

HSBC DOW JONES INDUSTRIAL AVERAGESM - LINKED DEPOSIT NOTES, SERIES 1

ORAL DISCLOSURE FOR SALES IN PERSON OR BY TELEPHONE

The Notes are subject to the federal regulations governing “*Principal Protected Notes*”. Where an investor purchases the Notes over the telephone or in person, the investor must be orally provided with the following information at the time the purchase order is taken:

Term: HSBC Dow Jones Industrial AverageSM - Linked Deposit Notes Series 1 (the “Notes”) are principal protected deposit notes issued by HSBC Bank Canada (“HSBC”) on March 19th, 2010. The Notes mature on March 19th, 2015 resulting in a term of approximately 5 years. The full Principal Amount of US \$100 per Note will be repaid at maturity.

How interest is accrued: If held to maturity, the Notes will pay 100% of the principal amount invested and a Variable Return, if any, linked to the increase, if any, in the value of the Dow Jones Industrial AverageSM. The change in value of the Index will be measured from its closing level on March 16th, 2010 to the closing level of the Index on March 16th, 2015. The performance of the Index (positive or negative) will then be multiplied by a Participation Rate of 55% to determine the Variable Return, if any.

Fees and Expenses: The selling expenses are up to US \$2.25 per Note (2.25% of the Principal Amount). These selling expenses will be paid to the selling agents or selling group members for further payment to representatives whose clients purchase the Notes (where applicable). These fees will not have an effect on the amounts payable at maturity.

Risk Factors: The Notes are subject to significant risks, including the potential for lost investment opportunities. Potential investors should carefully review and consider all risks set forth in the Information Statement, including but not limited to: i) U.S. equity market exposure; ii) the volatility or degree to which the level of the underlying Index changes; iii) Noteholders holding to maturity may not receive the Variable Return; iv) Principal Amount is protected only if Notes are held to maturity; v) 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; vi) the historical or pro forma performance of the Index is not an indication of future performance; vii) changes in legislation; viii) currency risk; ix) HSBC may redeem the Notes prior to maturity under certain Special Circumstances, including a change in the law, regulation, taxation regulations or taxation practice or other circumstances not within the control of HSBC; and x) Noteholders only participate in 55% of the upside performance (if any) of the Index.

Uninsured Deposits: The Notes will not constitute deposits insured under the *Canada Deposit Insurance Corporation Act* or under any other deposit insurance regime.

Suitability: You may be suited to become a Noteholder if, among other benefits, you: (a) are looking for safety of principal if held to maturity; (b) want exposure to an investment that is linked to the performance of U.S. equities; and (c) you are prepared to hold the Notes until maturity. The Notes are different from conventional fixed income investments as 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.

Secondary Market: You cannot elect to receive your deposit prior to maturity. HSBC Securities (Canada) Inc., a subsidiary of HSBC intends, in normal market conditions, to use reasonable efforts to provide a secondary market price for the Notes, but reserves the right not to do so in the future in its sole discretion. Proceeds on sale may be less than the Principal Amount. If a Noteholder chooses to sell their Notes, the amount the Noteholder will receive will be reduced by the Early Trading Charge, which will be 2.25% of the Principal Amount if you sell your Notes within the first 6 months, reducing to 1.25% for the 6 months thereafter, whereby there will not be an Early Trading Charge after 12 months from the issue date.

Conflict of Interest: Because the Calculation Agent is an affiliate of HSBC, a potential conflict of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations the Calculation Agent must make and as a result of hedging activities. From time to time, HSBC or one of its affiliates may publish research reports with respect to the Index that are inconsistent with the Notes. 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.

Amendment to the Notes: The global deposit note filed on CDS representing the Notes may be amended without the consent of Noteholders if the amendment would not materially and adversely affect the interests of the holders, and in all other cases, if the amendment is approved by 66% of the Noteholders.

Right of Cancellation: An investor 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 directly or through his or her investment advisor any time up to two days after the later of (i) the day on which the agreement to purchase the Note is entered into and (ii) deemed receipt of the Information Statement. Investors should read the Information Statement for more detailed information about their right of cancellation.

Availability of information: You may request information about the Notes or obtain a copy of this Information Statement by calling HSBC at 1-866-511-4722. A copy of the Information Statement is also posted at www.hsbcnet.com/spcanada. During the term of the Notes, you may inquire as to the net asset value of the Notes or the level of the Index and how it relates to the Variable Return that may be payable under the Notes, by contacting HSBC at the above number.

This is only a summary of certain terms of the Notes. You should read the Information Statement for further details on all aspects of the Notes.

The undersigned acknowledges having been verbally advised of all of the information set out above.

Client Signature

Date

Disclaimer: This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or invitation. The Notes have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons. 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 document or the Information Statement or approved or disapproved of the Notes or in any manner passed upon the accuracy or adequacy of the information contained therein, and no such authority will do so. This document does not purport to list or summarise all of the terms and conditions, nor to identify or define all or any of the risks that would be associated with the purchase or sale of the Notes and should be read in conjunction with the Information Statement. HSBC Bank Canada is not advising you in respect hereof; accordingly prior to making any investment decision, canvassing product suitability, distribution, or any related purposes, you should conduct such investigation and analysis regarding the note described herein as you deem appropriate and to the extent you deem necessary obtain independent advice from competent legal, financial, tax, accounting and other professionals, to enable you to understand and recognise fully the legal, financial, tax and other risks arising in respect of such product(s) and the distribution, purchase, holding and sale thereof. HSBC is a trademark of HSBC Holdings plc and has been licensed for use by HSBC and its affiliates. "Dow Jones", "DJIA", "The Dow 30" and "The Dow Jones Industrial AverageSM" are service marks of Dow Jones & Company, Inc. ("Index Sponsor") and have been licensed for use for certain purposes by HSBC. The Notes are not sponsored, endorsed, sold or promoted by the Index Sponsor and the Index Sponsor makes no representation, warranty, or condition regarding the advisability of purchasing the Notes.



The world's local bank