name a depositary or its nominee as the owner of the Notes, initially to be CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. Each Noteholder's beneficial ownership of Notes will be shown on the records maintained by the Noteholder's broker/dealer, bank, trust company or other representative that is a participant in the relevant depositary, as explained more fully below. Interests of participants will be shown on the records maintained by the relevant depositary. Neither HSBC nor any depositary will be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

Global Deposit Note

HSBC will issue the registered Notes in the form of the fully registered global deposit note that will be deposited with a depositary (initially being CDS) and registered in the name of such depositary or its nominee in a denomination equal to the aggregate issued Principal Amount of the Notes. Unless and until it is exchanged in whole for Notes in definitive registered form, the registered global deposit note may not be transferred except as a whole by and among the depositary, its nominee or any successors of such depositary or nominee.

Payments on the Notes represented by a registered global deposit note registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the registered global deposit note. HSBC will not have any responsibility or liability whatsoever for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global deposit note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

HSBC expects that the depositary for any of the Notes represented by a registered global deposit note, upon receipt of any payment on the Notes, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global deposit note as shown on the records of the depositary. HSBC also expects that payments by participants to owners of beneficial interests in a registered global deposit note held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

Definitive Notes

If the depositary for any of the Notes represented by a registered global deposit note is at any time unwilling or unable to continue to properly discharge its responsibilities as depositary, and a successor depositary is not appointed by HSBC within 90 days, HSBC will issue Notes in definitive form in exchange for the registered global deposit note that had been held by the depositary.

In addition, HSBC may at any time and in its sole discretion decide not to have any of the Notes represented by one or more registered global deposit notes. If HSBC makes that decision, HSBC will issue Notes in definitive form in exchange for all of the registered global deposit notes representing the Notes.

Payments on a definitive Note will be made by cheque mailed to the applicable registered Noteholder at the address of the Noteholder appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Noteholder at least five Business Days before the date of the payment and agreed to by HSBC, by electronic funds transfer to a bank account nominated by the Noteholder with a bank in Canada.

Credit Rating of Issuer

The Notes will not be specifically rated by any rating agency. However, as of the date of this Information Statement, the deposit liabilities of HSBC with a term to maturity of more than one (1) year were rated AA by DBRS and AA by S&P. These ratings represent the rating agencies' assessments of HSBC's creditworthiness and are not indicative of the market risk or liquidity associated with the Notes or the performance of the Indices. **A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.**

Payment of the Maturity Redemption Amount

On the Maturity Date, HSBC will make available funds in an amount sufficient to pay the amounts due under the Notes being the Maturity Redemption Amount for each Note (Principal Amount plus the Contingent Coupon, if payable).

All amounts payable in respect of the Notes will be made available by HSBC on the relevant payment date through CDS or its nominee, or otherwise by cheque (pursuant to an agreement between a Noteholder and the relevant CDS Participant) or by wire transfer. CDS or its nominee will, upon receipt of any such amount, facilitate payment to the applicable CDS Participant(s) or credit the account of such CDS Participant(s), in amounts proportionate to their respective interests as shown on the records of CDS. The payments to be made to Noteholders who subscribed their Notes through FundSERV will be paid through CDS or its nominee to the Custodian, as a CDS Participant, and then credited by the Agent to Noteholders in accordance with the register showing records of beneficial interest in the Notes maintained by the Agent.

The responsibility and liability of HSBC in respect of the Notes represented by the global certificate is limited to making payment of any amount due on the global deposit note to CDS or its nominee. HSBC shall not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or the payments relating thereto, (b) maintaining, supervising or reviewing any records relating to the beneficial ownership of the Notes, or (c) any advice or representations made by, or with respect to, CDS and the rules governing CDS, or any action to be taken by CDS or at the direction of the CDS Participants.

Neither HSBC nor CDS will be bound to see the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

Rank

The Notes will constitute unsecured, unsubordinated deposit obligations of the Bank and, as such, will rank *pari passu* as among themselves and with all of the Bank's other outstanding unsecured, unsubordinated, present and future obligations including deposit liabilities (except as otherwise prescribed by law) and will be payable rateably without any preference or priority. **The Notes will not constitute deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime.**

Amendments to the Notes

The global certificate representing the Notes may be amended without the consent of the holders by the Bank if, in the reasonable opinion of the Bank, the amendment would not materially and adversely affect the interests of the holders. In other cases, the global certificate may be amended if the amendment is approved by a resolution passed by the favourable votes of the holders of not less than 66 2/3% of the Notes represented at a meeting convened for the purposes of considering the resolution, or by written resolution signed by holders of not less than 66 2/3% of the Notes. Quorum for a meeting shall be reached if holders of 10% or more of the Notes are present at the meeting. Each Noteholder is entitled to one vote per Note held by such Noteholder for the purposes of voting at meetings. If a quorum is not reached at any meeting, that meeting must be adjourned to a later date not earlier than seven Business Days after the original meeting date, in which case the quorum required shall be the Noteholders present at such adjourned meeting. The Notes do not carry the right to vote in any other circumstances.

CALCULATION AGENT

The Bank has appointed HSBC Bank USA, National Association, an affiliate of the Bank, as Calculation Agent with regard to the Notes. The Calculation Agent will be solely responsible for (i) determining whether a Kick-Out Event has occurred; (ii) the calculation of amounts payable to a Noteholder; (iii) the determination of amounts payable to a Noteholder upon the occurrence of a Special Circumstance as set forth under "*Redemption Under Special Circumstances*"; (iv) determining whether a Market Disruption Event exists; and (v) determining the net asset value of the Note or Note value for general valuation purposes. The Calculation Agent will, it its sole discretion, make its calculations and determinations in good faith using commercially reasonable procedures, provided however, that absent manifest error, all of the Calculation Agent's calculations and determinations will be final and binding on the Bank and Noteholders without any liability on the part of the Bank and the Calculation Agent. The Calculation Agent may have economic interests adverse to those of the Noteholders, including with respect to certain determinations and judgments that the Calculation Agent must make. See "*Risk Factors – Conflicts of Interest with the Calculation Agent*". The Calculation Agent is obligated to carry out its duties and functions in good faith and using its reasonable judgment.

Redemption Under Special Circumstances

In the event of a Special Circumstance, all of the outstanding Notes may be redeemed, at the option of the Bank (a "**Redemption Under Special Circumstances**"). In the event of a Redemption Under Special Circumstances for which the Bank has opted to redeem all of the Notes, the Bank, acting in good faith, will set a date for the redemption of the Notes (the "**Special Redemption Date**"). If the Note value, as determined by the Calculation Agent in accordance with industry-accepted methods based on a number of interrelated factors, is equal to or greater than the Principal Amount, then the Notes will be redeemed on the Special Redemption Date and Noteholders of record on such date will be entitled to receive the Note value (which shall not be less than the Principal Amount). The Bank will make available to Noteholders, no later than 10:00 a.m. (Toronto time) on the fifth (5^{th}) Business Day following the determination of the Note value, the amount payable pursuant to such redemption, through CDS or its nominee. If, however, the Note value is less than the Principal Amount, then the Notes will not be redeemed on the Special Redemption Date and an amount equal to the Note value will be notionally invested in permitted investments (fixed income and money market instruments) until the earlier of (i) the date on which such amount equals or exceeds the Principal Amount or (ii) the Maturity Date. As a result, Noteholders would receive only the Principal Amount and any amount in excess of the Principal Amount accumulated under (i). Payment of any amount there under will be made on the fifth (5^{th}) Business Day following such date.

Market Disruption Event

If a Market Disruption Event occurs on the Issue Date or the Maturity Valuation Date with respect to an Index (any such date, an "**Observation Date"**), then the relevant Observation Date shall be the immediately following Scheduled Trading Day during which no Market Disruption Event shall exist; provided, however, that if a Market Disruption Event has occurred on each of the five Scheduled Trading Days immediately following such Observation Date, then the relevant Observation Date shall be the fifth Scheduled Trading Day following such original Observation Date, notwithstanding the occurrence of a Market Disruption Event on such day (an "**Adjusted Observation Date**"). With respect to any such Adjusted Observation Date on which a Market Disruption Event occurs, the Calculation Agent will determine the value of the affected Index on such Adjusted Observation Date in accordance with the formula for and method of calculating such Index last in effect prior to the commencement of the Market Disruption Event, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing price that would have prevailed but for such suspension or limitation) on such Scheduled Trading Day of each security most recently comprising such Index.

PLAN OF DISTRIBUTION

In connection with this offering of the Notes, HSBC Bank Canada and the Agent have entered into an Agency Agreement under which the Agent agrees to promote, on a best efforts basis, the sale of the Notes in Canada and to form a selling group for the purposes of offering the Notes if, as and when issued by HSBC in accordance with the terms and conditions contained in the Agency Agreement.

The closing of this offering will take place on the Closing Date. Each Note will be issued for a subscription price of 100% of the Principal Amount ($100.00 per Note). The proceeds to HSBC from the issuance of the Notes will constitute deposits received by HSBC and will be used for general banking purposes.

Subscription for the Notes must be made through the mutual fund order entry system FundSERV under mutual fund order code FIE 2001. Subscription funds received through FundSERV will be deposited in an account established by the Agent at the Custodian, in trust for the subscribers. The interest earned on the subscription funds will be used by the Agent to subscribe, for the benefit of the relevant subscribers, for that number of additional Notes (or portion thereof) corresponding to the amount of earned interest. See "*FundSERV - Subscription through FundSERV*".

HSBC has agreed to pay the Agent an amount equal to 1.55% of the aggregate Principal Amount of the Notes sold for the performance by the Agent of its obligations under the Agency Agreement and has agreed to pay the members of the selling group for the sale of the Notes a commission of 2.0% of the aggregate Principal Amount of the Notes sold by such members. These dealers and other firms may pay a portion of these commissions to their advisors who sell the Notes to Noteholders. These fees will not have an effect on the amounts payable to the Noteholders at maturity. Specifically, the fees will not factor into the formula for, or affect the amount of the Contingent Coupon which may be payable to Noteholders at maturity.

HSBC will have the sole right to accept offers to purchase the Notes and may reject any proposed purchase of Notes in whole or in part. HSBC reserves the right to discontinue accepting subscriptions at any time without notice. HSBC reserves the right to issue additional notes of this series and other debt instruments or deposit notes which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by HSBC concurrently with the offering of Notes. HSBC reserves the right to purchase for cancellation at its discretion any amount of Notes in the secondary market without notice to Noteholders.

In connection with the issue and sale of the Notes, no person is authorized to give any information or to make any representation not expressly contained in this Information Statement and HSBC does not accept responsibility for any information not contained herein. This Information Statement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Information Statement in the United States or to U.S. Persons (as defined in the regulations under the U.S. Commodity Exchange Act, as amended) or in any jurisdiction outside Canada where any action is required.

THE INDICES

A description of each of the Indices appears in "*Annex A*".

DISCONTINUANCE OR MODIFICATION OF AN INDEX

If any one of the Index Sponsors discontinues publication of or otherwise fails to publish an Index on any day on which such Index is scheduled to be published and the Index Sponsor or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the discontinued Index (such index being referred to as a "**Successor Index**"), then such Successor Index will be deemed to be the Index for all purposes relating to the Notes.

Upon any selection by the Calculation Agent of a Successor Index, the Calculation Agent will cause written notice thereof to be furnished to HSBC and to the depositors in respect of the Notes. If a Successor Index is selected by the Calculation Agent, the Successor Index will be used as a substitute for the Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If an Index is discontinued or if an Index Sponsor fails to publish an Index and the Calculation Agent determines that no Successor Index is available at such time, then the Calculation Agent will determine the Index level that is to be used for such Scheduled Trading Day using the same general methodology previously used by the Index Sponsor. The Calculation Agent shall continue to make such a determination until the earlier of (i) the Maturity Valuation Date or (ii) a determination by the Calculation Agent that the Index or a Successor Index is available. In such case, the Calculation Agent will cause written notice thereof to be furnished to HSBC and to the Noteholders.

If at any time the method of calculating any Index or a Successor Index, or the value thereof, is changed in a material respect, or if an Index or a Successor Index is in any other way modified so that, in the determination of the Calculation Agent, the value of such index does not fairly represent the value of an Index or such Successor Index that would have prevailed had such changes or modifications not been made, then the Calculation Agent will make such calculations and adjustments as may be necessary in order to determine an Index value comparable to the value that would have prevailed had such changes or modifications not been made. If, for example, the method of calculating an Index or a Successor Index is modified so that the value of such Index is a fraction of what it would have been if it had not been modified (e.g., due to a split in the index), then the Calculation Agent will adjust such Index in order to arrive at a value of an Index or such Successor Index as if it had not been modified (e.g., as if such split had not occurred). In such case, the Calculation Agent will cause written notice thereof to be furnished to HSBC and to the depositors in respect of the Notes.

CORRECTIONS TO AN INDEX

In the event that any level published by an Index Sponsor and which is utilized for any calculation or determination made in respect of the Notes is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will notify the parties of such correction, and determine the amount that is payable or deliverable as a result of that correction, and to the extent necessary, will adjust the terms of this transaction to account for such correction; provided that no adjustment or payment will be made if HSBC has paid the relevant amount to the holder(s) of the Notes based on the initial Index level prior to the related correction.

The Notes are not sponsored, endorsed, sold or promoted by the Index Sponsors and the Index Sponsors make no representation regarding the advisability of investing in the Notes. References to any of the Indices in the terms and conditions of the Notes does not constitute a representation, express or implied, by the respective Index Sponsors or HSBC to any Noteholders regarding investing in the Notes or the ability of each of the Indices to track general stock market performance. Each Index is determined, composed and calculated by its respective Index Sponsor without regard to HSBC or the Notes, and the Index Sponsors have no obligation to take the needs of HSBC or any Noteholder into consideration in determining, composing, or calculating any Index. The Index Sponsors are not responsible for and has not participated in the determination of the timing of, prices at, or other features of the Notes, and the Index Sponsors have no obligation or liability in connection with the administration, marketing or trading of the Notes. The Index Sponsors are under no obligation to continue the calculation and dissemination of the Indices, and neither the Index Sponsors nor HSBC shall have any responsibility to any Noteholder for the calculation and dissemination of an Index or any errors or omissions therein.

NEITHER HSBC, THE INDEX SPONSORS NOR THE AGENT GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA INCLUDED THEREIN, AND NEITHER HSBC, THE INDEX SPONSORS NOR THE AGENT SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. THE INDEX SPONSORS, HSBC AND THE AGENT DO NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, BY HSBC, THE INDEX SPONSORS OR THE AGENT AS TO ANY MATTER, INCLUDING THE RESULTS TO BE OBTAINED BY THE HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF AN INDEX OR ANY DATA INCLUDED THEREIN. ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDICES OR ANY DATA INCLUDED THEREIN ARE EXPRESSLY DISCLAIMED. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL HSBC, THE AGENT OR THE INDEX SPONSORS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

SUITABILITY FOR INVESTMENT

The Notes are appropriate as investments only for those Noteholders who are willing to accept a high degree of investment risk and limited or no liquidity. Such Noteholders should be able to tolerate a significant degree of volatility, and the possibility that the return on the Notes could be negative if the Noteholder elects to have the Notes redeemed prior to maturity. In addition, the payment of the Contingent Coupon is not guaranteed and only investors who are willing to accept no return on their investment should consider purchasing the Notes.

Potential Noteholders should consult with their own investment, legal and tax advisors to determine the suitability of an investment in the Notes and the appropriate amount, if any, of an investment of this nature. HSBC makes no recommendation as to the suitability of the Notes for investment. See "*Risk Factors*".

BOOK ENTRY SYSTEM

The Notes will be issued in "book-entry only" form and must be subscribed, transferred and repurchased through a CDS Participant or FundSERV. On the Issue Date, the Bank will cause a single global deposit note evidencing all Notes purchased pursuant to this offering to be delivered to and registered in the name of CDS or its nominee. Registration of interests in and transfers of the Notes will be made only through the Book-Entry System. Subject to the exceptions mentioned hereinafter, no Noteholder will be entitled to any certificate or other instrument from the Bank or CDS evidencing ownership thereof, and no Noteholder will be shown on the records maintained by CDS, except through a CDS Participant, which is expected to be the Custodian throughout the Term of the Note. All rights of a Noteholder must be exercised through, and all payments or other property to which such Noteholder is entitled will be made or delivered by, CDS, the CDS Participant or FundSERV, as the case may be. Upon subscription of any Notes, the

Noteholder will receive only the customary confirmation that will be sent to such Noteholder by brokers by other dealers from whom or through whom such Notes are subscribed.

Definitive certificates in relation to the Notes will be issued to CDS Participants if the Bank advises the Noteholders that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Notes or if CDS ceases to be a recognized clearing agency under applicable Canadian securities legislation and the Noteholders and the Bank are unable to locate a qualified successor depositary system, or if the Bank notifies CDS that it desires or is required to replace the global note certificate with Notes in definitive form, or if the Bank elects or is required by law to terminate the registration of the Notes through the Book-Entry System. Upon the surrender by CDS of the global deposit note representing the Notes and instructions from CDS for registration, the Bank will issue definitive certificates to CDS Participants appearing on the records maintained by CDS at the time of or as soon as practicable prior to such delivery, which definitive certificates will thereafter evidence Notes previously evidenced by the global deposit note.

The Maturity Redemption Amount payable under the global deposit note will be paid on the Maturity Date to the applicable CDS Participants to those Participants' CDS accounts in amounts proportionate to their respective beneficial interests in the Notes as shown on the records of CDS or its nominee. It is expected that payments by CDS Participants to owners of beneficial interests in the global certificate held through such CDS Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank in respect of the Notes represented by the global deposit note is limited to making payment of any amount due on the global deposit note to CDS or its nominee. The payments to be made to Noteholders who subscribed their Notes through FundSERV will be paid through CDS or its nominee to the Custodian, as a CDS Participant, and then credited by the Agent to Noteholders in accordance with the register showing records of beneficial interest in the Notes maintained by the Agent.

The Bank will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or the payments relating thereto, (b) maintaining, supervising or reviewing any records relating to the beneficial ownership of the Notes, or (c) any advice or representations made by, or with respect to, CDS and the rules governing CDS, or any action to be taken by CDS or at the direction of the CDS Participants.

HSBC Bank Canada retains the right, as a condition to payment of amounts at the Maturity Date, to require the surrender for cancellation of any certificate evidencing the Notes.

FUNDSERV

Subscription for Notes must be made through dealers that facilitate purchase and related settlement through a clearing and settlement service operated by FundSERV Inc. The FundSERV order code is “FIE 2001”. The following information about FundSERV is pertinent for investors who wish to subscribe for the Notes. Noteholders should consult their financial advisors or dealers to obtain further information on FundSERV procedures.

General Information

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with online order access to such financial products. FundSERV was originally designed and is operated as a mutual fund communications network facilitating members in electronically placing, clearing and settling mutual fund orders. In addition, FundSERV is currently used in respect of other financial products that may be sold by financial planners, such as the Notes. FundSERV enables its participants to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

Where a subscriber’s purchase order for Notes is effected by a dealer or other firm using the FundSERV network, such dealer or other firm may not be able to accommodate a purchase of Notes through certain registered plans for purposes of the Tax Act. Subscribers should consult their financial advisors as to whether their orders for Notes will be made using the FundSERV network and any limitations on their ability to purchase Notes through registered plans.

Notes subscribed through FundSERV held in an account in trust for the beneficial Noteholders

As stated above, all Notes will initially be issued in the form of a single global certificate to be delivered to and registered in the name of CDS. See "*Book-Entry System*" for further details on CDS as a depository and related matters with respect to the global certificate. Holders of the Notes will therefore have an indirect beneficial interest in the global certificate. That beneficial interest will be recorded in CDS as being held in an account established by the Agent at the Custodian, in trust for the beneficial Noteholders. The Agent will record in its books the respective beneficial interests in the Notes subscribed by Noteholders. A Noteholder should understand that the Agent will make such recordings as instructed through FundSERV by the Noteholder's dealer.

Subscription through FundSERV

In order to subscribe Notes through FundSERV, the subscription funds, net of commissions, must be delivered to the Agent's FundSERV account in immediately available funds on or prior to the Closing Date.

Upon receipt of the subscription funds, the Agent will deposit the funds in an account established by the Agent at the Custodian, in trust for the subscribers. The Agent will pay to the investors interest on the subscription funds at a rate equal to the prime rate of the Canadian chartered bank selected, less 3%, if the subscription funds are delivered to the Agent in Canadian dollars. The interest will be calculated from the date of receipt of the subscription funds by the Agent until (but excluding) the Closing Date. The Agent will retain the difference between the aggregate amount of interest earned on the subscription funds and the amount of interest that the Agent has agreed to pay to the investor. On the Issue Date, the subscription funds, together with the interest earned thereon by the investor, will be used by the Agent to subscribe for additional Notes (or portion thereof) for the benefit of the relevant subscribers. Investors will have no right to receive a cash payment representing any interest earned on the subscription funds if the settlement of this offering is completed.

If Notes subscribed through FundSERV are not issued for any reason, the subscription funds will be returned forthwith to the investor together with the interest earned on such funds as described in the preceding paragraph.

Sale through FundSERV

Noteholders may sell Notes, subject to the secondary market terms and conditions established by the Agent and HSBC Securities, by using the sale procedures of FundSERV. Noteholders, through their dealers, will need to initiate an irrevocable request to sell the Notes in accordance with the then established procedures of FundSERV. Generally, this means that the Noteholder's dealer will need to initiate the sale request by 4:00 p.m. (Eastern time) each day (or the following Business Day if such day is not a Business Day), or such other day or time as may hereafter be established by HSBC Securities and the Agent (the "**Sale Deadline Date**"). Any request received after such time will be deemed to be a request sent and received on the following day. The sale of the Notes will be effected as of the close of market on the Sale Deadline Date at the Agent's bid price for the Notes (*i.e.*, the price it is offering to purchase Notes in the secondary market) for the applicable day which is established after the close of market on the Sale Deadline Date (the "**Bid Price**"). The Bid Price, as posted to FundSERV by the Agent, is also referred to by FundSERV as the "net asset value" of a Note. An Early Trading Charge will be deducted from a Noteholder's sale proceeds for sales effected through FundSERV on or prior to 18 months from the Issue Date. See "*Description of the Notes- Secondary Trading of Notes*".

The Bid Price will be affected by a number of complex and inter-related factors. The effect of any one factor may be offset or magnified by the effect of another factor. The following list, although not exhaustive, describes some of the factors that may impact the Bid Price: i) how much the level of each Index has risen or fallen since the Issue Date; (ii) the time remaining to maturity; (iii) the volatility or degree to which the level of each Index changes; (iv) whether a Kick-Out Event occurred or is close to occurring during the Observation Period; and (v) price or other movements in the instrument or instruments comprising the Indices are unpredictable.

The Agent is the fund sponsor for the Notes within FundSERV. The Agent intends to post to FundSERV, under normal market conditions, the Bid Price for the Notes on a daily basis, which Bid Price may also be used for valuation purposes in any statement sent to Noteholders. There is no guarantee that the Bid Price for any day will be the highest bid price possible in any secondary market for the Notes, but will represent the Agent's bid price generally available to all Noteholders. Such bid price will take into account, in particular, the amount of Notes offered for sale in the secondary market. Noteholders should also be aware that from time to time the mechanism described above to sell Notes may be suspended for any reason without notice, thus effectively preventing Noteholders from selling their Notes. Potential investors requiring liquidity should carefully consider this possibility.

Notes held in an investment account maintained with a particular dealer will be transferable to another account maintained with another dealer only if such other dealer has been previously approved by the Agent. In the event the dealer has not been previously approved by the Agent, the Noteholder would have to sell the Notes pursuant to the procedures outlined above.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to HSBC, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of a Note by a Noteholder who purchases the Notes from HSBC at the time of their issuance, who is an individual (other than a trust) and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with, and is not affiliated with, HSBC, and holds the Note as capital property (an "**Initial Noteholder**"). This summary is not applicable to an Initial Noteholder that is a corporation, partnership or trust, including a "financial institution" as defined in the Tax Act for the purposes of the rules governing securities held by financial institutions or a taxpayer to whom the "functional currency" reporting rules apply.

A Note will generally be capital property to an Initial Noteholder unless: (i) the Initial Noteholder holds the Note in the course of carrying on or otherwise as part of a business of dealing in securities; or (ii) the Initial Noteholder acquired the Note in a transaction or transactions considered to be an adventure in the nature of trade. The determination of whether the Notes are held as capital property for purposes of the Tax Act should take into account, among other factors, whether the Notes are acquired with the intention or secondary intention of selling them prior to the Maturity Date. Certain Initial Noteholders whose Notes might not otherwise qualify as capital property, or who would like certainty with respect to the treatment of the Notes as capital property, may be entitled to make an irrevocable election to have the Notes and every other "Canadian security" (as defined in the Tax Act) held by the Initial Noteholder, deemed to be capital property pursuant to subsection 39(4) of the Tax Act. Noteholders should consult their own tax advisors as to whether they will hold the Notes as capital property.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") as in force at the date hereof, all proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). There can be no assurances that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not take into account provincial, territorial or foreign income tax considerations.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax considerations and should not be interpreted or relied upon as legal or tax advice to any particular Noteholder. You should consult your tax advisers with respect to your particular circumstances and the tax consequences of holding Notes.

Interest on Subscription Funds

If the issue of the Notes is not completed, any interest earned on the subscription funds that is paid to an investor will be included in such investor's income for the taxation year in which the interest is paid. While Initial Noteholders will not receive any cash payments of interest earned on the subscription funds, an Initial Noteholder will be required to include in the Initial Noteholder's income for the taxation year in which the Notes are issued, the amount of such interest allocated to the Initial Noteholder for the period beginning with the deposit of the subscription funds and ending with the Issue Date. The amount of such interest included in the Initial Noteholder's income will be added to the Initial Noteholder's adjusted cost base of the Notes.

In certain circumstances provisions of the Tax Act can deem interest to accrue on a "prescribed debt obligation" (as defined for purposes of the Tax Act). Counsel's understanding is that the CRA takes the administrative position that instruments similar to the Notes constitute "prescribed debt obligations". However, counsel's understanding is that CRA's administrative practice is generally that no deemed interest arises under debt obligations the payout under which is linked to performance of equity indices, including in circumstances where such payout may be subject to a cap, until such time as the amount of such return becomes finally determinable. As there can be no determination prior to the Maturity Valuation Date of whether the Contingent Coupon will be payable, based upon CRA published administrative practice, there should be no deemed accrual of interest on the Notes unless the Contingent Coupon is determined on the Maturity Valuation Date to be payable and until the Initial Noteholder's taxation year that includes such date or, in the event of a Special Circumstance, where a return in excess of the Principal Amount is determined to be payable and until the Initial Noteholder's taxation year that includes such date.

Payment at Maturity or on a Special Redemption Date

The amount of the Contingent Coupon, if payable to an Initial Noteholder, will be included in the Initial Noteholder's income in the taxation year in which the Maturity Valuation Date occurs. The amount of any payment in excess of the Principal Amount paid on a Redemption Under Special Circumstances will be included in the Initial Noteholder's income in the taxation year in which the Note value is determined as the result of a Special Circumstance.

Disposition of the Notes

On a disposition or deemed disposition of a Note by an Initial Noteholder at a time when the Contingent Coupon is not calculable and a Special Circumstance has not occurred, or following a Kick-Out Event (including a sale through FundSERV or otherwise in the secondary market (if available) but not including a disposition resulting from a payment by or on behalf of HSBC), while the matter is not free from doubt, the Initial Noteholder should generally realize a capital gain (or capital loss) to the extent the Initial Noteholder's proceeds of disposition, net of any amount required to be included in the income of the Initial Noteholder as interest, exceed (or are less than) the aggregate of the Initial Noteholder' adjusted cost base of the Note and any reasonable costs of disposition. On a private sale of a Note to HSBC, the proceeds of sale in excess of the principal amount will generally be included in the income of such Initial Noteholder. An Initial Noteholder who disposes or is deemed to dispose of a Note prior to the Maturity Date, particularly those who dispose of a Note shortly prior to the Maturity Date, should consult its tax advisor with respect to its particular circumstances.

One-half of a capital gain realized by an Initial Noteholder must be included in the income of the Initial Noteholder. One-half of a capital loss realized by a Initial Noteholder is deductible against the taxable portion of capital gains realized in the year, and the excess, if any, may be deducted against net taxable capital gains in the three preceding taxation years or in subsequent years, subject to and in accordance with the rules in the Tax Act. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Non-Resident Withholding Tax

Any interest paid to non-residents of Canada who deal at arm's length with HSBC should not be subject to Canadian non-resident withholding tax. **Non-residents should consult their own tax advisors with respect to their tax positions and the tax consequences of holding the Notes.**

RISK FACTORS

The Notes subject the Noteholders to significant risks, including the potential for lost investment opportunities. Prospective Noteholders should carefully consider the risks associated with acquiring and holding Notes. The discussion below does not purport to be complete or to reflect all potential risks associated with this investment. The risks outlined below are in addition to those risks discussed or referred to elsewhere in this Information Statement. Potential Noteholders in the Notes should carefully review and consider all risks inherent in the Notes prior to making an investment decision, including the following factors:

Notes not suitable for all investors.

The Notes are complex and are subject to certain risks. You should not purchase the Notes unless you understand and are able to bear all of the various risks associated with the Notes including, among other things, market, liquidity and yield risks. **Before purchasing the Notes, you should consult with your financial, legal, tax, accounting and other advisors, as to the suitability of the Notes in light of your circumstances, your total portfolio of investments and the risks associated with the Notes. HSBC makes no recommendation as to the suitability of the Notes for investment.**

The Notes are not being offered pursuant to and are not otherwise subject to securities laws in certain provinces or territories in Canada and have not been registered with, recommended by or approved by any securities regulatory authority in Canada. No such authority has reviewed this Information Statement or approved or disapproved of the Notes or in any manner passed upon the accuracy or adequacy of the information contained in this Information Statement or the merits of the Notes offered hereunder, and no such authority will do so. The Notes have not been and will not be registered under the U.S. Securities Act, and subject to certain exceptions, may not be offered or sold within the United States or to U.S. persons as contemplated under the U.S. Securities Act and the regulations thereunder.

Notes will not be Insured Deposits.

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance legislation or regime.

Principal Amount is protected only if Notes are held to maturity.

The Notes are designed so that if, and only if, they are held to maturity, you will receive no less than 100% of the Principal Amount regardless of the performance of the Indices. If you sell your Notes prior to maturity you may not receive the entire Principal Amount of the Notes.

Noteholders holding to maturity may not receive the Contingent Coupon.

There is no assurance the Notes will pay the Contingent Coupon. Although a Noteholder is entitled to repayment of 100% of the Principal Amount at maturity, there can be no assurance of the receipt of the Contingent Coupon. The Contingent Coupon, if payable, is dependent on the performance of the Indices. The Indices fluctuate and changes in each Index level cannot be predicted. Although historical data with respect to each Index is available, this data should not be taken as an indication of future levels or how much the levels of the Indices will increase or decrease. The Notes will return an amount greater than the Principal Amount only if the Contingent Coupon is payable. This will be the case only if a Kick-Out Event does not occur. A Kick-Out Event will occur if the Closing Level of either Index, on any Scheduled Trading Day during the Observation Period, closes above its respective Upper Barrier Level or below its respective Lower Barrier Level. Thus, the Contingent Coupon will only be applicable if volatility in the level of both Indices is sufficiently low throughout the Observation Period so as to not cause the occurrence of a Kick-Out Event. The Indices have experienced significant volatility in the past, and volatility could be substantial.

The return on the Notes is limited to the amount of the Contingent Coupon, if payable.

At the Maturity Date, a Noteholder will not receive more than the Principal Amount of the Notes, plus the Contingent Coupon, if payable. Accordingly, for each $100.00 Note, a Noteholder will not receive a Maturity Redemption Amount at maturity with a value that exceeds $100.00 plus the Contingent Coupon, if payable. In the event that either Index experiences pronounced appreciation during the term of the Notes, an investment in the Notes will likely not exceed the return achievable through a direct investment in such Index, and the Notes will only return the Principal Amount if the appreciation was sufficient to cause the occurrence of a Kick-Out Event.

A Kick-Out Event could occur on any Scheduled Trading Day during the Observation Period.

A Kick-Out Event will occur if the Closing Level of either Index on any Scheduled Trading Day during the Observation Period is above its respective Upper Barrier Level or below its respective Lower Barrier Level. The Observation Period spans the entirety of the period from the Issue Date of the Notes through to the Maturity Valuation Date. As a result, even if the Closing Level of both Indices on the Maturity Valuation Date was such that a Kick-Out Event would not occur on that day, a Kick-Out Event would nonetheless occur if the Closing Level of either Index was above its respective Upper Barrier Level or below its respective Lower Barrier Level on any prior Scheduled Trading Day during the Observation Period.

The return on the Notes is not directly linked to appreciation in the Indices and either Index could trigger a Kick-Out Event.

Owning the Notes is not the same as owning either Index to which the Notes are linked. The return on the Notes will not be enhanced by large increases in the level of either Index. Instead, the Notes return is wholly-dependent on whether the increase or decrease in the level of the Indices over the course of the Observation Period is above or below the levels at which a Kick-Out Event would occur. Appreciation in either Index above its respective Upper Barrier Level will cause the payment on the Notes at maturity to be limited to the return of the Principal Amount only. Strong or weak performance by either Index over the Term may negatively affect the likelihood of a Noteholder receiving the Contingent Coupon on a Note and will not be offset or mitigated by the performance of any other Index. If the Closing Level of either Index on any Scheduled Trading Day during the Observation Period deviates substantially from their Initial Index Level, the value of the Notes may drop because the likelihood of a Kick-Out Event occurring will have increased. If the Closing Level of either Index increases or declines enough during the Observation Period to trigger a Kick-Out Event, the market value of the Notes is expected to decline to reflect the fact that no Contingent Coupon will be payable at maturity.

No Guaranteed Secondary Market for the Notes Exists / Possible illiquidity.

The Notes will not be listed on any exchange. There is no assurance that a secondary market will develop. As a result, there is no assurance that a Noteholder will be able to sell or transfer its Notes at any particular time. Although the Agent intends in normal market conditions, concurrently with HSBC Securities, and subject to certain conditions, to use reasonable efforts to provide daily a secondary market price for the Notes during the Term, it is not possible to predict how the Notes will trade in the secondary market or whether such market will be liquid or illiquid.

Noteholders who sell their Notes prior to maturity may receive a market price which is less than 100% of the Principal Amount.

The Notes are not designed to be short term trading instruments. Investors should be willing and able to hold any Notes purchased until the Maturity Date. Only the Principal Amount is principal protected and must be paid by HSBC at maturity. However, HSBC does not guarantee the payment at maturity of any premium that may have been paid by a Noteholder having purchased Notes in any secondary market over such Principal Amount. In addition, in the event a secondary market develops, the trading price of a Note at any time will be dependent on, among other things, (i) how much the value of either Index has risen or fallen since the Issue Date, (ii) the frequency and magnitude of changes in the levels of each Index since the Issue Date, (iii) the fact that the amount of protected principal at maturity is limited to the Principal Amount and that any premium paid for the Notes on the secondary market is not protected by HSBC, (iv) whether a Kick-Out Event occurred or is close to occurring during the Observation Period; and (v) a number of other interrelated factors, including, without limitation, the volatility of the underlying components of each Index, the time remaining to maturity, the creditworthiness of HSBC and market demand for the Notes. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the market price of a Note. **As such, Noteholders choosing to sell their Notes prior to the Maturity Date will receive a market price which is not necessarily equal to 100% of the Principal Amount and, as a result, you may suffer losses.** In addition, a Noteholder who sells his or her Notes on or prior to the Maturity Date will receive sales proceeds equal to the Bid Price for the Notes at the relevant time minus the applicable Early Trading Charge. Although the Notes are generally more suitable for purchasing and holding to maturity, the Noteholder may wish to consult their investment advisor on whether it would be more appropriate in the circumstances at any time to sell or to hold the Note until maturity.

You have no rights in the Indices.

Neither the Noteholders nor HSBC or any broker on their behalf will have any ownership or other rights in the Indices.

You have no recourse to the Index Sponsors or any issuer of an instrument comprising any of the Indices.

Your investment in the Notes will not give you any rights against any sponsor of either Index or any issuer of an instrument that is a constituent of either Index including any sponsor or issuer that may determine or publish the level of the Indices or any instrument or instruments comprising the Indices. The Notes are not sponsored, endorsed, sold or promoted by the sponsors of the Indices or any issuer of any instrument or instruments that are constituents of the Indices.

Notes are subject to risks associated with non-Canadian securities markets.

The securities that constitute the Indices are generally issued by non-Canadian companies. Investments linked to non-Canadian securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets. Geopolitical risks may affect volatility in U.S. equity securities to a greater extent than Canadian equity securities.

You bear the risk of the non-performance by HSBC.

The Notes are not deposits insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance legislation or regime. You are relying solely on HSBC for payment on the Notes of the Principal Amount and the Contingent Coupon, if payable. As a result, you bear the risk of failure of HSBC to pay any amount due on the Notes.

Market value of the Notes may not change in the same manner as changes in the Indices.

The market value of the Notes may not have a direct relationship with either Index and may not result in a comparable change in the market value of the Notes.

Noteholders may not be able to pledge the Notes.

The ability of a Noteholder to pledge its interest in the Notes may be limited due to the lack of a physical certificate, which will further limit its ability to realize value from the Notes prior to the Maturity Date. In addition, the right to take certain actions in relation to the Notes, such as to participate in the granting of any consent must be accomplished through a CDS Participant for so long as the Notes remain in global form.

Yield on Notes may be less than that of a standard debt security of comparable maturity.

The Notes are not conventional notes or debt instruments in that they do not provide Noteholders with a return or income stream prior to maturity or a return at maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity. Noteholders will not have an opportunity to reinvest any income generated by their investment prior to maturity. It is not possible to predict whether or not the Contingent Coupon on the Notes will be payable until the Maturity Valuation Date. The Notes are generally more suitable for purchasing and holding up to maturity. If a Kick-Out Event occurs during the Observation Period, only the Principal Amount will be paid at maturity. This will be true even if the Closing Level of either Index was less than or equal to its respective Upper Barrier Level or greater than or equal to its respective Lower Barrier Level on the Maturity Valuation Date but a Kick-Out Event occurred on any prior Scheduled Trading Day during the Observation Period. Because the Notes may not pay any return if a Kick-Out Event occurs, the return on a Noteholder's investment in the Notes may be less than the amount that would be paid on a conventional note of comparable maturity or the return a Noteholder would have received if invested directly in the Indices, the stocks underlying the Indices, or contracts relating to the Indices for which there is an active secondary market. This return may not fully compensate a Noteholder for any loss in value due to inflation and other factors relating to the value of money over time.

Price or other movements in the instrument or instruments comprising the Indices are unpredictable.

Price or other movements in the instrument or instruments comprising the Indices are unpredictable and volatile, and are influenced by complex and interrelated political, economic, financial, regulatory, geographic, judicial and other factors that can affect the markets in which the relevant instrument or instruments are traded and/or the particular instrument or instruments. As a result, it is impossible to predict whether the prices or levels of the instrument or instruments comprising the Indices will rise or fall during the Term of the Notes.

Changes in legislation.

There can be no assurance that income tax, securities and other laws will not be amended or changed in a manner that adversely affects Noteholders.

The historical or pro forma performance of the Indices is not an indication of future performance.

The historical or pro forma performance of the instrument or instruments comprising the Indices should not be taken as an indication of the future performance of the instrument or instruments comprising the Indices. It is impossible to predict how much the level of each of the Indices will fall or rise over the Term. The level of each of the Indices will be influenced by the complex and interrelated economic, financial, regulatory, geographic, judicial, political and other factors that can affect the trading markets on which the instrument or instruments comprising the Indices are traded and/or the value of the Notes. Each Index has experienced periods of sustained advances and declines in the past. Such advances and declines have been substantial at certain times in the past. If either Index experiences a sustained advance or decline or a substantial rapid advance or decline, a Kick-Out Event may occur, and the sole payment on the Notes would be an amount equal to the Principal Amount paid at maturity.

The inclusion in the original issue price of the Agent's commission, and the cost of hedging HSBC Bank Canada's obligations under the Notes through one or more of its affiliates is likely to adversely affect the value of the Notes prior to maturity.

While the payment at the Maturity Date will be based on the full Principal Amount of the Notes, the original issue price of the Notes includes the Agent's commission and the provision for the expected cost of hedging HSBC's obligations under the Notes through one or more of its affiliates. Such cost includes such affiliates' expected cost of providing such hedge, as well as the profit the affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which the Agent or HSBC Securities will be willing to purchase the Notes from a Noteholder in secondary market transactions, if at all, will likely be lower than the original issue price.

Reported Index levels may be based on non-current information.

If trading is interrupted in the instrument or instruments comprising either Index, publicly available information regarding either Index value may be based on the last reported prices or levels. As a result, publicly available information regarding reported Index levels may at times be based on non-current information.

Special Circumstances.

The occurrence of certain Special Circumstances may allow HSBC the option of crystallizing the amount of return payable and (if positive) paying such amount before maturity. These include events that could have an impact on HSBC's ability to perform its obligations under the Notes or to hedge its position in respect of its obligation to make payments under the Notes. In these circumstances, the amount of return payable under the Notes, if any, may be subject to reduction to reflect the direct or indirect cost of disposing of, terminating, settling, liquidating or otherwise unwinding arrangements to hedge market exposure.

Hedging activities may create conflicts of interest.

HSBC or one or more affiliates may hedge its obligations under the Notes by acquiring futures or options on the Indices or shares of any issuer comprising the Indices or other derivative instruments with returns linked or related to changes in the performance of the Indices, and HSBC may adjust these hedges by, among other things, purchasing or selling shares, futures or options or unwinding or disposing of these positions at any time. Although they are not expected to, any of these hedging activities may adversely affect the level of the Indices or any of the instruments comprising the Indices and, therefore, the market value of the Notes. It is possible that HSBC or one or more of its affiliates could receive substantial returns from these hedging activities while the market value of the Notes decline.

Business activities may create conflicts of interest between Noteholders and HSBC.

HSBC or one or more of its affiliates may, now or in the future, publish research reports with respect to the Indices or any of the instruments comprising the Indices. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the level of the Indices and, therefore, the market value of the Notes.

Conflicts of Interest with the Calculation Agent and HSBC Securities.

Because the Calculation Agent is an affiliate of HSBC, a potential conflict of interest may exist between the Calculation Agent and the Noteholders, including with respect to certain determinations and judgments that the Calculation Agent must make including, among other things, the observation of the Closing Levels of the Indices throughout the Observation Period, the determination of whether a Kick-out Event has occurred and whether the Contingent Coupon is payable, including the amount payable to a Noteholder upon the occurrence of a Special Circumstance and the determination of the occurrence of a Market Disruption Event. In addition, as a result of its role in the secondary market, HSBC Securities, an affiliate of HSBC, may have economic interests that are adverse to Noteholders.

Prescribed Debt Obligations.

In certain circumstances provisions of the Tax Act can deem interest to accrue on a “prescribed debt obligation” (as defined for purposes of the Tax Act). The CRA’s published administrative practice is generally that no deemed interest arises under debt obligations the payout under which is linked to performance of equity indices until such time as the amount of such return becomes determinable. In certain private rulings, CRA has applied its administrative practice to linked notes the return on which was, like the Notes, subject to a cap. CRA treats private rulings as binding upon it only in respect of the particular transaction and taxpayers ruled upon. No advance income tax ruling has been sought or received from CRA in respect of Notes. While, based upon CRA administrative practice, there should be no deemed accrual of interest on the Notes unless the Contingent Coupon is determined on the Maturity Valuation Date to be payable and until the Initial Noteholder’s taxation year that includes the such date or, in the event of a Special Circumstance, where a return in excess of the Principal Amount is determined to be payable and until the Initial Noteholder’s taxation year that includes such date, CRA is not bound to apply such administrative practice to investors in Notes.

NOTEHOLDERS’ RIGHT OF RESCISSION

A subscriber may cancel an order to purchase a Note (or cancel the purchase of a Note if the Note has been issued) by providing instructions to HSBC or the Agent through his or her investment advisor any time up to 48 hours after the later of (i) the day on which the agreement to purchase the Note is entered into and (ii) deemed receipt of this Information Statement.

The agreement to purchase the Notes will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the later of the second day following (a) the day of deemed receipt of this Information Statement and (b) the day on which the order to purchase is received.

A subscriber will be deemed to have received the Information Statement (i) on the day recorded as the time of sending by the server or other electronic means, if provided by electronic means; (ii) on the day recorded as the time of sending by fax machine, if provided by fax; (iii) five business days after the postmark date, if provided by mail, and (iv) when it is received, in any other case.

Upon cancellation, the investor is entitled to a refund of the Principal Amount and any fees relating to the purchase that have been paid by the investor. This right of cancellation does not extend to Noteholders buying a Note in the secondary market.

OTHER MATTERS

Anti-Money Laundering

If the Bank has a suspicion that a payment (by way of a subscription or otherwise) contains the proceeds of criminal conduct, or knows or suspects that another person is engaged in money laundering, the Bank may report such suspicion to the appropriate authorities. The Bank and any agent of the Bank will not incur any liability for adhering to the Bank's responsibilities under its anti-money laundering program, and will be indemnified by the subscriber for any losses which the Bank or its principals or agents may incur for doing so. If the Bank determines that any Noteholder is a prohibited Noteholder under applicable money laundering legislation, the Bank may, among other things, freeze that Noteholder's Notes and notify appropriate legal authorities.

Acknowledgment Upon Subscription

Upon subscription for Notes offered pursuant to this Information Statement, a proposed Noteholder represents, warrants and acknowledges and will be deemed to have represented, warranted and acknowledged to the Bank that (i) the Noteholder has received and reviewed a copy of the Information Statement and the Noteholder has had an opportunity to ask and have answered any and all questions which it wished to ask or have answered with respect to the Notes by its investment, legal or tax advisors; (ii) the Notes are not securities and this is not a public offering of securities governed by the securities laws of any jurisdiction of Canada and therefore Noteholders have no rights under such securities laws; (iii) the Noteholder is capable of assessing the merits and risks of its proposed investment in the Notes as a result of the Noteholder's financial or investment experience, knowledge and sophistication or as a result of advice received from a registered broker, dealer or other registered professional investment adviser and is able to bear the economic loss of its investment; (iv) the Noteholder has not relied on any information other than the Information Statement in making its investment decision; and (v) the Noteholder acknowledges that the Notes are not deposits insured under the *Canada Deposit Insurance Corporation Act.*

Notification

All notices to Noteholders regarding the Notes will be valid and effective (i) if such notices are given (which notice may be given by wire or fax) to CDS and the relevant CDS Participants, or (ii) in the case where the Notes are directly registered in the Noteholders' names and issued in definitive form, if such notices are mailed or otherwise delivered to the registered addresses of the Noteholders.

All notices to HSBC regarding the Notes will be valid and effective if such notices are mailed or otherwise delivered to:

Senior Vice President
HSBC Derivative Products Group
70 York Street, 8th Floor
Toronto, ON
M5J 1S9

<u>with a mandatory copy to</u>:

Associate General Counsel
HSBC Derivative Products Group
70 York Street, 8th Floor
Toronto, ON
M5J 1S9

DEFINITIONS

In addition to those terms defined elsewhere in this Information Statement, the following terms have the following meanings, unless the context otherwise requires:

"**$**" means Canadian dollars, unless indicated otherwise.

"Agent" means Fiera Capital Inc.

"**Agency Agreement**" means the agency agreement between HSBC Bank Canada and the Agent relating to this offering of the Notes.

"**Bid Price**" has the meaning ascribed to thereto under "*FundSERV – Sale through FundSERV*".

"**Book-Entry System**" means the record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS for, among other things, the settlement of securities transactions under such system.

"**Business Day**" means any day, other than a Saturday or a Sunday or a day on which commercial banks in New York and Toronto are required or authorized by law to remain closed.

"**Calculation Agent**" means HSBC Bank USA, National Association.

"**Closing Level**" means, for either Index and as of any date of determination, the level of such Index as of the regular official close of trading on the Exchange for such Index in the base currency in which the Index is calculated.

"**DBRS**" means Dominion Bond Rating Service Limited.

"**Early Closure**" means the closure on any Exchange Business Day of the Exchange(s) relating to securities that comprise 20% or more of the level of an Index or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange; and (ii) the submission deadline for orders to be entered into such Exchange for execution at the valuation time on such Exchange Business Day.

"**Early Trading Charge**" has the meaning ascribed thereto under "*Description of the Notes- Secondary Trading of Notes*".

"**Exchange**" means, with respect to an Index, the primary exchanges for which each share is a component of such Index.

"**Exchange Business Day**" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) with respect to an Index a trading day for each share, futures contract or other financial instrument or measure which is a component of such Index on their respective Related Exchange or Exchanges, as the case may be, other than a day on which trading on any such exchange is scheduled to close prior to its Scheduled Closing Time.

"**Exchange Disruption**" means any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any Exchange(s), securities that comprise 20 percent or more of the level of an Index, or (ii) to effect transactions in, or obtain market values for, futures or option contracts relating to an Index on any Related Exchange.

"**FundSERV**" means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order match, contracting, registrations, settlement of orders, transmission of confirmation of purchases, and the redemption of investments or instruments.

"**HSBC**" means HSBC Bank Canada.

"**HSBC Group**" means HSBC Holdings plc together with its direct and indirect subsidiaries including HSBC Bank Canada.

"**HSBC Securities**" means HSBC Securities (Canada) Inc.

"**Initial Index Level**" has the meaning ascribed thereto under "*Summary of the Offering*".

"**Index Sponsor**" means the entity that calculates and publishes an Index, as follows (i) in respect of S&P 500® Index, Standard & Poor's, a division of The McGraw-Hill Companies, Inc.; and (ii) in respect of the Russell 2000® Index , Frank Russell Company.

"**Kick-Out Event**" has the meaning ascribed thereto under "*Summary of the Offering*".

"**Lower Barrier Level**" has the meaning ascribed thereto under "*Summary of the Offering*".

"**Market Disruption Event**" means with respect to a security or an Index, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent determines is material; or (c) an Early Closure.

"**Maturity Redemption Amount**" has the meaning ascribed thereto under "*Summary of the Offering*".

"Maturity Valuation Date" has the meaning ascribed thereto under "*Summary of the Offering*".

"**Noteholder**" means a beneficial owner of a Note.

"**Observation Dates**" has the meaning ascribed thereto under "*Summary of the Offering*".

"**Observation Period**" mean every Scheduled Trading Day from but excluding the Issue Date to and including the Maturity Valuation Date.

"**Related Exchange**" means, with respect to an Index, the exchanges or quotation systems, if any, on which options or futures contracts on the relevant Index are traded or quoted, and as may be selected from time to time by the Calculation Agent.

"**S&P**" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"**Scheduled Closing Time**" means, in respect of an Exchange and a Related Exchange and a Scheduled Trading Day, the scheduled closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means, with respect to an Index, any day on which all of the Exchanges and Related Exchanges are scheduled to be open for trading for each security then included in such Index.

"**Special Circumstance**" means:

(a) a case where, in the opinion of the Bank acting reasonably and in good faith, an amendment or a change is made to an act or regulation; to taxation practices, policies or administration; to the interpretation of an act or regulation or taxation practice, policy or administration; or an event occurs, now or in the future, caused by circumstances beyond the control of the Bank making it illegal or disadvantageous, from a legislative or regulatory point-of-view, or disadvantageous, from a financial point-of-view, for the Bank to allow its Notes to remain outstanding; or

(b) as a result of any change in law affecting the Bank or its affiliates or the issuance of any judgment, order, ruling, decree, administrative guideline or policy of or by any court or governmental authority or administrative body or tribunal of competent jurisdiction having or claiming jurisdiction over the Bank or its affiliates, which, as determined by the Bank in its sole discretion, prohibits or renders unlawful the performance of the Bank's obligations under the Notes.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of an Index, or (ii) in futures or options contracts or futures contracts relating to an Index on any Related Exchange.

"**Upper Barrier Level**" has the meaning ascribed thereto under "*Summary of the Offering*".

ANNEX A

The following information is derived from publicly available sources and is presented in summary form. As such, neither the Agent, HSBC nor any of their respective affiliates assumes any responsibility for the accuracy or completeness of such information. In addition, neither the Agent, HSBC nor any of their respective affiliates accepts any responsibility for the calculation or composition or other maintenance of, or any adjustment to, or for the level of the Indices.

Russell 2000® Index

The Russell 2000® Index is comprised of the smallest 2000 companies in the Russell 3000® Index, representing approximately 8% of the Russell 3000® Index total market capitalization.

License Agreement with RTY

HSBC or one of its affiliates have entered into a non-exclusive license agreement with the Frank Russell Company ("**Russell**"), whereby we and/or our affiliates, in exchange for a fee, will be permitted to use the Russell 2000® Index in connection with the offer and sale of the Notes. We are not affiliated with Russell; the only relationship between Russell and us is the licensing of the use of the Russell 2000® Index and trademarks relating to the Russell 2000® Index. Neither HSBC nor any of its affiliates accepts any responsibility for the calculation, maintenance or publication of the Russell 2000® Index or any successor index. The Notes are not sponsored, endorsed, sold or promoted by Russell. Russell makes no representation or warranty, express or implied, to the owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the Russell 2000® Index to track general stock market performance or a segment of the same. Russell's publication of the Russell 2000® Index in no way suggests or implies an opinion by Russell as to the advisability of investment in any or all of the securities upon which the Russell 2000® Index is based. Russell's only relationship to HSBC and any of its affiliates is the licensing of certain trademarks and trade names of Russell and of the Russell 2000® Index which is determined, composed and calculated by Russell without regard to HSBC and any of its affiliates or the Notes. Russell is not responsible for and has not reviewed the Notes nor any associated literature or publications and Russell makes no representation or warranty express or implied as to their accuracy or completeness, or otherwise. Russell reserves the right, at any time and without notice, to alter, amend, terminate or in any way change the Russell 2000® Index . Russell has no obligation or liability in connection with the administration, marketing or trading of the Notes.

RUSSELL DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE RUSSELL 2000® INDEX OR ANY DATA INCLUDED THEREIN AND RUSSELL SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS HEREIN. RUSSELL MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY HSBC AND ANY OF ITS AFFILIATES, INVESTORS, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE RUSSELL 2000® INDEX OR ANY DATA INCLUDED THEREIN. RUSSELL MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE RUSSELL 2000® INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL RUSSELL HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

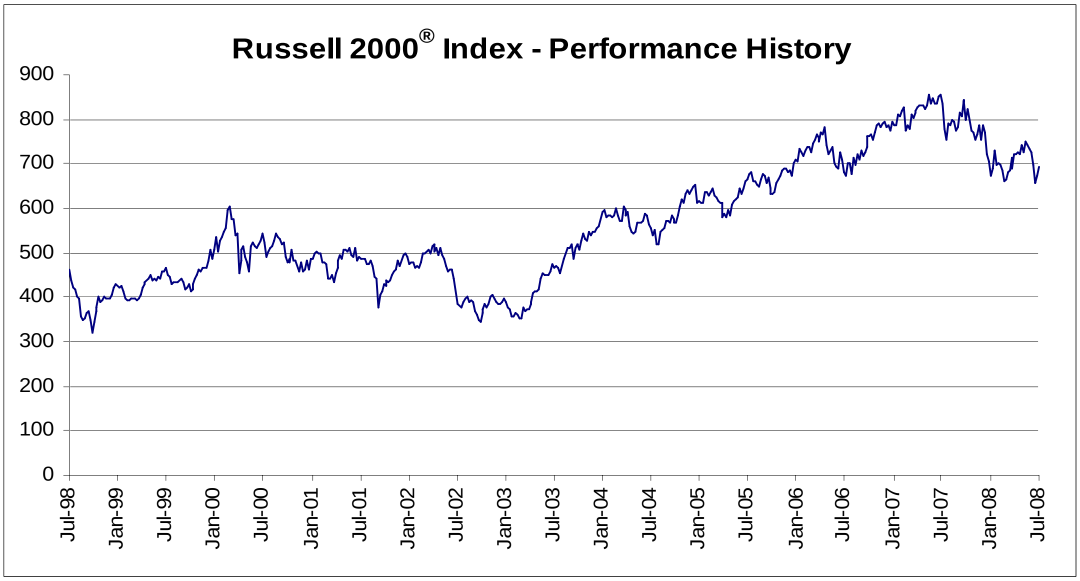
Historical Performance of the RTY

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels of the RTY for each of the quarters below, from March 2003 to June 2008. We obtained the data in the following table from Bloomberg L.P., without independent verification by us. **Historical levels of the RTY should not be taken as an indication of future performance.**

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
March 31, 2003	399.55	343.06	364.54
June 30, 2003	465.73	363.73	448.37
September 30, 2003	520.61	441.22	487.68
December 31, 2003	566.74	487.68	556.91
March 31, 2004	603.16	556.13	590.31

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2004	606.42	530.68	591.52
September 30, 2004	591.52	515.90	572.94
December 31, 2004	656.11	562.82	651.57
March 31, 2005	654.30	603.75	615.07
June 30, 2005	648.19	570.03	639.66
September 30, 2005	688.51	638.93	667.80
December 30, 2005	693.63	614.76	673.22
March 31, 2006	767.16	666.58	765.14
June 30, 2006	784.62	669.88	724.67
September 29, 2006	738.16	668.58	725.59
December 29, 2006	801.01	712.17	787.66
March 30, 2007	830.01	760.06	800.71
June 29, 2007	856.39	798.17	833.70
September 28, 2007	856.48	736.00	805.45
December 31, 2007	852.06	734.40	766.03
March 31, 2008	768.46	643.28	687.97
June 30, 2008	763.27	681.85	689.66

The following graph sets forth the ten-year historical performance of the RTY using weekly data obtained from Bloomberg L.P. The closing level of the RTY on July 10, 2008 was 670.44. **Historical levels of the RTY should not be taken as an indication of future performance.**



The S&P 500® Index ("SPX")

S&P publishes the SPX. The SPX is capitalization weighted and is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the SPX, discussed below in further detail, is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of April 28, 2008, 424 companies, or 84.8% of the constituents in the SPX, trade on the New York Stock Exchange (the "NYSE") and 76 companies, or 15.2% of the constituents in the SPX, trade on The NASDAQ Global Select Market or the NASDAQ Global Market (collectively, the "NASDAQ"). S&P chooses companies for inclusion in the SPX with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the NYSE, which S&P uses as an assumed model for the composition of the total market.

Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. Ten main groups of companies comprise the SPX with the number of companies included in each group, as of April 28, 2008, indicated in parenthesis: Industrials (56), Utilities (31), Telecommunication Services (9), Materials (28), Information Technology (71), Energy (36), Consumer Staples (40), Consumer Discretionary (86), Health Care (51) and Financials (92). Changes in the SPX are reported daily in the financial pages of many major newspapers, on the Bloomberg Financial Service under the symbol "SPX" and on S&P website (http://www.spglobal.com). Information contained in the S&P website is not incorporated by reference in, and should not be considered a part of, this Information Statement. The SPX does not reflect the payment of dividends on the stocks included in the SPX.

Computation of the SPX

S&P currently computes the SPX as of a particular time as follows:

the product of the market price per share and the number of then outstanding shares of each component stock as determined as of that time (referred to as the "market value" of that stock);

the market values of all component stocks as of that time are aggregated;

the average of the market values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;

the mean average market values of all these common stocks over the base period are aggregated (the aggregate amount being referred to as the "base value");

the current aggregate market value of all component stocks is divided by the base value; and

the resulting quotient, expressed in decimals, is multiplied by ten.

While S&P currently employs the above methodology to calculate the SPX, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the performance of the SPX.

S&P adjusts the foregoing formula to offset the effects of changes in the market value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations.

These changes may result from causes such as:

- the issuance of stock dividends,
- the granting to shareholders of rights to purchase additional shares of stock,
- the purchase of shares by employees pursuant to employee benefit plans,
- consolidations and acquisitions,
- the granting to shareholders of rights to purchase other securities of the company,
- the substitution by S&P of particular component stocks in the SPX, and
- other reasons.

In these cases, S&P first recalculates the aggregate market value of all component stocks, after taking account of the new market price per share of the particular component stock or the new number of outstanding shares of that stock or both, as the case may be, and then determines the new base value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the base value is adjusted in proportion to any change in the aggregate market value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of these causes upon the SPX.

In addition, S&P standard practice is to remove all closely held shares and shares held between corporations who are both in the calculations of the SPX and an SPX component's market value.

License Agreement with S&P:

We or one of our affiliates within the HSBC Group have entered into a nonexclusive license agreement providing for the license to us, in exchange for a fee, of the right to use certain indices owned and published by S&P in connection with our issuance of some securities and the Notes.

The Notes are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the depositors in respect of the Notes or any member of the public regarding the advisability of purchasing securities generally or the Notes particularly or the ability of the SPX to track general stock market performance. S&P only relationship to HSBC (other than transactions entered into in the ordinary course of business) is the licensing of certain service marks and trade names of S&P and of the SPX which is determined, composed and calculated by S&P without regard to HSBC or the Notes. S&P has no obligation to take the needs of HSBC or the depositors in respect of the Notes into consideration in determining, composing or calculating the SPX. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Notes, prices at which the Notes are to initially be sold, or quantities of the Notes to be issued or in the determination or calculation of the equation by which the Notes are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Notes.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500®, OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY HSBC, OWNERS OF THE NOTES OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500® OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P 500® OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.
“STANDARD & POOR’S®”, “S&P®”, “S&P 500®”, “STANDARD & POOR'S 500”, AND “500” ARE TRADEMARKS OF THE MCGRAW-HILL COMPANIES, INC. THE FOREGOING MARKS HAVE BEEN LICENSED FOR USE BY HSBC. THE NOTES ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY S&P AND S&P MAKES NO REPRESENTATION, WARRANTY, OR CONDITION REGARDING THE ADVISABILITY OF PURCHASING THE NOTES.

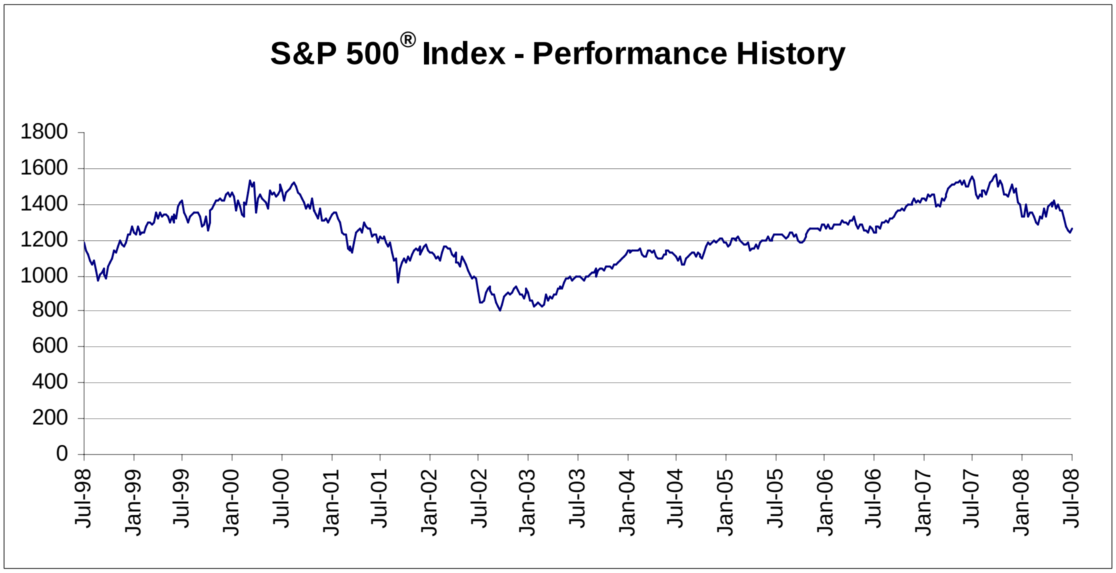
Historical Performance of the SPX

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of the SPX for each of the quarters below, from December 31, 2002 to June 30, 2008. We obtained the data in the following table from Bloomberg L.P., without independent verification by us. **Historical levels and volatility of the SPX should not be taken as an indication of future performance and volatility.**

Quarter Ending	Quarter High	Quarter Low	Quarter Close
31/12/2002	954.28	768.63	879.82
31/03/2003	935.05	788.9	848.18
30/06/2003	1015.33	847.85	974.5
30/09/2003	1040.29	960.84	995.97
31/12/2003	1112.56	995.97	1111.92
31/03/2004	1163.23	1087.06	1126.21
30/06/2004	1150.57	1076.32	1140.84
30/09/2004	1140.84	1060.72	1114.58
31/12/2004	1217.33	1090.19	1211.92
31/03/2005	1229.11	1163.69	1180.59
30/06/2005	1219.59	1136.15	1191.33
30/09/2005	1245.86	1183.55	1228.81
30/12/2005	1275.8	1168.2	1248.29
31/03/2006	1310.88	1245.74	1294.83
30/06/2006	1326.7	1219.29	1270.2
29/09/2006	1340.28	1224.54	1335.85

Quarter Ending	Quarter High	Quarter Low	Quarter Close
29/12/2006	1431.81	1327.1	1418.3
30/03/2007	1461.57	1363.98	1420.86
29/06/2007	1540.56	1416.37	1503.35
28/09/2007	1555.9	1370.6	1526.75
31/12/2007	1576.09	1406.1	1468.36
31/03/2008	1471.77	1256.98	1322.7
30/06/2008	1440.24	1272.00	1280.00

The following graph sets forth the ten-year historical performance of the SPX using weekly data obtained from Bloomberg L.P .The closing level of the SPX on July 10, 2008 was 1253.39. **Historical levels and volatility of the SPX should not be taken as an indication of future performance and volatility.**



The following graph sets forth the 10-year performance history of both SPX and RTY from July 1998 to July 2008 using weekly data obtained from Bloomberg L.P. **Historical levels and volatility of the SPX should not be taken as an indication of future performance and volatility.**