



HSBC Bank plc

*(A company incorporated with limited liability in England with registered number 14259)*

*as Issuer*

## PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

This Base Prospectus Supplement (the "**Base Prospectus Supplement**") is supplemental to and must be read in conjunction with the Base Prospectus dated 30 July 2009 (the "**Base Prospectus**") relating to the Programme for the Issuance of Notes and Warrants (the "**Programme**") and the supplements thereto dated 4 August 2009, 18 November 2009 and 5 March 2010 prepared by HSBC Bank plc (the "**Bank**") in connection with the applications made for Notes and Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

The Issuer has amended the Programme to provide for the issuance of (i) Notes in uncertificated registered form in addition to Notes in bearer form and in registered form and (ii) Warrants in uncertificated registered form in addition to Warrants in book-entry form and in registered form, and this Base Prospectus Supplement provides information in relation to such amendments and certain developments in relation to taxation.

This Base Prospectus Supplement constitutes a supplement for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"). Terms defined in the Base Prospectus shall have the same meaning when used in this Base Prospectus Supplement.

To the extent that there is any inconsistency between any statement in this Base Prospectus Supplement and any other statement in, or incorporated by reference in, the Base Prospectus, the statements in this Base Prospectus Supplement will prevail.

With effect from the date of this Base Prospectus Supplement, the Base Prospectus shall stand amended and supplemented as follows.

### 1. **BASE PROSPECTUS FRONT COVER**

The first paragraph on page 2 of the Base Prospectus beginning with the words "Notes and Warrants" is hereby deleted and replaced with the following:

"Notes may be issued in bearer form, registered form or uncertificated registered form. Warrants may be issued in book-entry form, registered form or uncertificated registered form. Notes and Warrants will be issues in series."

### 2. **PART A – SUMMARY NOTE**

The Summary Note beginning on page A-1 of the Base Prospectus is hereby amended by:

- (i) deleting the fifth paragraph appearing on page A-3 beginning with the words "The Issuer may" and replacing it with the following:

"The Issuer may, subject to compliance with relevant laws, issue Notes and Warrants denominated in any currency. There is no limit on the maximum amount of Notes and Warrants outstanding at any time. Notes may be issued in registered form or in uncertificated registered form, without interest coupons, or in bearer form, with or without interest coupons. The Warrants will, unless otherwise specified in the Final Terms, be in book-entry form represented by a Global Warrant and, in certain circumstances, may be issued in registered form or in uncertificated registered form"; and
- (ii) deleting the last two paragraphs appearing on page A-5 and replacing them with the following:

"Unless otherwise specified in the applicable Final Terms, Notes and Warrants shall be accepted for clearing through one or more clearing systems, including CREST, DTC, Euroclear Bank S.A./ N.V. and/or Clearstream Banking, société anonyme, Luxembourg. In relation to Notes and Warrants which are held through a clearing system, investors will have to rely on such clearing system's procedures for transfer, payment and communications with the Issuer, including the exercise of any Warrants. Registered Notes will be issued without Coupons or Talons, and payments of principal and interest in respect of a Registered Note or an Uncertificated Registered Note will be made to the registered Holder (or the first named thereof in the case of joint Holders).

In respect of Notes and Warrants issued under the Programme and unless otherwise specified in the relevant Final Terms, the Dealer, the Principal Paying Agent, the Principal Warrant Agent and the Registrar will be HSBC Bank plc and the CREST Registrar will be Computershare Investor Services plc. The Calculation Agent will be HSBC Bank plc or HSBC France, as specified in the Final Terms. In respect of Notes and Warrants issued in the United States under Rule 144A, the Registrar and Transfer Agent will be HSBC Bank USA, N.A."

### 3. **PART A – RISK FACTORS**

The section headed "Clearing systems" beginning on page A-11 of the Base Prospectus and ending at the end of the first paragraph on page A-12 is hereby amended by:

- (i) moving such section to page A-9, such that it begins after the section headed "Capital risks relating to Notes and Warrants" and ends before the section headed "(2) Risks relating to the Notes";
- (ii) inserting the following new paragraph after the second paragraph thereof:

"Notes and Warrants under the Programme may be issued as Uncertificated Registered Notes or Uncertificated Registered Warrants. CREST will maintain records of the interests in such Notes and Warrants and Investors will be able to trade their interests only through CREST. Title to such Notes and Warrants will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to such Notes and Warrants (including any transfers) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator."; and
- (iii) inserting the following sentence at the end of the last paragraph on page A-11: "The Issuer shall discharge its payment obligations in respect of Uncertificated Registered Notes and Uncertificated Registered Warrants by payment (as shown in the records of the Operator) to the cash memorandum account of the relevant Noteholder or Warrantholder, as applicable."

#### 4. PART A – CLEARING AND SETTLEMENT

The section headed "Clearing and Settlement" beginning on page A-47 of the Base Prospectus is hereby amended by:

- (i) deleting the first paragraph thereof and replacing it with the following:

"Custodial and depositary or safekeeping links have been established with Euroclear, Clearstream, Luxembourg, DTC and CREST to facilitate the initial issuance of Notes and Warrants and, in relation to Euroclear, Clearstream, Luxembourg and DTC only, cross-market transfers of Notes and Warrants between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg, DTC and CREST will be in accordance with the usual rules and operating procedures of the relevant system."; and

- (ii) inserting after the first paragraph thereof, a new sub-section headed "CREST" which shall read as follows:

##### "CREST

Please see refer to Condition 1(d) of the Notes and Condition 1(d) of the Warrants for information regarding clearing and settlement through CREST."

#### 5. PART B – INTRODUCTORY PROVISIONS AND CONDITION 1

The introductory provisions and Condition 1 (*Form, Denomination and Title*) of *Part B – Information Relating to the Notes Generally* of the Base Prospectus beginning from the top of page B-1 and ending on page B-3 are hereby deleted and replaced with the following:

### PART B - INFORMATION RELATING TO THE NOTES GENERALLY

#### TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to the Notes of each Series, which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be incorporated by reference into each Note in global form and which will be endorsed on the Definitive Notes (if any) issued in exchange for Notes in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Final Terms. The Final Terms in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Tranche. Terms and Conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes While in Global Form" below, any such provisions are summarised in these Terms and Conditions in italicised text .*

The Notes are issued by HSBC Bank plc (the "**Issuer**") pursuant to a programme for the issuance of notes and warrants (the "**Programme**") established by the Issuer, are constituted by, and have the benefit of, a deed of covenant dated 29 April 2010 (the "**Deed of Covenant**"). The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009 and 27 April 2010 (as further modified and/or amended from time to time, the "**Master Note Issuance Agreement**") and made between the Issuer and HSBC Bank plc as dealer (the "**Dealer**", which expression shall include any successor Dealer specified in the relevant Final Terms) and an issuing and paying agency agreement dated 24 February 1999 as

modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009 and 27 April 2010 (as further modified and/or amended from time to time, the "**Issuing and Paying Agency Agreement**") and made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Final Terms, which expression includes any successor or other Calculation Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc or HSBC Bank USA, N.A. as transfer agent (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Transfer Agent**", which expression shall include any additional or successor or other Transfer Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc as the principal paying agent (the "**Principal Paying Agent**", which expression shall include any additional or successor or other Principal Paying Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement, and together with any additional paying agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement or the Computershare Agency Agreement (as defined below), the "**Paying Agents**"), HSBC Bank plc as issue agent (the "**Issue Agent**", which expression shall include any additional or successor or other Issue Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement) and HSBC Bank plc or HSBC Bank USA, N.A. as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Registrar**", which expression shall include any additional or successor or other Registrar specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement).

In addition, the Issuer has entered into an agreement with Computershare Investor Services plc dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Notes (as defined below).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of final terms ("**Final Terms**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may comprise Bearer Notes and Registered Notes and Notes in more than one denomination. The Notes of each Tranche will have identical terms and conditions save that a Tranche may comprise Bearer Notes and Registered Notes and may comprise of Notes of different denominations.

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Computershare Agency Agreement are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Final Terms, the Base Prospectus and any supplemental prospectus may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London or, in the case of Uncertificated Registered Notes, the CREST Registrar. The Holders (as defined below) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Master Note Issuance Agreement and the relevant Final Terms which are applicable to them.

Words and expressions defined in the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement or the Computershare Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between any of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

## 1. Form, Denomination and Title

### (a) *Form; Certifications*

Notes are issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in uncertificated registered form ("**Uncertificated Registered Notes**") as set out in the relevant Final Terms. Bearer Notes issued in definitive form are referred to as "**Definitive Notes**". Definitive Notes will be serially numbered. In the case of Registered Notes, a certificate will be issued to each Noteholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Registrar in respect of the Registered Notes. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

Notes may be issued on a partly paid basis ("**Partly Paid Notes**") if so specified in the relevant Final Terms and any further or alternative terms applicable thereto (including, without limitation, terms concerning payments of additional subscription amounts to be paid by the Noteholder after the Issue Date) shall be as set out in the relevant Final Terms.

### (b) *Bearer Notes*

#### (i) *Denomination*

Subject to Condition 9 (*Redenomination*), Bearer Notes will be in the denomination(s) set out in the relevant Final Terms. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination. Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

#### (ii) *General; Title*

Interest-bearing Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "**Coupons**" shall, where the context so permits, include Talons.

Notes the principal amount of which is repayable by instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Subject as set out below, title to Bearer Notes will pass by delivery.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(iii) *Bearer Notes issued in reliance on TEFRA D*

Bearer Notes, and their Coupons, issued in reliance on TEFRA D will bear the following legend "Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

(c) *Registered Notes*

(i) *General; Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holder**s" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons and references herein to the "**Holder**s" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(ii) *Regulations concerning transfer and registration of Registered Notes*

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(iii) *Rule 144A Legend*

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Note, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Notes*

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation to any Uncertificated Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is CRESTCo. Limited or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 10.

If at any time:

- (i) a Notetholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Notes cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Notes are issued in exchange for the Uncertificated Registered Notes and that such Registered Notes are registered in such names as the Operator shall notify to the Issuer.

#### 6. **PART B – CONDITION 8**

Condition 8 (*Payments*) of *Part B – Information Relating to the Notes Generally* of the Base Prospectus is hereby amended by (i) changing the existing Condition 8(c)(*General Provisions*) to Condition 8(d) (*General Provisions*) and (ii) adding the following as Condition 8(c)(*Uncertificated Registered Notes*) on page B-15 thereof:

"c) *Uncertificated Registered Notes*

The Issuer shall pay or cause to be paid when due payments of principal and interest (if any) in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer."

#### 7. **PART B – CONDITION 13**

Condition 13 (*Notices*) of *Part B – Information Relating to the Notes Generally* of the Base Prospectus on page B-20 is hereby amended by adding the following after the words "complied with" on line 10 of the first paragraph thereof:

"; and (iii) in the case of Uncertificated Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange".

#### 8. **PART B - CONDITION 18**

Condition 18 (*Definitions*) of *Part B – Information Relating to the Notes Generally* of the Base Prospectus is hereby amended by:

- (i) inserting ", CREST" after the word "DTC" in the definition of "Clearing System" on page B-24 thereof; and
- (ii) inserting, as a new defined term, "'CREST" means CRESTCo. Limited;" after the definition of "Clearstream, Luxembourg" on page B-24 thereof.



## 9. PART B – SUMMARY PROVISIONS

The first paragraph of the Summary Provisions Relating to the Notes While in Global Form appearing on page B-59 of the Base Prospectus is hereby deleted and replaced with the following:

"Notes may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series comprising either Notes in bearer form ("**Bearer Notes**"), Notes in registered form ("**Registered Notes**") or Notes in uncertificated registered form ("**Uncertificated Registered Notes**") as specified in the relevant Final Terms. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes. The summary that follows is only in relation to Bearer Notes and Registered Notes."

## 10. FORM OF FINAL TERMS IN RELATION TO NOTES

Pages B-47, D-59, E-30, F-12, G-31, H-26, I-21 of the Base Prospectus are hereby amended by deleting "[Bearer/Registered]" appearing in item 27(i) on each such page, and replacing it with "[Bearer Notes/Registered Notes/Uncertificated Registered Notes]".

## 11. PART C – INTRODUCTORY PROVISIONS AND CONDITION 1

The introductory provisions and Condition 1 (*Form and Transfer*) of *Part C – Warrants* of the Base Prospectus beginning from the top of page C-1 and ending on page C-5 are hereby deleted and replaced with the following:

### PART C - WARRANTS

#### TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants which (subject to completion and minor amendment) will be applicable to each Series of Warrants, provided that the relevant Final Terms in relation to any Warrants may supplement these terms and conditions and/or may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace the following terms and conditions for the purposes of such Warrants.*

This Warrant is one of a series (each, a "**Series**") of warrants (the "**Warrants**") issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to a warrant agency agreement 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009 and 27 April 2010 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc and HSBC France in their capacity as calculation agents (each a "**Calculation Agent**", which expression shall include any successor calculation agent appointed in accordance with the Warrant Agency Agreement or, in respect of any Series of Warrants, such other calculation agent as may be specified in the relevant Final Terms (as defined below)), HSBC Bank plc as principal warrant agent (the "**Principal Warrant Agent**", which expression includes any successor or substitute principal warrant agent appointed in accordance with the Warrant Agency Agreement, and together with any additional warrant agent specified in the relevant Final Terms or appointed pursuant to the Warrant Agency Agreement or the Computershare Agency Agreement (as defined below), the "**Warrant Agents**") and HSBC Bank plc in its capacity as authentication agent (the "**Authentication Agent**", which expression includes any successor or substitute authentication agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant transfer agent (the "**Warrant Transfer Agent**", which expression includes any successor or substitute warrant transfer agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant registrar (the "**Warrant Registrar**", which expression includes any additional or successor or substitute

or other warrant registrar specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement).

In addition, the Issuer has entered into an agreement with Computershare Investor Services plc dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Warrants (as defined below) and has entered into a deed of covenant dated 27 April 2010 (such deed, as amended and/or supplemented and/or restated from time to time, the "**Warrant Deed of Covenant**") for the purposes of constituting Uncertificated Registered Warrants.

As used herein, the expression "**Warrant Agents**" shall include the Principal Warrant Agent and any other warrant agents appointed in accordance with the Warrant Agency Agreement or the Computershare Agency Agreement. The Warrants also have the benefit of a master warrant issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009 and 27 April 2010 (as further modified and/or amended from time to time, the "**Master Warrant Issuance Agreement**") and made between the Issuer and HSBC Bank plc as manager (the "**Manager**", which expression shall include any successor Manager specified in the relevant Final Terms). The following terms and conditions (the "**Conditions**") include brief summaries of, and are subject to, certain provisions of the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant, copies of which will be available for inspection at the specified offices of the Principal Warrant Agent and the CREST Registrar, respectively. The Warrantholders (as defined in Condition 1 (*Form and Transfer*)) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions (including the form of Exercise Notice referred to in Condition 4 (*Exercise Procedure*)) of the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant.

Each Series of Warrants may comprise one or more tranches ("**Tranches**" and each, the "**Tranche**") of Warrants. Each Tranche will be the subject of Final Terms hereto (each, the "**Final Terms**"), a copy of which will, in the case of a Tranche in relation to which application has been made to admit to listing on the Official List of the UK Listing Authority (the "**UKLA**") and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"), be lodged with the UKLA and with the London Stock Exchange and will be available at the specified office of each of the Warrant Agents or, in the case of Warrants in the form of Uncertificated Registered Warrants, the CREST Registrar. In the case of a Tranche of Warrants in relation to which application has not been made to admit to trading on the London Stock Exchange or for admission to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available to a Holder (as defined in Condition 1 (*Form and Transfer*)) of such Warrants.

References in the Conditions to Warrants are to the Warrants of the relevant Series and references to the Issuer, a Warrant Agent, the Calculation Agent, any Holder or the Warrantholders are to those persons in relation to the Warrants of the relevant Series. Capitalised terms used but not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Warrants of the relevant Series.

As used in these Conditions and in relation to any Series of Warrants, subject as otherwise provided herein:

"**Bloomberg**" means Bloomberg L.P.;

"**Business Day**" means, unless otherwise specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which banks are open for business and carrying on foreign exchange transactions in London and the principal financial centre of the Settlement Currency and on which the relevant Clearing System is open for business;

"**Calculation Agent**" means with respect to a Series of Warrants, the entity specified as such in the relevant Final Terms, being either HSBC Bank plc or HSBC France;

"**Call Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to purchase the relevant Securities, in each case subject to and in accordance with these Conditions;

"**Cash Settlement**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

"**Cash Settlement Amount**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

"**Cash Settlement Payment Date**" has the meaning ascribed thereto in the relevant Final Terms;

"**CEA**" means the United States Commodity Exchange Act, as amended;

"**Clearing System**" means Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system specified in the relevant Final Terms in which Warrants of the relevant Series are held, or in relation to an individual Warrant, that Warrant is held, for the time being;

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*, Luxembourg;

"**Conversion**" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

"**CREST**" means CRESTCo. Limited;

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency;

"**Determination Date**" means a day on which the Issuer notifies the Clearing System that it has elected for Physical Settlement or Cash Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*) or 3(g) (*Optional Cash Settlement*) as specified in the relevant Final Terms;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Euro**", "**euro**" "**EUR**", "**€**" each mean the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "**Treaty**");

"**Exercise Date**" means, in respect of any Warrant, the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 4(a) (*Exercise Procedure - Exercise Notice*) provided that:

- (i) if the Exercise Notice is delivered (A) on any day which is not a Business Day or (B) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and

(ii) the Exercise Date may not be later than the Expiry Date;

"**Exercise Notice**" means any notice in the form scheduled to the Warrant Agency Agreement or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent which is delivered by a Warrantholder in accordance with Condition 4(a) (*Exercise Procedure - Exercise Notice*);

"**Exercise Period**" means the period beginning on (and including) such date as may be specified in the relevant Final Terms and ending on (and including) the Expiry Date;

"**Expiry Date**" has the meaning ascribed thereto in the relevant Final Terms;

"**Government Bonds**" means, in relation to a Series of Warrants, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and "**Government Bond**" shall be construed accordingly;

"**Holder**" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*);

"**Issue Date**" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*);

"**Minimum Exercise Number**" has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*);

"**New Issuer**" has the meaning ascribed thereto in Condition 14 (*Substitution*);

"**Permitted Multiple**" has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*);

"**Physical Settlement**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

"**Put Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise to receive the relevant Cash Settlement Amount subject to and in accordance with these Conditions;

"**Securities**" means, in relation to a Series of Warrants, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property to which such Warrants relate, as specified in the relevant Final Terms and "**Security**" shall be construed accordingly;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Settlement Currency**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

"**Settlement Date**" has the meaning ascribed thereto in the relevant Final Terms;

"**Settlement Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, an event beyond the control of the Issuer as a result of which the Issuer cannot reasonably make delivery of the relevant Securities using the method specified in the relevant Final Terms;

"**Settlement Price**" has the meaning ascribed thereto in the relevant Final Terms;

"**Strike Price**" has the meaning ascribed thereto in the relevant Final Terms;

"**Strike Price Payment Date**" has the meaning ascribed thereto in the relevant Final Terms;

"**Taxes**" has the meaning ascribed thereto in Condition 4(a)(vii);

"**Transfer Expenses**" means with respect to any Warrants, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Warrantholders of any Securities; and

"**Warrantholder**" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*).

## 1. **Form and Transfer**

### (a) *Form; Certifications*

Each Tranche of Warrants will be (as specified in the relevant Final Terms) either (i) if not offered in reliance on Rule 144A, in (a) book-entry form ("**Book-Entry Form Warrants**") and be represented by a global warrant (the "**Global Warrant**") or (b) in uncertificated registered form ("**Uncertificated Registered Warrants**") or (ii) if and only if offered in reliance on Rule 144A, in registered form ("**Registered Warrants**") and be represented by global registered warrants ("**Global Registered Warrants**").

The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions, including the right of the Issuer to refuse the recognition of transfers of the Warrants. Exercise of a Warrant offered in reliance on Regulation S will be conditional upon delivery of certain certifications. Details of such certifications may be obtained from any of the Warrant Agents.

### (b) *Book-Entry Form Warrants*

#### (i) *General; Title*

In the case of each Tranche of Book-Entry Form Warrants, the Global Warrant relating to such Tranche will be deposited on the issue date (the "**Issue Date**") specified in the relevant Final Terms with a common depository for the relevant Clearing System(s). Warrants in definitive form will not be issued in respect of Book-Entry Form Warrants. In the case of the Book-Entry Form Warrants, the person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant shall be treated for all purposes by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof (a "**Warrantholder**" or a "**Holder**") and as the person entitled to exercise the rights represented thereby, notwithstanding any notice to the contrary, except that (i) Euroclear shall not be treated as the Holder of any Warrant held in an account with Clearstream, Luxembourg on behalf of Euroclear's accountholders and (ii) Clearstream, Luxembourg shall not be treated as the Holder of any Warrant held in an account with Euroclear on behalf of Clearstream, Luxembourg's accountholders.

#### (ii) *Transfer of Book-Entry Form Warrants*

All transactions in (including transfers of) Book-Entry Form Warrants, in the open market or otherwise, shall be effected only through the Clearing System(s) in which the Book-Entry Form

Warrants to be transferred are held or are to be held. Title to the Book-Entry Form Warrants shall pass upon registration of the transfer in accordance with the rules and procedures for the time being of the relevant Clearing System(s).

(c) *Registered Warrants*

(i) *General; Title*

In the case of Registered Warrants, a certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Registered Warrants. No single Tranche or Series of Warrants offered in reliance on Rule 144A may include Book-Entry Form Warrants. In the case of the Registered Warrants, the person for the time being in whose name such Registered Warrant is so registered in the Register shall be the "**Warrantholder**" or "**Holder**" of the Warrants represented thereby and shall be treated by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof, *provided however that*, for all purposes other than payment, the persons for the time being appearing in the books of the relevant Clearing System shall be treated as the Warrantholders and these Conditions shall be construed accordingly.

(ii) *Transfer of Registered Warrants*

Title to Registered Warrants passes by registration in the Register.

(iii) *Regulations concerning transfer and registration of Registered Warrants*

All transfers of Registered Warrants and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Warrants scheduled to the Warrant Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Warrant Registrar but without the consent of the Holders of any Warrants. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Warrant Registrar and the Warrant Transfer Agents.

(iv) *Rule 144A Legend*

Upon the transfer, exchange or replacement of Registered Warrants bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Warrant, the Warrant Registrar shall deliver only Registered Warrants that also bear such legend unless there is delivered to the Issuer and to the Warrant Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Warrants are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Warrants*

The Uncertificated Registered Warrants shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Warrants are participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Warrants is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Warrants and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Warrants shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Warrants for all purposes (and the expressions "**Warrantholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Warrants.

Title to Uncertificated Registered Warrants will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Warrants (including transfers of Uncertificated Registered Warrants) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Warrants in uncertificated form, (II) the transfer of title to Uncertificated Registered Warrants by means of a relevant system or (III) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Registered Warrants are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Warrants shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation to any Uncertificated Registered Warrant shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Warrant.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is CRESTCo. Limited or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Warrants and in accordance with the Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Warrants in accordance with Condition 10.

If at any time:

- (i) a Warrantholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Warrants cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Warrants are issued in exchange for the Uncertificated Registered Warrants and that such Registered Warrants are registered in such names as the Operator shall notify to the Issuer.

#### 12. PART C – CONDITION 4

Condition 4(e) (*Payment*) of the Base Prospectus is hereby amended by inserting the following new paragraph after the last paragraph thereof appearing on page C-12:

"The Issuer shall pay or cause to be paid when due payments in respect of Uncertificated Registered Warrants to the relevant Warrantholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Warrants must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer."

#### 13. PART C – CONDITION 10

Condition 10 (*Notices*) of *Part C – Warrants* of the Base Prospectus on page C-16 is hereby amended by:

- (i) inserting "(a) in the case of Book-Entry Form Warrants and Registered Warrants" after the words "duly given" appearing on line 2 thereof; and,
- (ii) inserting "or (b) in the case of Uncertificated Registered Warrants, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Warrants are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange" after the words "Clearing System" appearing on line 2 thereof.

#### 14. PART C – SUMMARY PROVISIONS

The first paragraph of the Summary Provisions Relating to the Warrants While in Global Form appearing on page C-39 of the Base Prospectus is hereby deleted and replaced with the following:

"Warrants may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series and will be (as specified in the relevant Final Terms) either (i) if not offered in reliance on Rule 144A, in (a) book-entry form ("**Book-Entry Form Warrants**") and be represented by a global warrant (the "**Global Warrant**") or (b) in uncertificated registered form ("**Uncertificated Registered Warrants**") or (ii) if and only if offered in reliance on Rule 144A, in registered form ("**Registered Warrants**") and be represented by global registered warrants ("**Global Registered Warrants**"). The summary that follows is only in relation to Book-Entry Form Warrants and Registered Warrants."



## 15. FORM OF FINAL TERMS IN RELATION TO WARRANTS

Page C-21 of the Base Prospectus is hereby amended by:

- (i) adding "[/NA]" after "[Global Registered Warrant]" in paragraph 14; and
- (ii) adding "14A. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]" after paragraph 14.

Page D-100 of the Base Prospectus is hereby amended by:

- (i) adding "[/NA]" after "[Global Registered Warrant]" in paragraph 13; and
- (ii) adding "13A. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]" after paragraph 13.

Page H-41 of the Base Prospectus is hereby amended by:

- (i) adding "[/NA]" after "[Global Registered Warrant]" in paragraph 14; and
- (ii) adding "14A. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]" after paragraph 14.

## 16. TAXATION

The provisions relating to Taxation in *Part A – Information relating to the Programme Generally* of the Base Prospectus beginning from the top of page A-51 and ending on page A-54 are hereby deleted and replaced with the following:

### TAXATION

**Transactions involving the Notes and Warrants may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving the Notes and Warrants should consult their own tax advisers.**

#### **United Kingdom Taxation - Notes**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest and certain other payments in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which

jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

**(A) United Kingdom Withholding Tax**

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The London Stock Exchange is a recognised stock exchange for these purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that Exchange.
3. In addition to the exemptions set out in paragraphs 1 and 2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
  - (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
4. In all other cases, falling outside the exemptions described in paragraphs A.-1, A.-2 and A.-3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.
5. Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

**(B) United Kingdom Withholding Tax - Other Payments**

Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment, a manufactured payment, rent or similar income or royalties for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to any exemption from withholding which may apply and to such relief as may be available under the provisions of any applicable double tax treaty.

**(C) Provision of information**

1. Noteholders or Couponholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder or Couponholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder or the Couponholder (including the Noteholder's or the Couponholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder or Couponholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.
2. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 18 of the Taxes Management Act 1970 (although in this regard HMRC published guidance for the year 2010/2011 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).
3. Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

**(D) Other Rules Relating to United Kingdom Withholding Tax**

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty or where local tax laws allow.

4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
5. The above summary under the heading of United Kingdom Taxation – Notes assumes that there will be no substitution of the Issuer pursuant to Condition 15 (*Meetings of Noteholders, Modifications and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

#### **United Kingdom Taxation - Warrants**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments in respect of the Warrants and of the treatment of Warrants for the purposes of United Kingdom stamp duty and related taxes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Warrants. The comments in relation to United Kingdom withholding tax relate only to the position of persons who are absolute beneficial owners of the Warrants. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all tax considerations that may be relevant to a prospective purchaser. Warrantholders who are in any doubt as to their tax position should consult their professional advisers. Warrantholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Warrants are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Warrants. In particular, Warrantholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Warrants even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

##### **(A) Withholding Tax**

Payments under the Warrants which payments do not amount to interest, rent or annual payments (and are not treated as, or as if they were, interest, rent or annual payments for United Kingdom tax purposes) may be made without any withholding or deduction for or on account of United Kingdom tax.

##### **(B) Stamp Duty and Related Taxes**

United Kingdom stamp duty or stamp duty reserve tax may be payable on any issue, transfer or agreement to transfer the Warrants or any interest in the Warrants.

#### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in or certain limited types of entities established in that other Member State;

however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in or certain limited types of entity established in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirement described above. Investors who are in any doubt as to their position should consult their professional advisers.

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Save as disclosed in this Base Prospectus Supplement and in any prior supplements to the Base Prospectus, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the publication of the Base Prospectus.

Investors should be aware of their rights under Section 87Q(4) of the FSMA.

The Issuer accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.