

HSBC MINIMUM ANNUAL INCOME DEPOSIT NOTES, SERIES 3

Oral Disclosure for Sales in Person or by Telephone

The Notes are subject to the federal regulations governing principal protected notes. Where an investor purchases the Notes over the telephone or in person, the investment advisor must orally provide the following information to the investor at the time the purchase order is taken:

1. Term

The HSBC Minimum Annual Income Deposit Notes, Series 3 (the "Notes") are principal protected deposit notes issued by HSBC Bank Canada ("HSBC") on January 30, 2009 and mature on January 30, 2014, resulting in a term of approximately 5 years. The full Principal Amount of US \$100.00 per Note will be repaid at maturity.

2. Coupon Amounts

Annual Coupon amounts may be paid on each of the five (5) Coupon Payment Dates (January 30th each year) subject to a minimum of US \$1.50 per Note in only the first and second year of the Term and a maximum of \$10.00 per Note throughout the Term, depending upon the price performance of the following Reference Shares: JP Morgan Chase & Co., Research in Motion Limited, Monsanto Company, Petroleo Brasileiro S.A., Sony Corporation, Wal-Mart Stores Inc., Valero Energy Corporation, Amgen Inc., FedEx Corp., and International Business Machines Corp.

Each annual Coupon amount will be equal to the Principal Amount times the average of all of the 10 Reference Share Returns. For each Reference Share, the "Reference Share Return" will be its price performance measured from its Initial Price to its Valuation Price on the applicable annual Valuation Date (January 23rd each year) provided that: i) if its price performance is positive, then the Reference Share Return will be deemed to be 10.00% (regardless of the extent that such price performance is positive or higher than 10.00%), and ii) if its price performance is zero or negative, then the Reference Share Return will be its actual price performance. Although the Reference Share Return of any Reference Share cannot exceed 10.00%, there is no minimum Reference Share Return for any Reference Share. In the first and second year, if the average of all of the Reference Share Returns is less than or equal to 1.50%, the Coupon Rate will be 1.50%. Beginning in the third year and ending at maturity, there is no minimum Coupon Rate and if the average of all the ten (10) Reference Share Returns is calculated to be zero or less than zero, a Coupon will not be payable.

3. Fees and Expenses

US \$2.50 per Note will be paid to representatives whose clients purchase Notes, and US \$0.75 per Note will be paid to the Agent (Fiera Capital Inc.). These fees will not have an effect on the amounts of the annual Coupon or the principal repayment at maturity.

4. Risk Factors

The Notes are subject to significant risks, including the potential for lost investment opportunities. Potential investors should carefully review and consider all risks set forth in the Information Statement, including but not limited to: i) the Notes are not suitable for all

investors; ii) Noteholder may only receive the minimum annual Coupon amount of US\$1.50 per Note in each of the first two years and there is no assurance a Noteholder will receive a Coupon for any subsequent year during the Term; iii) the maximum Coupon amount that may be payable is US \$10.00 per Note each year; iv) the price performance of the Reference Shares are unpredictable and the historical or pro forma performance of each Reference Share is not an indication of future performance; v) the Principal Amount is protected only if Notes are held to maturity; vi) there is no guaranteed secondary market for the Notes; vii) investors in the Notes have no ownership of, or recourse to, the Reference Shares; viii) An Extraordinary Event may occur and accelerate the payment of all remaining Coupon amounts and change the manner in which they are calculated; ix) Potential Adjustment Events or substitutions to a Reference Share may occur as a result of a merger, insolvency or delisting of a Reference Share; x) You are relying solely on HSBC for payment on the Notes; and xi) currency risk. Investors should read the Information Statement for a more complete list of risk factors.

5. Uninsured Deposits

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

6. Suitability

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 exposure to an investment that is linked to the performance of the Reference Shares; (3) are investing for the longer term and believe that the Reference Shares will appreciate. The Notes have certain investment characteristics that differ from conventional fixed income investments. The Notes do not provide Noteholders with a return or income stream that is calculated or determined by reference to a fixed or floating rate of interest. An investment in the Notes is not suitable for an investor looking for a return beyond the minimum annual Coupon amount of US \$1.50 per Note payable in the first and second year during the Term. There is no assurance that a Coupon will be payable in any subsequent year during the Term of the Note.

7. Secondary Market

You cannot elect to receive your deposit prior to maturity. However, Fiera Capital Inc. intends, concurrently with HSBC Securities (Canada) Inc. ("HSBC Securities"), and subject to certain conditions, to provide under normal market conditions, a daily secondary market price for the Notes through FundSERV. Proceeds on sale may be less than the Principal Amount. If a secondary market develops and a holder chooses to sell their Notes, the amount the Noteholder will

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receive will be reduced by the Early Trading Charge which will be 3.75% of the secondary market Bid Price of a Note for the first 6 months from the Issue Date, reducing to 0% after 24 months.

8. Conflict of Interest

Because the Calculation Agent is an affiliate of HSBC Bank Canada, a potential conflict of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations the Calculation Agent must make and hedging activities. From time to time HSBC Bank Canada or one of its affiliates may publish research reports with respect to the Reference Shares that may express opinions inconsistent with the Notes. HSBC Securities, an affiliate of HSBC Bank Canada, may facilitate sales of the Notes in the secondary market, and as a result, may have economic interests that are adverse to Noteholders.

9. Amendment to the Notes

The global deposit note filed on CDS representing the Notes may be amended without the consent of the holders by the HSBC Bank Canada if, in the reasonable opinion of the HSBC Bank Canada, the amendment would not materially and adversely affect the interests of the holders. In other cases, the global note 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.

10. Right of Cancellation

An investor may cancel an order to purchase a Note (or cancel the purchase of a Note if the Note has been issued) by providing instructions to HSBC Bank Canada or the Agent through his or her investment advisor any time up to two days after the later of (i) the day on which the agreement to purchase the Note is entered into and (ii) deemed receipt of this Information Statement. Investors should read the Information Statement for more detailed information about their right of cancellation.

11. Availability of information

You may request information about the Notes or obtain a copy of this Information Statement by calling HSBC Bank Canada at 1-866-511-4722 or Fiera Capital Inc. at 1-866-323-5598. A copy of the Information Statement is also posted at www.hsbcnet.com/spcanada and at www.fieracapital.com. During the term of the Notes, you may inquire as to the net asset value of a Note or the level of the underlying Reference Shares and how they relate to the annual variable Coupons that may be payable under the Notes, by contacting HSBC Bank Canada or Fiera Capital Inc. at the above numbers.

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

The undersigned acknowledges having been verbally advised
of all the information set out above by their investment advisor.

Client Signature

Date

HSBC is not affiliated with any of the Reference Shares or companies associated therewith (the "Companies") and has not performed any due diligence investigation or review of them. HSBC assumes no responsibility for the adequacy of the information concerning the Companies contained in the Information Statement or publicly available. A potential investor should undertake an independent investigation of the Companies as they deem necessary to allow them to make an informed decision with respect to an investment in the Notes. The legality or suitability of the notes has not been passed on by the Companies. The Notes are not issued by and are not financial or legal obligations of the Companies and the Companies make no warranties and bear no liabilities with respect to the Notes. HSBC is a trademark of HSBC Holdings plc and has been licensed to use by HSBC and its affiliates. HSBC Securities (Canada) Inc. is a wholly owned subsidiary of HSBC Bank Canada.

Montreal

1501 McGill College Avenue, Suite 800, Montreal, Quebec H3A 3M8
T: 514-954-3300 / 1-800-361-3499 | F: 514-954-5098 | www.fieracapital.com

Toronto

One Queen Street East, Suite 2020, Toronto, Ontario M5C 2W5
T: 416-364-3711 / 1-800-994-9002 | F: 416-955-4877 | www.fieracapital.com