

**keyfacts**®

Rate Insert Code 02

# Stockmarket Linked Savings Account and Stockmarket Linked Savings Account ISA

9 October - 19 November 2010

This Rate Insert must be read in conjunction with the Stockmarket Linked Savings Account Key Features Document and the Terms and Conditions.

This Rate Insert forms part of the Key Features Document and your agreement with us.

**This is a limited Issue. We reserve the right to withdraw this Issue at any time before the closing date. If we close this Issue early you may have the opportunity to invest in future Issues.**

HSBC 

The world's local bank

## Details of our current Issue

**PLEASE QUOTE THE ISSUE NUMBER IN THE BOX ON YOUR APPLICATION FORM.**

### Key Information

Issue opens	9 October 2010
<b>first direct</b> or other non-HSBC Cash ISA Transfer Application deadline*	20 October 2010
Deadline for Transfer from HSBC Bank plc Cash ISA*	5 November 2010
Application deadline (including reinvestments)*	19 November 2010
Issue closes	19 November 2010
First interest payment date	3 December 2010
Strike Date	10 December 2010
Second interest payment date	17 December 2010
Maturity Date	10 September 2014

\*Applications must be received at our Administration Office by 5pm on these dates.

**We reserve the right to withdraw this issue at any time before the closing date.**

There is a minimum Payment amount of £3,000 per Account.

Throughout this document we will refer to the Stockmarket Linked Savings Account and the Stockmarket Linked Savings Account ISA as the 'Account'.

### Terms offered

At the end of the Fixed Term, the Account aims to pay out:

- your Deposit in full (assuming no withdrawals);
- interest on your Deposit if the Closing Level of the FTSE 100 Index is equal to or higher than the Starting Level (after final averaging).  
No interest will be paid if the Closing Level of the FTSE 100 Index is lower than the Starting Level.
- any interest on your money held in the Client Money Account.

**The Account is not suitable for early withdrawals. Withdrawing before the end of the Fixed Term could mean you receive back significantly less than you originally paid in as a Market Value Adjustment will be applied.**

### How we calculate the Interest on the Fixed Term Deposit:

During the Fixed Term, your money is held in a Fixed Term Deposit with HSBC Bank plc. The interest paid on the Fixed Term Deposit at the end of the Fixed Term is dependent on the movement of the FTSE 100 Index between the Starting Level and the Closing Level:

- if the Closing Level of the FTSE 100 Index is equal to or higher than the Starting Level, you will receive an interest payment of 17% gross (4.28% AER\*) on your Deposit.
- if the Closing Level of the FTSE 100 is lower than the Starting Level, your original Deposit will be returned, but no interest will be payable.

\*Annual Equivalent Rate (AER) illustrates what the rate of interest would be if the interest was compounded and paid once per year. Gross is the rate before the deduction of the basic rate of tax, currently 20%. Rates are fixed. Interest will only be paid at the end of the Fixed Term.

### Starting Level

The Starting Level will be the average level of the FTSE 100 Index taken at close of business on both 9 December 2010 and 10 December 2010.

### Closing Level

The Closing Level will not be based on a single reading of the FTSE 100 Index but on weekly readings taken at close of business on each Friday over the last three months of the Fixed Term. We refer to this as final averaging. Using final averaging could mean that the averaged closing level of the Index could be lower than the actual level of the Index at the end of the Fixed Term.

### HSBC Bank plc – the Deposit Taker

**The payment of your Deposit and any interest are dependent on HSBC Bank plc's ability to meet its financial obligations. If it is unable to make these payments than you may lose some or all of your capital. If this happens then you may be able to make a claim from the Financial Services Compensation Scheme (FSCS). However, the FSCS will only pay a maximum of £50,000 to each depositor per firm. This means that if your deposits with HSBC Bank plc and first direct combined amount to more than £50,000, you will still only be able to claim £50,000 from the FSCS.**

Please refer to the Key Features Document for information on the Financial Services Compensation Scheme.

Financial Institutions are rated for their credit worthiness by independent credit rating agencies such as Standard and Poor's or Moody's. This is a recognised way of measuring the financial strength of an institution. Standard and Poor's have rated HSBC Bank plc as AA for their credit worthiness (Correct as at 7 September 2010. This may change during the Fixed Term). Companies are rated from AAA (most secure/best) to D (most risky/worst) by this independent agency. Based on this rating, HSBC Trust Co Ltd believes that HSBC Bank plc is likely to be able to repay its debts at the end of the Fixed Term, but this is not guaranteed.

## Effects of a Market Value Adjustment

The table below illustrates the possible effects of a Market Value Adjustment on a Deposit of £10,000 in the Fixed Term Deposit should you withdraw the full amount before the end of the Fixed Term. Please refer to the Key Features Document for further details about the Market Value Adjustment.

Time of withdrawal	FTSE 100 Index expected to rise*	FTSE 100 Index expected to fall*
Month 1	£9,820	£9,370
Year 1	£10,290	£9,540
Year 2	£10,780	£9,700
Year 3	£11,300	£9,870
Year 3¾	£11,700	£10,000

\*What market sentiment expects the FTSE 100 Index will do from the measured starting level by the end of the Fixed Term (after final averaging). Please remember that the figures in the table above are provided as a guideline only.

## What you may receive back at the end of the Fixed Term

The table below shows an example of a £10,000 Deposit in the Fixed Term Deposit, the rate of interest applicable and the gross value at the end of the Fixed Term (assuming no withdrawals are made during the Fixed Term).

Averaged Growth in the FTSE 100 Index	Interest rate applied	Gross Maturity Value
30%	17%	£11,700
20%	17%	£11,700
10%	17%	£11,700
0%	17%	£11,700
-1%	0%	£10,000
-15%	0%	£10,000

The returns stated in the tables above do not include any money in the Client Money Account or any interest due on this money.

**Your return at the end of the Fixed Term will depend on the final averaged FTSE 100 Index level. The FTSE 100 Index level is not guaranteed. The figures in the tables above are quoted gross, however interest will be paid after the deduction of the basic rate of tax, currently 20%, unless you have either completed a HMRC Form R85, you are eligible for gross interest and we have verified your status, or the Account is held within an ISA. Please refer to the Key Features Document for further details on tax.**

## Interest on money in the Client Money Account

Before the Strike Date, your money will be deposited into a Client Money Account. Some residual interest will also remain in this account throughout the Fixed Term. Your money will earn interest in this account from the Effective Date until the Strike Date at a rate of 0.1% below the Bank of England Base Rate. This will be credited in two separate payments. The first will be added to your original Payment before the Strike Date and will be deposited in the Fixed Term Deposit. The second interest payment will remain in the Client Money Account for the duration of the Fixed Term. Please refer to the Stockmarket Linked Savings Account and Stockmarket Linked Savings Account ISA Terms and Conditions for details of the rates of interest applied to money in the Client Money Account.

Summary Box	Key Product Information for our Savings Account(s)
Account name	Stockmarket Linked Savings Account and Stockmarket Linked Savings Account ISA (Issue 2)
Interest rates (AERs) on the Fixed Term Deposit	17% gross (4.28% AER) on your Deposit if the Closing Level of the FTSE 100 Index is equal to or higher than the Starting Level after final averaging. If the FTSE 100 Closing Level is lower than the Starting Level, no interest will be paid on the Deposit.
Tax status	Interest is paid net of tax unless a HMRC form R85 is completed or you are eligible for gross interest and we have verified your status, or the Account is held within an ISA.
Conditions for bonus payment	Not applicable.
Withdrawal arrangements	Partial withdrawals are not permitted before the Strike Date. If you make a withdrawal, you may get back significantly less than you paid in. Minimum withdrawal of £250
Access	These Accounts are operated by post

## For more information:

The terms quoted in this rate insert are only valid from 9 October to 19 November 2010. Further Issues may be available after this date. For more information, please call us on 08457 456 123 (textphone 08457 660391). Lines are open 8am to 6pm Monday to Friday (excluding public holidays). To help us continually improve our service and in the interest of security we may record and/or monitor your communications with us.

**hsbc.co.uk**

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## Important notes

This information is based on HSBC's interpretation of current UK tax law and HM Revenue & Customs practice. While we believe this interpretation is correct, we cannot guarantee it. Tax relief and the treatment of investments may change in the future. The value of tax relief will depend on your individual circumstances.

The Account Manager is HSBC Trust Company (UK) Limited whose main business is the provision of trustee and investments services. HSBC Trust Company (UK) Limited is established at 8 Canada Square, London E14 5HQ which is its Registered Office. HSBC Trust Company (UK) Limited is authorised and regulated by the Financial Services Authority (FSA). HSBC Trust Company (UK) Limited is entered on the FSA Register and its number is 119297.

HSBC Bank plc is the Deposit Taker. HSBC Bank plc is established at 8 Canada Square, London E14 5HQ which is its Registered Office. HSBC Bank plc is authorised and regulated by the Financial Services Authority, and is registered in the Financial Services Authority Register with the registration number 114216. You can check the Financial Services Authority Register at [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do)

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