

# Global Structured FX Products

## 3 month USD/MXN Discrete Range Binary Note

### 100% Principal Protected – Denominated in MXN

Any offers of the Notes described in this Term Sheet will be subject to the restrictions of Directive 2003/71/EC of the European Parliament and of the Council of November 4<sup>th</sup>, 2003 (the "Prospectus Directive") including any relevant implementing measures in each Member State of the European Economic Area in which the Prospectus Directive has been implemented. Potential investors into whose possession this Term Sheet comes are required by the Issuer and the Dealers to inform themselves about and to observe these restrictions. Any offers made in violation of these restrictions will be unlawful.

Investing in the Notes involves substantial risks. As a consequence, prospective investors should be aware that the Notes are only intended for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks of an investment in the Notes. In purchasing any Notes, an investor will be deemed to represent that it is such an investor and has such knowledge and experience. Prospective investors should consider the risk factors set forth under "Risk Factors" in the Prospectus and the risks described herein.

This termsheet is not suitable for distribution to retail / private customers. It shall be the sole responsibility of the recipients of this termsheet to assess whether the Notes described herein are suitable for on-sale to individual investors / private customers.

By acceptance of this termsheet, you confirm that: (a) you are acting on your own account or as duly authorised agent for the account of your client in considering the purchase of the Notes; (b) you have or will make an independent investment decision as to whether the Notes are suitable for you in light of your investment objectives; (c) you acknowledge that the Issuer is considering selling you the Notes on a principal to principal basis only and is not responsible for determining the suitability of the Notes for any person to whom you may transfer or on-sell the Notes; (d) you are not relying nor will rely on any representation of the Issuer or any affiliated party concerned with the Note issuance regarding the Reference Entity, the Reference Obligation and/or any other aspect of Notes not disclosed in this term sheet; (e) you understand or will ensure that you understand the risks associated with purchasing the Notes after having received independent financial advice if necessary; and (f) where you intend to buy and then sell all or some of the Notes to, or you are acting on behalf of, another person, such other person will not be a customer of the Issuer.

In addition, a prospective purchaser of the Notes should carefully consider all the risks associated with any investment in the Notes, including but not limited to the following:

1. **Limited Liquidity:** There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investment or that it will continue for the life of the Notes. Neither the Issuer nor its affiliates are required to make a market in the Notes. Prospective investors that may need to liquidate any of the Notes before their maturity may have to sell the Notes at a substantial discount from the outstanding principal amount. Prospective investors should be willing to hold the Notes until their maturity.
2. **Potential Loss of Principal and Interest:** The Notes may redeem below par or may redeem at ZERO. Any early redemption amount may vary considerably due to market conditions and will likely be valued at a considerable discount to its par value.
3. **Conflicts of Interest:** Various potential and actual conflicts may arise between the interests of the Noteholders, on the one hand, and the Issuer and its affiliates on the other hand, as a result of the various commercial and investment banking businesses and activities of the Issuer and its affiliates. By purchasing an interest in the Notes, each holder will be deemed to have acknowledged the existence of such conflicts of interest and to have waived any claim with respect to any liability arising from such conflicts of interest.
4. **Concerning the Calculation Agent:** All calculations and determinations made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Issuer, the Trustee and all Noteholders.
5. **Confidential Information:** Information in this termsheet is confidential. Distribution of this termsheet to any other person other than its original recipient (or to such recipient's advisors) is prohibited.
6. **Not for Distribution in the U.S.:** This termsheet and securities referred to herein are not intended for distribution in the United States or to or for the account of U.S. persons (as defined in Regulation S under the Securities Act of 1933, as amended).

**Terms are Indicative:** All terms are indicative and thus do not represent an offer to sell, purchase or subscribe to any investment nor a solicitation of such an offer. Prospective Noteholders should rely solely on the final documentation relating to the purchase of the Notes that will contain the final terms and conditions.



**General Terms of the Notes**

<b>Issuer</b>	: HSBC Bank plc
<b>Status</b>	: Senior, unsecured
<b>Ratings</b>	: The short term senior debt ratings of HSBC Bank plc are: P-1 / A-1+ The Issuer's Programme for the Issuance of Notes & Warrants is rated AA by Standard & Poors but the Notes will not carry an explicit rating.
<b>Registered Offices of the Issuer</b>	: 8, Canada Square Canary Wharf London E14 5HQ United Kingdom
<b>Lead Manager</b>	: HSBC Bank plc
<b>Form of Security</b>	: Notes – as defined in the Base Prospectus
<b>Documentation</b>	: The Issuer's Programme for the Issuance of Notes & Warrants
<b>Product</b>	: USD/MXN Discrete Range Binary Note
<b>Best Case Scenario</b>	: 11.00% coupon p.a.
<b>Worst Case Scenario</b>	: 0% coupon (i.e. 100% principal protected at maturity date)
<b>Principal Redemption</b>	: 100% principal protected at maturity date

### Terms of the Notes

**Security Identifiers** : ISIN XS0506253383  
**Principal Amount** : MXN 110,300,000  
**Trade Date** : April 26, 2010  
**Issue Date** : May 4, 2010  
**Valuation Date** : July 26, 2010  
**Maturity Date** : August 2, 2010  
**Fixing Start Date** : April 26, 2010  
**Issue Price** : 100% of Principal Amount  
**Underlying Rate** : USD / MXN

**Coupon** :

FX Range	Coupon
11.8000 --- 12.80000	11.00% p.a.

- Coupon equals 11.00% p.a. if during the Observation Period the FX Rate always fixes within the Range (inclusive), *otherwise*
- Coupon equals 0% p.a. (i.e., no coupon will be paid on the Note).

**FX Rate** : Means the daily USD/MXN spot rate published in the WMCO page in Bloomberg, around 4 pm London Time.

**Observation Period** : From and including the Fixing Start Date to and including the Valuation Date.

**Daycount** : Act/360 adjusted

**Calculation Period** : The period from and including the issue Date to but excluding the Maturity Date.

**Coupon Payment Date** : At Maturity Date

**Business Day Convention** : Following

**Business Days** : London & Mexico City for Settlement  
New York for Fixing

**Issuer's Call Option** : Not applicable

**Principal Redemption** : 100 %

**Secondary market** : The Issuer and the Dealer may, but shall not be required to, make a market for the Notes. Any bid or offer price for the Notes shall be determined by the Issuer or the Dealer (as the case may be) in its sole discretion. There is no assurance as to the development or liquidity of any trading market for the Notes. See "Risk Factors" in the Issuer's Programme for the Issuance of Notes & Warrants for further details.

**Listing** : London & Mexico

A base prospectus was admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market and published on July 30<sup>th</sup> July 2009 in relation to the Issuer's Programme for the Issuance of Notes and Warrants (the "**Base Prospectus**").

Copies of the Base Prospectus are available on request at the registered offices of the Issuer.

**This Term Sheet is not a prospectus for the purposes of the Prospectus Directive, but an advertisement (as defined in the Prospectus Directive) and investors should not subscribe for any Notes referred to in this Term Sheet except on the basis of information contained in the Base Prospectus.**

**Denominations** : MXN 100,000 and integrals of MXN 1,000 thereafter

**Form of the Notes** : Bearer notes evidenced by a temporary global note exchangeable for a permanent global note which is exchangeable for definitive notes only in limited circumstances specified in the permanent global note.

**Calculation Agent** : HSBC Bank plc

### Terms of the Notes

**Settlement** : Euroclear Account 93205 Against Payment  
**MiFID Fee Disclosure** : HSBC Bank plc may have entered into an arrangement to pay a one-off introduction fee to an external introducing broker in connection with this transaction. Details of the fee arrangement will be available upon request.

**Governing Law** : English  
**Applicable Exemption from the Prospectus Directive** : Choose one of :

- The offer is exclusively available to investors outside the EEA
- The denominations of the Notes are greater than or equal to EUR 50,000 (or equivalent).
- The offering of the Notes is addressed solely to Qualified Investors
- The offering of the Notes is addressed to fewer than 100 natural or legal persons per Member State, other than Qualified Investors
- The offering of the Notes is addressed to investors who acquire a total consideration of at least EUR 50,000 per investor, for each separate offer
- The Notes are issued by a Member State or by one of a Member State's regional or local authorities, by public international bodies of which one or more Member States are members, by the European Central Bank or by the central banks of the Member States
- The Notes are unconditionally and irrevocably guaranteed by a Member State or by one of a Member State's regional or local authorities
- The Notes are included in an offer where the total consideration of the offer is less than EUR 2,500,000, which time limit shall be calculated over 12 months

**Tax Treatment** : Refer to the Base Prospectus for guidance on tax treatment of the Notes

**Risk Factors** : Product-specific risks

- If, at the sole determination of the calculation Agent, at any date of the Observation Period the FX Rate fixes outside the FX Range, then on the Maturity Date, the investor will receive only the Principal Amount in MXN which **will be equivalent to a coupon of 0%**.

#### Issuer Risk

Investors bear the Issuer risk. The investment instrument's value is dependent not only on the development of the underlying, but also on the creditworthiness of the Issuer, which may vary over the term of the structured product. The Issuer is authorized and regulated by the Financial Services Authority (the "FSA") in the United Kingdom.

## **Selling Restrictions**

- General** : As described in detail in the Documentation
- United States of America** : TEFRA D Rule Regulation S  
Notes may not be sold or offered within the United States of America or to or for the benefit of U.S. Persons (as defined in Regulation S).
- European Economic Area** : This Term Sheet is addressed solely to (i) persons outside the European Economic Area and/or (ii) Qualified Investors (as defined in the Prospectus Directive) (all such persons in (i) and (ii) together being referred to as “**relevant persons**”).

By being in receipt of this Term Sheet you acknowledge, represent and agree that (i) you will not distribute, forward, copy, reproduce or otherwise pass on this Term Sheet to any person who is not a relevant person, (ii) you are aware of and understand the requirements of the Prospectus Directive including any relevant implementing measures in each Member State of the European Economic Area in which the Prospectus Directive has been implemented and (iii) you will comply with the provisions of the Important Notice section below:

### **IMPORTANT NOTICE**

#### **European Economic Area – Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), you represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) **you have not made and will not make an offer of the Notes to the public in that Relevant Member State** except that you may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) only in minimum amounts of at least €50,000 (or equivalent) considerations per investor (such that the minimum amount payable by the investor pursuant to each separate offer made to him, is at least €50,000 (or equivalent)).

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

***Selling Restrictions***

**European Economic Area  
(continued)**

You further represent and agree that, with effect from and including the Relevant Implementation Date, you are not making any offer of the Notes to the public in a Relevant Member State in reliance on the exemption set out in Art 3.2 (b) of the Prospectus Directive (namely, the "offer of securities addressed to fewer than 100 natural or legal persons per Member State, other than qualified investors" exemption).

Any re-offer or re-sale, by an initial purchaser or financial intermediary, of Notes in relation to which a prospectus has not been approved by the competent authority in a Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, will be unlawful unless made (i) pursuant to one of the exemptions set out in Article 3.2 of the Prospectus Directive or (ii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

**Switzerland**

The product is not a collective investment scheme as per the Federal Act on Collective Investment Schemes (CISA) and is not subject to approval or supervision by the Swiss Federal Banking Commission

The prospectus requirement under art. 1156 of the Swiss Code of Obligations is not applicable (art. 5 para. 4 CISA).

## IMPORTANT NOTE

This document is issued by HSBC Bank plc ("HSBC"). HSBC is authorized and regulated by the Financial Services Authority ("FSA") and is a member of the HSBC Group of companies ("HSBC Group"). Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.

This term sheet contains indicative terms only. All materials contained here are for discussion purposes only. Final terms are subject to further discussion, revision and negotiation. The information and opinions in this document, which is for private circulation, are derived from sources believed to be reliable, but its accuracy and sufficiency cannot be guaranteed. Investments can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of these investments. You are solely responsible for making your own independent appraisal of and investigation into the products, investments and transactions referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. Contingent liability transactions may result in the loss of all the amount originally invested or deposited, and may also require future payments to be made by the investor. This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of a product. Investments may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser. All terms are subject to completion and amendment.

This term sheet is a "financial promotion" within the scope of the rules of the FSA.

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