INFORMATION STATEMENT

DATED January 17, 2007

HSBC

HSBC BANK CANADA
FAR EAST OPPORTUNITY PRINCIPAL PROTECTED DEPOSIT NOTES

DUE JANUARY 17, 2012

PRICE: US $1,000 per Note

MINIMUM SUBSCRIPTION: US $5,000

This Information Statement has been prepared for the sole purpose of assisting prospective purchasers in making an investment decision with respect to the Notes.

The Notes are not conventional notes or debt securities in that they do not provide to prospective purchasers a return at maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity.

Prospective purchasers should take into account various risk factors associated with this offering. See "Risk Factors".

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. An investment in the Notes is speculative and involves a high degree of risk. Only persons who are willing to accept no return on their investment should consider purchasing the Notes.

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 purchasers 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.

*In this Information Statement, capitalized terms will have the meanings ascribed to them and references to "**US$**" are to U.S. 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 the 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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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 Far East Opportunity Principal Protected Deposit Notes (the "**Notes**") are deposit notes issued by HSBC. If held to maturity, the Notes will:

- pay 100% of the principal amount invested;
- pay a Variable Return, if any, linked to the change in the value of a portfolio (the "**Portfolio**") of three equally weighted Asian indices (as described below under "Indices"). The increase in value in each Index will be measured from its closing level on the Index Set Date to the arithmetic average of the closing levels of such Index on specified preset quarterly Observation Dates. The average performance of the three indices (positive or negative) will then be weighted equally to determine the Variable Return, if any. The actual calculation of Variable Return is described below under "Description of Notes – Variable Return"; and
- if the Variable Return is zero or less than zero, then the Notes will not pay a Variable Return.

The Variable Return will not exactly track the performance of the Portfolio or any underlying Index since the Variable Return is derived from the change, if any, of each Index from its closing level on the Index Set Date to the arithmetic average of the closing levels of such Index on specified preset quarterly Observation Dates. The Variable Return may be substantially less than the difference between the closing levels of the three Indices on the Maturity Date and the Initial Index Level.

Indices and Performance Weight:

The Variable Return, if any, payable under the Notes is linked to the performance of the Portfolio which consists of the following three Asian equity indices (collectively, the "**Indices**" and each an "**Index**"):

MSCI Taiwan (Index ticker: TWY)

Nikkei 225 (Index ticker: NKY)

Hang Seng China Enterprises (Index ticker: HSCEI)

The Indices are described in more detail below under "The Indices".

Principal Amount:

The price for each Note is US$1,000 (the "**Principal Amount**") with a minimum subscription of US$5,000 in Notes per holder (each a "**Noteholder**").

Issue Date:

The Notes will be issued on or about January 17, 2007.

Issue Size:

Up to US$ 5,000,000. HSBC may increase or decrease the size of the offering at its sole discretion.

Maturity Date/Term:

The Notes will mature on January 17, 2012, resulting in a term to maturity of approximately 5 years.

Amounts payable at Maturity:

On the Maturity Date, repayment of the full Principal Amount of US$1,000 per Note will be payable to the Noteholder regardless of the performance of the Indices, plus the Variable Return, if any.

Initial Index Level:

Closing level of the relevant Index on the Index Set Date.

Index Set Date:

January 12, 2007

Variable Return:

The "**Variable Return**", if any, payable on each Note will be calculated using the following formula:

Principal Amount x **[Participation Rate x MAX (Portfolio Return, 0)]**
Where End Basket Return is equal to

"Portfolio Return" is equal to the sum of the Weighted Average Index Return for the Indices (which in each case may be positive or negative), provided that, if such sum is negative, the Portfolio Return shall be zero and no Variable Return is payable.

"Weighted Average Index Return" means, in respect of each Index, a number, expressed as a percentage (rounded down to two decimal places) equal to the product of (i) the applicable Index Weighting (which is 33.33% for each Index) and (ii) the Average Index Return for each Index.

"Average Index Return" for each Index will be an amount expressed as a percentage and calculated as: (i) the difference between (a) the arithmetic average of the quarterly closing levels of the Index on the Observation Dates and (b) the Initial Index Level; and (ii) divided by the Initial Index Level.

See "Description of the Notes – Variable Return".

The Variable Return will not be less than zero. The Variable Return will not exactly track the three Indices since the Variable Return is based on the positive percentage difference, if any, of the arithmetic average of the Index closing levels for each Index observed on preset quarterly Observation Dates. The Variable Return may be substantially less than the difference between the Index closing level on the Maturity Date and the Initial Index Level for each Index.

Participation Rate

160%

Average Index Return:

For each Index, the Average Index Return will be an amount expressed as a percentage and calculated as: (i) the difference between (a) the arithmetic average of the quarterly closing levels of the Index on the Observation Dates and (b) the Initial Index Level; and (ii) divided by the Initial Index Level.

See "Description of the Notes – Variable Return".

Observation Dates:

The 12^{th} of each of April, July, October, and January. The first Observation Date being 12^{th} of April, 2007 and the last Observation Date being 12^{th} of January, 2012. If an Observation Date is not a Scheduled Trading Day, the closing level from the next following Scheduled Trading Day will be used with respect to such Observation Date. If a Market Disruption Event exists with respect to an Index on an Observation Date, then the Observation Date for that Index will be the next immediately Scheduled Trading Day for such Index on which the Market Disruption Event did not exist with respect to such Index or on the Adjusted Observation Date.

Distribution:

The Notes will be sold through an affiliate of HSBC, HSBC Securities Canada Inc., and through certain other unaffiliated broker-dealers ("**Brokers**").

Expenses of the Offering:

The Brokers will receive from HSBC a fee up to 5% of the aggregate Principal Amount of the Notes being sold by HSBC as a result of the services of the Brokers. These upfront expenses will not have an effect on the amount payable to the Noteholders. Specifically the fees will not factor into the formula for, or affect the potential of the Variable Return which is payable to Note holders.

Secondary Market and Sale of the Notes prior to the Maturity Date:

HSBC Securities will use reasonable efforts, but is under no obligation, to arrange for a secondary market for the sale of Notes by you. This secondary market is only way that you can sell your Notes prior to maturity. HSBC Securities may from time to time purchase and sell Notes but will not be obligated to do so. HSBC Securities will have the right, in its sole discretion, to cease to purchase or sell Notes. The price that HSBC Securities may pay to you for the Notes prior to maturity will be determined by HSBC Securities, acting in its sole discretion, and will be based on a number of factors. If you sell your Notes prior to maturity, you may receive less than the unpaid principal balance of your deposit even if the performance of the Portfolio has been positive, and as a result, you may suffer losses.

Sales of Notes prior to maturity may be subject to an "**Early Trading Charge**" which is (as a % of Principal Amount):

Year	1	2	3	4	5
Charge	5%	4%	0%	0%	0%

If you sell a Note within the first four years from the closing of this offering, the proceeds from the sale of the Note will be reduced by an Early Trading Charge. After the end of the fourth year following the closing of this offering there will not be an early Trading Charge on a sale of your Notes. See "Description of the Notes – Secondary Trading of Notes". The Notes 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 maturity. You should also consult your tax advisor as to the income tax consequences arising from a sale of the Notes prior to maturity as compared to holding the Notes until maturity.

HSBC Securities is under no obligation to facilitate or arrange for such a secondary market, and such secondary market, when commenced, may be suspended at any time at the sole discretion of HSBC Securities, without providing prior to notice to Noteholders. If there is no secondary market, you will not be able to sell your Notes. The Notes will not be listed on any stock exchange. The Notes are intended to be instruments held to maturity with the unpaid principal balance of your deposit designed to be payable on the maturity date. If you sell the Notes in the secondary market you may receive less than the unpaid principal balance of your deposit. Order and settlement of the Notes following closing will be through a registered dealer.

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 administered by CDS and must be subscribed, transferred and repurchased through a participant in the depository service of CDS (a "**CDS Participant**"). Subject to certain limited exceptions, no Noteholder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof, and no Noteholder will be shown on the records maintained by CDS, except through a CDS Participant. See "Book-Entry System".

Status:

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, the unsecured long-term deposits of HSBC with a term to maturity of more than five years are rated AA(lhigh) 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 associated with the Notes or the performance of any 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.

Tax Considerations:

See "Canadian Federal Income Tax Considerations" for a summary of certain Canadian federal income tax considerations generally applicable to the Notes.

The Notes will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans, other than a deferred profit sharing plan under which contributions are made by the Bank or by a corporation with which the Bank does not deal at arm's length within the meaning of the Tax Act.

Subscriptions through Registered Dealers:

Subscriptions for the Notes must be made through a Broker.

Market Disruption:

If a Market Disruption Event occurs on any Observation Date, then the relevant Observation Date shall be the next 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 Indices on such

Adjusted Observation Date in accordance with the formula for and method of calculating the Indices 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 the Indices.

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:

- Movements in the level of each underlying Index in the Portfolio may increase or decrease at a different rate than the rate of change in the level of each such Index;
- The volatility or degree to which the level of each underlying Index in the Portfolio changes;
- Foreign equity market exposure;
- The trading price of the Notes at any time will be dependent upon a number of interrelated factors, including, without limitation, prevailing interest rates, the dividend yields of the securities comprising each Index, the time remaining to the maturity date and the market demands for the Notes;
- Notes will not be insured;
- 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;
- You have no recourse to the Index Sponsors or any issuer of an instrument comprising any of the Indices;
- Price or other movements in the instrument or instruments comprising the Indices are unpredictable;
- The historical or pro forma performance of the Indices is not an indication of future performance; and
- Extraordinary Events.

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 that guarantees 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.

Some principal protected notes also provide a minimum guaranteed return regardless of the performance of the investment components. The Notes available under this Information Statement do not provide for a minimum guaranteed return.

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 a potential return that is linked to the performance of three generally recognized Asian equity indices. The potential return is measured based on the change (positive or negative) of the three equity indices on an equally weighted basis (and not on the combined cumulative performance of the three indices). The individual performance of the three indices (positive or negative) is measured from its closing level on the Index Set Date to the arithmetic average of the closing levels of such Index on specified preset quarterly Observation Dates.

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 Asian equities while tracking the performance of major Asian market indices; (4) want to diversify your exposure to more than one Asian equity index; (5) want to decrease the effect of both negative and positive changes in the level of each index; and (6) are investing for the longer term and believe that Asian equity markets will appreciate.

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 are returns under the Notes linked to the Portfolio of Asian Indices?

The Variable Return on the Notes, if any, will be calculated based on:

- the positive sum, if any, of the weighted changes (positive or negative) of each underlying Index (and not on the combined cumulative performance of the three Indices). The weighting for each Index is 33.33%; and
- the change of each underlying Index (positive or negative) is measured from the official closing level of such Index from the Index Set Date to its average official closing level on specified pre-selected quarterly Observation Dates.

You should recognize that it is impossible to know whether the level of the underlying Index will rise or fall. You should familiarize yourself with the basic features of each Index and the method of calculating Average Index Return and Weighted Average Index Return of the Portfolio. The trading price of a Note at any time will be dependent on, among other things, (1) how much the value of the Indices has risen or fallen since the Index Set Date, (2) whether the Indices have risen or fallen on any of the Observation Dates, (3) the frequency and magnitude of changes in the levels of the Indices since the Index Set Date, (4) the fact that only the Principal Amount is protected at maturity and that any premium paid for the Notes on the secondary market is not protected by HSBC, and (5) a number of other interrelated factors, including, without limitation, the volatility of Indices and the underlying components of the Indices, 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 trading price of a Note.

What effect does using the "average quarterly level" of each individual underlying Index have on the determination of the return on the Notes?

The return on the Notes is linked to the equally weighted average performance of each of the Indices. The quarterly averaging minimizes exposure to extreme negative and positive movements in each individual underlying Index. As a result, the return may not exactly track the underlying indices since the return is based on the positive percentage difference, if any, of the arithmetic average of the Indices closing levels observed on preset quarterly Observation Dates. The return may be substantially less than the difference between the Indices closing level on the Maturity Date and the Initial Index Level.

At maturity, is it possible that the amount payable under the Notes at maturity would be less than the Principal Amount of US$1,000?

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?

HSBC Securities or one or more of its affiliates intends to take steps to establish a secondary market for the Notes. However, HSBC Securities reserves the right, without providing prior notice to Noteholders, to choose not to do so in its sole discretion. If HSBC Securities decides not to facilitate a secondary market for the Notes, Noteholders may not be able to resell their Notes. There is no guarantee that any secondary market which may develop in respect of Notes will be liquid or sustainable. For further information on the resale of the Notes see "Liquidity and Secondary Market".

If I decide to sell my Notes, could I get less than the Principal Amount of US$1,000?

Yes. Prior to maturity, the Notes could trade above or below the US$1,000 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 be subject to an Early Trading Charge. See "Secondary Trading of Notes".

If I decide to sell my Notes, how do I sell them?

The Notes will not be listed on any exchange. HSBC Securities or one or more of its affiliates may, in its sole discretion, establish a secondary market for the Notes. There is, however, no guarantee that a secondary market will be available. See "Description of the Notes – Secondary Trading of Notes".

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

The value of the Notes in a secondary market, 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:

- Movements in the level of each underlying Index in the Portfolio may increase or decrease at a different rate than the rate of change in the level of each such Index for purposes of calculating the Variable Return;
- The volatility or degree to which the level of each underlying Index in the Portfolio changes;
- Foreign equity market exposure;
- The trading price of the Notes at any time will be dependent upon a number of interrelated factors, including, without limitation, prevailing interest rates, the dividend yields of the securities comprising each Index, the time remaining to the maturity date and the market demands for the Notes;
- Notes will not be insured;
- 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;
- You have no recourse to the Index Sponsors or any issuer of an instrument comprising any of the Indices;
- Price or other movements in the instrument or instruments comprising the Indices are unpredictable;

- The historical or pro forma performance of the Indices is not an indication of future performance; and
- Extraordinary Events.

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 an underlying Index 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 the underlying Indices. Unlike direct investments in the securities of specific issuers, the Noteholder does not have any direct relationship to the specific issuer of securities underlying the 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 Variable Return 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 underlying Indices of which I need to be aware?

For a summary of information concerning each of the underlying Indices, including calculation methodologies, see “The Indices” below.

What factors will determine the levels of the underlying Indices in the Portfolio?

The trading price of each of the component stocks of an underlying Index will determine its level. Noteholders should recognize that it is impossible to know whether the level of an underlying Index will rise or fall. Trading prices of the stocks comprising each Index 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 US$1,000 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, 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 and foreign tax laws is provided in this Information Statement.

HSBC BANK CANADA

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 170 offices and is the leading international bank in Canada. With around 9,500 offices in 76 countries and territories and assets of US$1,738 billion at June 30, 2006, the HSBC Group is one of the world's largest banking and financial services organizations.

HSBC Bank Canada files reports and other information on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") 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 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.

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 will be payable (i.e., US$1,000 per Note). 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.

Variable Return

The Noteholders will be paid a Variable Return, if any, for each Note in United States dollars on the Maturity Date (subject to the provisions of Market Disruption and Special Circumstances set out below) in an amount equal to the result obtained using the following formula:

Principal Amount x **{1+ [Participation Rate x MAX(Portfolio Return, 0)]}**

Where End Basket Return is equal to

"Portfolio Return" is equal to the sum of the Weighted Average Index Return for the Indices (which in each case may be positive or negative), provided that, if such sum is negative, the Portfolio Return shall be zero and no Variable Return is payable.

"Weighted Average Index Return" means, in respect of each Index, a number, expressed as a percentage (rounded down to two decimal places) equal to the product of (i) the applicable Index Weighting (which is 33.33% for each Index) and (ii) the Average Index Return for each Index.

"Average Index Return" for each Index will be an amount expressed as a percentage and calculated as: (i) the difference between (a) the arithmetic average of the quarterly closing levels of the Index on the Observation Dates and (b) the Initial Index Level; and (ii) divided by the Initial Index Level.

See "Description of the Notes – Variable Return".

The Variable Return will not be less than zero. The Variable Return will not exactly track the three Indices since the Variable Return is based on the positive percentage difference, if any, of the arithmetic average of the Index closing levels for each Index observed on preset quarterly Observation Dates. The Variable Return may be substantially less than the difference between the Index closing level on the Maturity Date and the Initial Index Level for each Index.

Secondary Trading of Notes

Secondary Market

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 stock exchange. However, Noteholders may be able to sell the Note prior to maturity in any available secondary market. HSBC Securities intends to maintain a secondary market for the Notes, but reserves the right not to do so in the future in its sole discretion, without providing prior notice to the Noteholders. HSBC Securities may from time to time purchase and sell Notes but will not be obligated to do so. HSBC Securities will have the right, in its sole discretion, to cease to purchase or sell Notes. Order and settlement of the Notes following closing will be through a registered dealer.

The Notes are intended to be instruments held to maturity with their principal repayment designed to be payable on the Maturity Date. As a result, sale of the Notes prior to the Maturity Date may result in proceeds that are less than the initial purchase price of the Note.

A sale of a Note prior to the Maturity Date may be subject to an early trading charge ("**Early Trading Charge**") having regard to the year of any repurchase prior to maturity. If a Note is sold within the first four years, the proceeds from the sale of the Note will be reduced by an Early Trading Charge equal to a percentage of the Principal Amount of the Note determined as follows:

Year	1	2	3	4	5
Charge	5%	4%	0%	0%	0%

A Noteholder should be aware that any valuation price for the Notes, as well as any bid price quoted to the Noteholder to sell his or her Notes within the first four years, will be before the application of any applicable Early Trading Charge. A Noteholder wishing to sell Notes prior to the Maturity Date should consult with his or her investment advisor regarding any applicable Early Trading Charge.

A Noteholder should consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note (assuming the availability of a secondary market) or hold the Note until the Maturity Date. A Noteholder should also consult his or her tax advisor as to the income tax consequences arising from a sale prior to the Maturity Date as compared to holding the Note until the Maturity Date. See "Canadian Federal Income Tax Considerations".

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. HSBC's obligations in regards to the Notes shall be the holder of the security as they are named on the face of the security.

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 payments other than interest or other interim payments, 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 The Canadian Depository for Securities Limited ("**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

The Notes have not been specifically rated by any rating agency. However, the deposit liabilities of HSBC with a term to maturity of more than one year are rated AA(lhigh) by Dominion Bond Rating Service, and AA by Standard & Poor's. 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.

Rank

The Notes will constitute unsecured, unsubordinated 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.**

Deferred Payment

Federal laws of Canada preclude payments of interest or other amounts for the advancing of credit at effective rates in excess of 60% per annum. When any payment is to be made by the Bank to a Noteholder on account of the Maturity Redemption Amount of a Note, payment of a portion of such amount may be deferred to ensure compliance with such laws.

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.

Fees and Expenses

The Bank will pay to the Broker certain customary fees in respect of its role as Broker. The expenses of the offering, plus applicable tax, if any, will be paid at the Closing Date. See "Plan of Distribution".

Valuations

The Calculation Agent shall provide the Bank, by 3:00 p.m. on the first Business Day following the end of each week, the amounts payable under the Notes (the "**Note Value**"). Such valuation will be determined by the Calculation Agent using the best available information, as determined by the Calculation Agent in its sole discretion. The amount payable under the Notes will be used for both general valuation purposes and for determining redemption payments (and will not reflect any Early Trading Charge).

Such Note Value may be based on estimates which may contain inaccuracies. Any over estimation or under estimation of the Note Value will accrue to the benefit or detriment of the remaining Noteholders.

The Calculation Agent may update previously determined valuations of the Reference Obligations from time to time upon receipt of updated or revised information relating to the Reference Obligations or for any other reason it deems relevant. Accordingly, the Note

Value may be subsequently revised to reflect any such revision. The Calculation Agent reserves the right to update Fees and Expenses as a result of such update. Under no circumstances will the Calculation Agent be required, or have any obligation, to revise any previous calculation. **Moreover, under no circumstances will any adjustments made to a previous valuation affect any amounts previously paid to the Noteholders.**

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 provide the Noteholders with monthly valuations of the Notes. The Calculation Agent will be solely responsible for (i) the calculation of amounts payable to a Noteholder; (ii) the determination of amounts payable to a Noteholder upon the occurrence of a Special Circumstance as set forth under "Redemption Under Special Circumstances", and (iii) the determination as to the occurrence of a Special Circumstance. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the Bank and the Noteholders. 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". The Calculation Agent is obligated to carry out its duties and functions in good faith and using its reasonable judgment.

Redemption Under Special Circumstances

The Calculation Agent's (as the case may be) calculations and determinations in respect of the Notes will, absent manifest error, be final and binding on the Noteholders. 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 reimburse the Notes, the Bank, acting in good faith, will set a date for the redemption of the Notes (the "**Special Redemption Date**"). If the Actualized NAV is equal to or greater than the Principal Amount, then the Maturity Date will be accelerated to the Special Redemption Date and Noteholders of record on such date will be entitled to receive the Net Realization 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 Business Day following the determination of the Net Realization Value, the amount payable pursuant to such redemption, through CDS or its nominee. If, however, the Actualized NAV is less than the Principal Amount, then the Maturity Date will not be modified and an amount equal to the Net Realization Value will be notionally invested in Permitted Investments 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 at such date. Payment of any amount thereunder will be made on the fifth Business Day following such date.

Market Disruption Event

If a Market Disruption Event occurs on any 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 Index on such Adjusted Observation Date in accordance with the formula for and method of calculating the 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 the Index.

PLAN OF DISTRIBUTION

Each Note will be issued for a Subscription Price of 100% of the Principal Amount thereof (i.e., US$1,000.00). The Notes are being offered by the Bank. The closing will take place on the Closing Date. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

Subscriptions for the Notes must be made through a registered dealer. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Affiliates of HSBC may subscribe for Notes.

The Bank has agreed to pay the Broker an amount equal to 5% of the gross amount of the Notes for the performance by the Broker of its obligations under the Agency Agreement and has agreed to pay the members of the selling group for the sale of the Notes of each series a commission of 0.50% of the gross amount of the Notes. These dealers and other firms may pay a portion of these commissions to their advisors who sell the Notes to Noteholders.

Brokers may from time to time purchase and sell Notes in any available secondary market but are not obligated to do so. The offering price and other selling terms for such sales in a secondary market may, from time to time, be varied by such dealers.

The Bank reserves the right to discontinue accepting subscriptions at any time without notice. Upon acceptance of a subscription, the Bank will send out or cause to be sent out a confirmation of acceptance by prepaid mail or other means of delivery to the subscriber. The Bank may from time to time issue additional series of Notes (which may not be on the same terms as the Notes), or any other debt securities or deposit notes.

The closing of this offering is scheduled to occur on or about the Closing Date, provided that the Bank may at any time prior to the Closing Date, in its entire discretion, elect not to proceed, in whole or in part, with the issue of the Notes.

In connection with the issue and sale of the Notes by the Bank, no person is authorized to give any information or to make any representation not expressly contained in this Information Statement or the global notes and the Bank 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.

THE INDICES

The MSCI Taiwan Index is a free-float weighted index of stocks listed on the Taiwan Stock Exchange. The index has a base date of January 1, 1988.

The Hang Seng China Enterprises Index is a capitalization-weighted index comprised of state-owned Chinese companies (H - Shares) listed on the Hong Kong Stock Exchange and included in HSMLCI index. The base value of this index is 2000 as of Jan 3, 2000. This index replaced the old HSCE index on Oct. 3, 2001.

The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

Scenario Example #1

● Due to an increase in all three Indexes, the Portfolio Return is 128.41%. The Variable Return is 205.46%. The client receives USD 3054.60 payable at maturity based on an initial investment of USD 1000.00.

		HSCEI Closing Level	NKY Closing Level	TWY Closing Level
Index Set Date		8022.22	14914.98	303.11
1st Quarter		8064.54	15976.49	458.19
2nd Quarter		9064.52	16896.74	491.24
3rd Quarter		10623.87	17965.46	512.47
4th Quarter		12547.82	18654.21	532.14
5th Quarter		12964.38	21999.87	533.21
6th Quarter		13645.55	24877.44	572.48
7th Quarter		13978.12	28987.05	598.71
8th Quarter		14111.62	29654.15	648.38
9th Quarter		15632.84	30099.51	697.41
10th Quarter		16349.46	31004.24	719.42
11th Quarter		17934.52	32971.27	768.34
12th Quarter		18642.78	33971.27	794.00
13th Quarter		19634.25	34097.17	833.33
14th Quarter		20846.37	35648.49	869.19
15th Quarter		23785.55	36872.17	876.42
16th Quarter		25498.35	37045.05	913.46
17th Quarter		26497.33	39865.40	957.14
18th Quarter		28113.45	40975.75	1133.48
19th Quarter		30168.47	41287.29	1245.11
20th Quarter		31249.42	42858.19	1261.46
Average Closing Level of Index		**18467.66**	**29939.42**	**770.78**
Return		**130.21%**	**100.73%**	**154.29%**
Portfolio Return	(130.21% + 100.73% + 154.29%)/3			**128.41%**
Variable Return	Participation Rate of 160% x Max(Portfolio Return,0)			**205.46%**
Redemption Proceeds at Maturity	Principal + (Variable Return x 1000)		**USD**	**3054.60**

Scenario Example #2

● Increases in two Indexes are partially offset by a decline in one Index and the Portfolio Return is 90.99%. The Variable Return is 145.58%. The client receives USD 2455.80 payable at maturity based on an initial investment of USD 1000.00.

		HSCEI Closing Level	NKY Closing Level	TWY Closing Level
Index Set Date		8022.22	14914.98	303.11
1st Quarter		8064.54	15976.49	458.19
2nd Quarter		9064.52	16896.74	491.24
3rd Quarter		10623.87	17965.46	512.47
4th Quarter		12547.82	18654.21	532.14
5th Quarter		12964.38	15003.49	533.21
6th Quarter		13645.55	14683.16	572.48
7th Quarter		13978.12	14523.28	598.71
8th Quarter		14111.62	14236.51	648.38
9th Quarter		15632.84	13999.51	697.41
10th Quarter		16349.46	13004.24	719.42
11th Quarter		17934.52	12971.27	768.34
12th Quarter		18642.78	11971.27	794.00
13th Quarter		19634.25	11097.17	833.33
14th Quarter		20846.37	10648.49	869.19
15th Quarter		23785.55	9872.17	876.42
16th Quarter		25498.35	10045.05	913.46
17th Quarter		26497.33	9865.40	957.14
18th Quarter		28113.45	9975.75	1133.48
19th Quarter		30168.47	9287.29	1245.11
20th Quarter		31249.93	8858.19	1261.46
Average Closing Level of Index		**18467.69**	**13193.52**	**770.78**
Return		**130.21%**	**-11.54%**	**154.29%**
Portfolio Return	(130.21% + (-11.54%) + 154.29%)/3			**90.99%**
Variable Return	Participation Rate of 160% x Max(Portfolio Return,0)			**145.58%**
Redemption Proceeds at Maturity	Principal + (Variable Return x 1000)		**USD**	**2455.80**

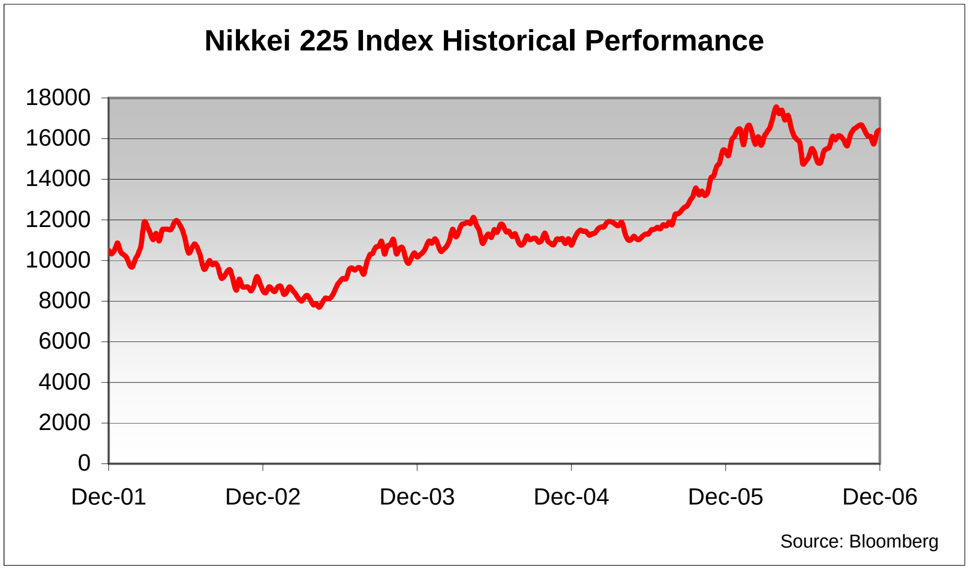
Scenario Example #3

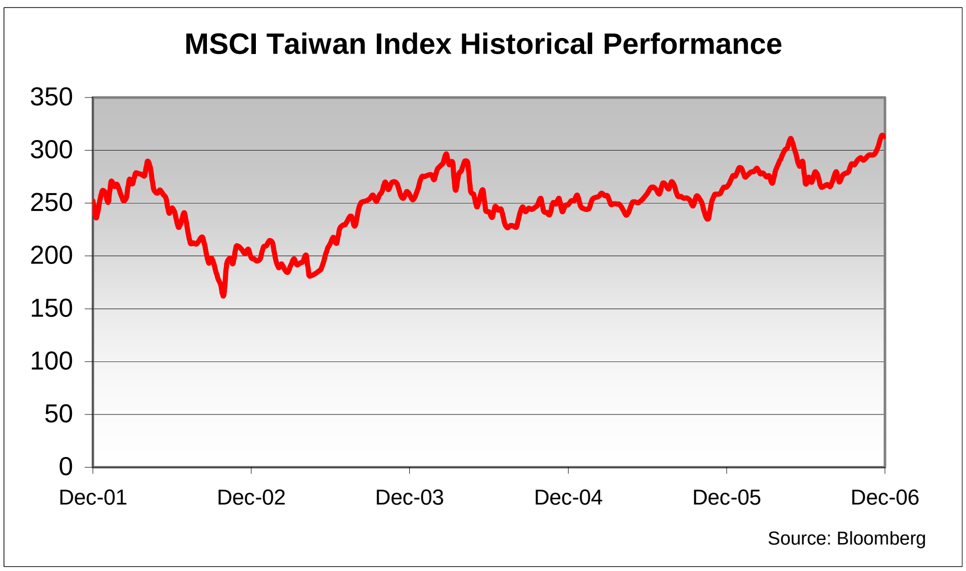
● Declines in all three Indexes cause a Portfolio Return of –28.15%. Because the Portfolio Return is negative and the Note is principal protected, the Variable Return is 0%. The client receives USD 1000.00 payable at maturity based on an initial investment of USD 1000.00.

		HSCEI Closing Level	NKY Closing Level	TWY Closing Level
Index Set Date		8022.22	14914.98	303.11
1st Quarter		8014.54	14906.49	258.19
2nd Quarter		8014.52	14896.74	291.24
3rd Quarter		7623.87	13965.46	312.47
4th Quarter		7547.82	13654.21	332.14
5th Quarter		6964.38	13999.87	333.21
6th Quarter		6645.55	13877.44	272.48
7th Quarter		5978.12	12987.05	298.71
8th Quarter		5111.62	12654.15	248.38
9th Quarter		4632.84	12099.51	297.41
10th Quarter		4349.46	12004.24	219.42
11th Quarter		3934.52	11971.27	168.34
12th Quarter		3642.78	11971.27	194.00
13th Quarter		3634.25	11097.17	133.33
14th Quarter		2846.37	10648.49	169.19
15th Quarter		2785.55	10872.17	176.42
16th Quarter		2498.35	10045.05	213.46
17th Quarter		2497.33	9865.40	257.14
18th Quarter		2113.45	9975.75	133.48
19th Quarter		2108.47	9287.29	145.11
20th Quarter		2049.93	8858.19	161.46
Average Closing Level of Index		**4649.69**	**12146.26**	**230.78**
Return		**-42.04%**	**-18.56%**	**-23.86%**
Portfolio Return	((-42.04%) + (-18.56%) + (-23.86%))/3			**-28.15%**
Variable Return	Participation Rate of 160% x Max(Portfolio Return,0)			**0.00%**
Redemption Proceeds at Maturity	Principal + (Variable Return x 1000)		**USD**	**1000.00**

Historical Performance

Historical Performance (continued)





DISCONTINUANCE OR MODIFICATION OF THE INDICES

If any of the Index Sponsors discontinue publication of or otherwise fail to publish the 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 the Index is discontinued or if the Index Sponsor fails to publish the 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 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 the Index or a Successor Index, or the value thereof, is changed in a material respect, or if the 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 the 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 the 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 the 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 INDICES

In the event that any level published by the 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 Hang Seng China Enterprises Index is compiled and published by HSI Services Limited, the Nikkei 225 Index is compiled and published by the Nihon Keizai Shimbun, Inc. and the MSCI Taiwan Index is compiled and published by MSCI. 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. The reference to each of the Hang Seng China Enterprises Index, the Nikkei 225 Index and the MSCI Taiwan Index in the terms and conditions of the Notes does not constitute a representation, express or implied, by the Index Sponsors or HSBC to any Noteholders regarding investing in the Notes or the ability of each of the Hang Seng China Enterprises Index, the Nikkei 225 Index and the MSCI Taiwan Index 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 the Index. The Index Sponsor is 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 Sponsor has no obligation or liability in connection with the administration, marketing or trading of the Notes. The Index Sponsor is under no obligation to continue the calculation and dissemination of the Index, and neither the Index Sponsor nor HSBC shall have any responsibility to any Noteholder for the calculation and dissemination of the Index or any errors or omissions therein.

HSBC OR THE INDEX SPONSOR DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA INCLUDED THEREIN, AND NEITHER HSBC NOR THE INDEX SPONSOR SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. THE INDEX SPONSOR AND HSBC DO NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, BY HSBC OR THE INDEX SPONSOR 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 THE 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 OR THE INDEX SPONSOR 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.

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. 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 . On the Issue Date, the Bank will cause a single global certificate evidencing all Notes purchased pursuant to this offering to be delivered to and registered in the name of CDS. Registration of interests in and transfers of the Notes will be made only through the Book-Entry System administered by CDS. Subject to the exceptions mentioned hereinafter, no Noteholder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof, and no Noteholder will be shown on the records maintained by CDS, except through a CDS Participant. 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 or the CDS Participantthrough which the Noteholder holds the Notes. Upon subscription of any Notes, the Noteholder will receive only the customary confirmation that will be sent to such Noteholder by the Broker or by other registered 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 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 certificate 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 certificate.

The Principal Amount at the Maturity Date, payable under the global certificate will be paid 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 or the Guarantor in respect of the Notes represented by the global certificate is limited to making payment of any amount due on the global certificate to CDS or its nominee.

Neither the Bank nor the Broker will 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.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of a Note by a Noteholder 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 (a "**Canadian Holder**"). This summary is not applicable to a Canadian Holder 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.

A Note will generally be capital property to a Noteholder unless: (i) such Noteholder holds the Note in the course of carrying on a business of dealing in securities; or (ii) such Noteholder acquired the Note in a transaction or transactions considered to be an adventure in the nature of trade. Certain 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 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 of this term sheet, 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 the current published 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.

All amounts, including the cost of, amounts received, accrued or deemed to accrue on, and proceeds of disposition from, the Notes must be determined in Canadian dollars at applicable exchange rates for the purposes of the Tax Act and the Regulations.

Variable Return

The Notes are "prescribed debt obligations" for the purposes of the Tax Act and the Regulations. Accordingly, a Canadian Holder will generally be required to include annually in income any interest deemed to accrue on the Notes in accordance with the provisions of the Tax Act and the Regulations. Based in part on an understanding of the CRA's administrative practice, there should be no deemed accrual of interest with respect to the Variable Return on the Notes for any taxation year of a Canadian Holder ending before the taxation year in which the Maturity Date occurs. The interest accrual rules in the Tax Act and the Regulations are complex. Canadian Holders of the Notes should consult their own tax advisors regarding the application of these rules to their particular circumstances.

In the event that the Canadian Holder holds Notes until the Maturity Date, the full amount of the Variable Return, if any, will generally be included in the Canadian Holder's income in the Canadian Holder's taxation year that includes the Maturity Date, except to the extent that such Variable Return has already been included in the Canadian Holder's income for that or a preceding taxation year, provided that such Canadian Holder owns the Note on the Maturity Date or at such other time as the Variable Return is capable of being determined.

It is possible that there may be a requirement to include some accrued interest in the Canadian Holder's income for a taxation year if, on a particular Observation Date, it becomes known with certainty that an amount of Variable Return will be payable on the Maturity Date in any event, even on the assumption that the levels of the Indices will be nil for all subsequent Observation Dates. The accrual of interest would be limited to the known minimum amount of Variable Return payable on the Maturity Date.

Disposition of the Notes

In certain circumstances, where a Canadian Holder assigns or otherwise transfers a Note, the amount of any interest deemed to accrue on the Note to that time will be excluded from the proceeds of disposition of the Note and will be required to be included as interest in computing the Canadian Holder's income for the taxation year in which the transfer occurs, except to the extent that it has been otherwise included in income for the taxation year or a preceding taxation year.

Although not free from doubt, a Canadian Holder who disposes of, or is deemed to dispose of, a Note (other than a disposition by virtue of the repayment or purchase of such Note by or on behalf of HSBC) should realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the Note, less any costs of disposition, exceed (or are exceeded by) the Canadian Holder's adjusted cost base of the Note at the time of disposition.

One-half of a capital gain realized by a Canadian Holder must be included in the income of the Canadian Holder. One-half of a capital loss realized by a Canadian Holder is deductible against the taxable portion of capital gains realized in the year, in the three preceding years or in subsequent years, subject to 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 may be subject to Canadian non-resident withholding taxes. Non-resident Noteholders should consult their own tax advisors with respect to their tax positions and the tax consequences of holding the Notes.

ELIGIBILITY FOR INVESTMENT

The Notes will be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit-sharing plans, other than deferred profit-sharing plans under which contributions are made by HSBC or a person or partnership which does not deal at arm's length with HSBC within the meaning of the Tax Act.

RISK FACTORS

The Notes subject the Noteholders to significant risks, including the potential for lost investment opportunities.

Investment in the Notes is subject to certain risk factors. 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 Noteholders.

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.

Notes will not be Insured.

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.

No guaranteed secondary market for the Notes.

The Notes will not be listed and the Notes may not have an established trading market. We cannot assure you that a trading market for the Notes will develop or, if one develops, that it will be maintained. If you decide to dispose of your Notes prior to maturity, there is no guarantee that there will be a liquid market to facilitate disposition.

Secondary market for the Notes / Possible illiquidity and possible losses on sales before maturity

The Notes will be new instruments for which there is currently no trading market. HSBC does not intend to apply for listing of the Notes on any exchange. The Notes are more suitable for purchasing and holding up to maturity.

Although HSBC Securities may facilitate, under normal market conditions, a secondary market for the sale of Notes by Noteholders, HSBC Securities is not under any obligation to facilitate such a secondary market and, should there be such a secondary market, it is not possible to predict, at what price the Notes will trade in the secondary market or whether such market will be liquid or illiquid.

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 bear risks in investing in Asian equities.

The value of investments in Asian equity markets may be affected by special risks associated with investing in emerging markets and by uncertainties such as international, political and economic developments, emergency situations and changes in government policies.

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 any Index or any issuer of an instrument that is a constituent of any of the Indices including any sponsor or issuer that may determine or publish the level of the Index 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.

Noteholders holding to maturity may not receive any Variable Return.

There is no assurance the Notes will pay a Variable Return. Although a Noteholder is entitled to repayment of 100% of the Principal Amount at maturity, there can be no assurance of the receipt of any Variable Return. The Variable Return, if any, is dependent on the performance of the Indices. The Indices fluctuate and change in the Indices cannot be predicted. Although historical data with respect to the Indices is available, this data should not be taken as an indication of future levels or that the Indices' levels will increase.

The Variable Return will not exactly track the performance of each Index since the Variable Return is based on the change between the arithmetic average of the Index closing levels observed on the preset quarterly Observation Dates and the relevant Initial Index Level. As a result, the Index may increase over the term of the Notes and may increase on some of the Observation Dates, however, the Noteholders may not be entitled to receive the Variable Return on maturity as one or more Index closing levels on the other Observation Dates (and the average closing levels over all of the Observation Dates) may not exceed the Initial Index Level.

You bear the risk of the nonperformance 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 (including the guaranteed Principal Amount and the Variable Return, if any). 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 the Indices and may not result in a comparable change in the market value of the Notes.

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 in the Notes will not have an opportunity to reinvest any income generated by their investment prior to maturity. It is not possible to predict the actual final Variable Return on the Notes until maturity. The Notes are generally more suitable for purchasing and holding up to maturity.

Even considering the payment of 100% of the Principal Amount plus the Variable Return, if any, at maturity, the effective yield to maturity of the Notes may be less than that which would be payable on a conventional fixed-rate or floating-rate debt instrument.

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. During the term of the Notes, the price of the instrument or instruments comprising the Indices may decrease below the initial level. We cannot guarantee that the price of the instrument or instruments comprising the Indices will stay above the initial level over the life of the Notes or that, if the price of the instrument or instruments comprising the Indices has decreased to or below the initial level, the price of the instrument or instruments comprising the Indices will recover and be at or above the initial level on the Observation Dates.

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 whether the level of the Indices will fall or rise over the term of the Notes. The level 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.

Reported Index levels may be based on non current information.

If trading is interrupted in the instrument or instruments comprising the Indices, publicly available information regarding the Indices 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.

Noteholders choosing to sell their Notes prior to maturity may receive a market price which is not necessarily equal to 100% of the Principal Amount

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 the secondary market over such Principal Amount. In addition, the trading price of a Note at any time will be dependent on, among other things, (i) how much the value of the Indices has risen or fallen since the Index Set Date, (ii) whether the Indices have risen or fallen on any of the Observation Dates, (iii) the frequency and magnitude of changes in the levels of the Indices since the Index Set Date, (iv) 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, and (v) a number of other interrelated factors, including, without limitation, the volatility of Indices and the underlying components of the Indices, the time remaining to maturity, the creditworthiness of HSBC, correlation of returns between the different investment strategies 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 trading price of a Note. Although the Notes are generally more suitable for purchasing and holding to maturity, the Noteholder may wish to consult his, her or its investment advisor on whether it would be more appropriate in the circumstances at any time to sell or to hold the Note until maturity.

Special Circumstances.

The occurrence of certain Special Circumstances may delay the time at which the amount of any return is determined and 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, will 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 to applicable exchange rates.

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 Index, 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, each Index Sponsor 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

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 or determination of the level of the Indices on the Observation Dates, the calculation of the Variable Return, including the amount payable to a Noteholder upon the occurrence of an Extraordinary Event and the determination of the occurrence of an Extraordinary Event.

NOTEHOLDERS' RIGHT OF RESCISSION

A person may rescind any order to buy a Note (or its purchase if issued) within 48 hours of the earlier of actual receipt and deemed receipt of the Information Statement. Upon rescission, the person is entitled to a refund of the Principal Amount and any fees relating to the purchase that have been paid by the person. This rescission right does not extend to Noteholders buying a Note in the secondary market. A person 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 days after the postmark date, if provided by mail, and (iv) when it is received, in any other case.

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.

Recognition of Trusts

The Bank will recognize only the registered beneficial holder of the Notes as set forth in the Record Entry Securities System and will not follow the instructions of any trust with respect to the Notes unless such trust is the registered holder as set forth in the Record Entry Securities System.

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 a resident of Canada and is not purchasing the Notes as agent for or on behalf of any person who is not a resident of Canada; (iv) 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; (v) the Noteholder has not relied on any information other than the Information Statement in making its investment decision; and (vi) 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 Canadian Imperial Bank of Commerce, 161 Bay Street, 5th Floor, Toronto, Ontario M5J 2S8 – Attention: Equity & Commodity Structured Products.

DEFINITIONS

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

"**Average Index Return**" means, for each Index, the difference between the arithmetic average of the quarterly closings of the Index over the term of the Notes and the Initial Index Level, divided by the Initial Index Level.

"**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 London, New York, Toronto and TARGET are required or authorized by law to remain closed.

"**Closing Date**" means January 11, 2007, or such other date as may be agreed to by the Bank and the Broker.

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

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

"**Early Trading Charge**" means the charge imposed where a Note is sold to the Broker prior to the Maturity Date.

"**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 related Relevant Exchanges, other than, in either case, a day on which trading on any such exchange is scheduled to close prior to its Scheduled Closing Time.

"**Exchange Disruption**" means any event (other than an early closure) 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, the securities on the Relevant Exchange (or in the case of an Index Transaction or Index Basket Transaction, on any relevant Exchange(s) in securities that comprise 20 percent or more of the level of the relevant Index), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the security or the relevant Index on any relevant related exchange.

"**Index Set Date**" means January 12, 2007.

"**Index Sponsor**" means HIS Services Limited, Nihon Keizai Shimbun, Inc. and MSCI for each of the Hang Seng China Enterprises Index, Nikkei 225 Index and MSCI Taiwan Index, respectively.

"**Issued Principal**" means up to 5,000,000

"**Market Disruption Event**" means in respect of 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.

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

"**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.

"**Registered Plans**" means registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit-sharing plans (other than deferred profit-sharing plans under which the Bank or a person with which the Bank does not deal at arm's length within the meaning of the Tax Act, is an employer).

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

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

"**Scheduled Closing Time**" means, in respect of a Relevant Exchange and a Related Exchange and a Scheduled Trading Day, the scheduled closing time of such Relevant 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 Relevant Exchanges and Related Exchanges are scheduled to be open for trading for each security then included in the 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 otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange or otherwise relating to the security on such exchange.