



## Stock Market GIC — Standard Terms and Conditions — Non-Registered

These are HSBC's Standard Terms and Conditions ("Standard Terms") for all non-registered Stock Market guaranteed investment certificates ("GICs"). These Standard Terms should be read together with each of HSBC's specific Term Sheet for the specific Stock Market GIC product you are purchasing ("Term Sheet"), the Depositor's Receipt and any other documents given to you when you make your purchase. Together these Standard Terms, the Term Sheet, and the Depositor's Receipt apply to and govern the Stock Market GIC you are purchasing from HSBC (collectively the "Stock Market GIC Terms"). The Standard Terms are also available for you to view online at any time at the Stock Market GIC product section of our website located at [www.hsbc.ca](http://www.hsbc.ca).

There are risks associated with these GICs. Before making your purchase, please read the following Standard Terms and the Term Sheet carefully and speak to your own financial advisor to ensure that you understand the terms of this GIC and associated risks. HSBC guarantees repayment of principal and any interest earned on this GIC in accordance with the Stock Market GIC Terms applicable to the GIC you have chosen and the Index that HSBC uses with that GIC.

### Some Expressions Used In These Standard Terms

<b>Bank Account</b>	This is the HSBC Bank Canada savings/chequing account from which you have indicated we must debit the Principal on the Start Date.
<b>Depositor's Receipt</b>	This is the depositor's receipt that you receive when you purchase your Non-Registered Stock Market GIC.
<b>Principal</b>	This is the amount of your deposit used to purchase the GIC and is the amount indicated as the "Principal" on your Depositor's Receipt.
<b>Hold Date</b>	This is the date you agree to purchase your GIC and instruct us to place a hold on money in your Bank Account equal to the amount of the Principal. The Hold Date is indicated on your Depositor's Receipt.
<b>Start Date</b>	This is the date on which the Term begins. The applicable Start Date for each GIC you purchase will be indicated on the Term Sheet.
<b>Index Set Date</b>	This is the date on which we begin to observe the Index applicable to your GIC to determine the interest rate that will be applied to your investment at Maturity. The Index Set Date applicable to each GIC you purchase will be indicated on the Term Sheet.
<b>Maturity or Maturity Date</b>	This is the maturity date indicated on your Depositor's Receipt and on your Term Sheet. It is the date on which the Term of your GIC will end and your Principal plus any interest owed will be paid to you. No interest is earned after the Maturity Date.
<b>Index Based Interest Rate</b>	This is an interest rate derived from the performance (positive or negative) of the Index during the Term of your GIC. A detailed description of how the Index Based Interest Rate is calculated can be found under the heading "Calculating the Index Based Interest Rate" in the section entitled "About the Interest on Your Investment" below.
<b>Customer Participation Rate</b>	This is a percentage figure set out on your Term Sheet which indicates the percentage of any growth in the Index that you may benefit from. At Maturity, the Index Based Interest Rate will be multiplied by the Customer Participation Rate noted on your Term Sheet and then compared to the Minimum Return Rate to arrive at the final rate of return applied to your Principal.

**Maximum Interest Rate**

In addition to the legal limits on interest explained in the section called "Legal Limit on Rate of Return" below, we may impose our own maximum cap – called the Maximum Interest Rate - on the rate of interest your GIC can earn, regardless of the performance of the Index and regardless of the Index Based Interest Rate. **Unless expressly specified in the Term Sheet, there is no capped Maximum Interest Rate for your GIC, but your return will be limited by the Customer Participation Rate if the Customer Participation Rate for your GIC is less than 100%.**

**Minimum Return Rate**

This is the guaranteed minimum return rate as indicated on the Term Sheet, if any, that will be applied to your Principal at Maturity, regardless of the performance of the Index and regardless of the Index Based Interest Rate.

**Index**

The Index is the Stock Market Index or combination of Indices set out in your Term Sheet that will be used as a basis to calculate the Index Based Interest Rate on your GIC and is described in Schedule 'A' of the Term Sheet. Schedule "A" also sets out certain disclaimers and limitations relating to the index and HSBC's use of the Index with your GIC.

**Index Business Day**

This is, for each Index, any day the closing level of the Index is published.

**Term**

The Term is the duration of your GIC from the Start Date to the Maturity Date. No interest is earned after the end of the Term.

**Business Day**

This is any day commercial banks are open for business in Toronto, Ontario, Canada and New York City, New York, USA.

**"You" and "Your" and  
Deposit Holders**

These terms mean the registered owner(s) of a Non-Registered Stock Market GIC.

**"We, "us", "the Bank"  
and "HSBC"**

These words refer to the issuer of your Non-Registered Stock Market GIC, being either HSBC Bank Canada or HSBC Mortgage Corporation (Canada), as indicated on the Term Sheet.

**About the Hold Period****Holding your money**

From the Hold Date to the Start Date, we will place a hold on money in your Bank Account equal to the amount of the Principal. You will not be able to withdraw the money you place on hold. This money will be used to purchase your GIC on the Start Date.

**Interest on your money from  
Hold Date to Start Date**

You will continue to earn interest on the money you place on hold from the Hold Date to the Start Date at the regular daily interest rate on your Bank Account, such interest to be credited to your Bank Account in the normal manner.

**About the Interest on Your Investment****Interest on your money  
from Start Date  
to Maturity Date**

Interest on your Principal is calculated and paid only on the Maturity Date, so interest does **not** accrue or compound on your Principal between the Start Date and the Maturity Date. At Maturity, we will determine a simple interest rate applicable to your GIC by taking (i) the Index Based Interest Rate (described below) multiplied by the Customer Participation Rate, or (ii) the Minimum Return Rate, whichever is higher.

**Final Payment  
at Maturity**

At Maturity, you will be paid your Principal, plus simple interest, if any, calculated as above.

**Minimum  
Return on  
Principal**

The rate of return you will earn on your Principal will not be less than the Minimum Return Rate. If the Index Based Interest Rate multiplied by the Customer Participation Rate is lower than the Minimum Return Rate, the final rate of return applied to your Principal will be the Minimum Return Rate.

**No Compounding on Principal**

Your GIC pays simple interest on your Principal at the final applicable rate of return. Because interest on the Principal is calculated and paid only on the Maturity Date, there is no compounding of interest during the Term.

**Calculating the Index Based Interest Rate**

The Index Based Interest Rate is the rate of interest used to calculate the return on your Principal as long as the rate when multiplied by the Customer Participation Rate is higher than the Minimum Return Rate.

To calculate the Index Based Interest Rate, the Bank will observe the closing level of each Index applicable to your GIC on each of the following dates (each called an "Observation Date"): (i) first, on the Index Set Date set out in your Term Sheet. The closing level of each Index on that Index Set Date will be the "Initial Index Level" of each Index; (ii) then, every three months, on the same day of the month as the Index Set Date; and (iii) lastly, on the date indicated as the "Final Observation Date" in your Term Sheet. If any date falls on a day that is not an Index Business Day for any Index, the next Index Business Day for that Index shall be used.

To calculate the "Average Index Return" of each Index, we (i) first calculate the arithmetic average of the closing levels on each Observation Date during the Term not including the Index Set Date (the "Average"); (ii) then subtract the Initial Index Level from the Average to find the resulting sum (the "Sum"); and (iii) finally divide the Sum by the Initial Index Level to arrive at a figure, expressed as a percentage, which will be the "Average Index Return" of each Index.

For all GICs that reference only **one** stock market Index, the Average Index Return will be the **Index Based Interest Rate** used to calculate the return on your Principal.

For all GICs that reference a combination of **more than one** stock market Index, the Average Index Return of each individual Index will be divided by the number of applicable indices used with that GIC (for instance, the number '3' if there are 3 applicable indices). The resulting figure, expressed as a percentage, will comprise the "**Weighted Average Index Return**" of each Index. The sum of all applicable Weighted Average Index Returns (for instance, 3 if there are 3 applicable indices), expressed as a percentage, will be your **Index Based Interest Rate**.

**Example Tables**

Example tables are available from us at any time that show how the Index Based Interest Rate would be calculated for different Index options. These example tables use fictional index levels to demonstrate what rate of return would be applied to your Principal in various scenarios. These example tables are available from any HSBC Bank Canada branch or online at the Stock Market GIC product section of our website located at [www.hsbc.ca](http://www.hsbc.ca).

**We recommend that you REVIEW THESE EXAMPLES CAREFULLY before purchasing your GIC to ensure you understand how your applicable interest rate will be determined.**

**Other Important Information About this GIC****Legal Limit on Rate of Return:**

Regardless of the performance of any applicable index and notwithstanding anything else stated in these Stock Market GIC Terms, the rate of return on your GIC shall never be more than the maximum allowable by law, currently 60% per year.

**Principal Protection**

The Principal of your GIC is 100% guaranteed by HSBC, which means you will get the Principal paid back to you on the Maturity Date, regardless of how the Index applicable to your GIC has performed during the Term of your GIC and whether or not the GIC earns any interest.

**CDIC Insurance**

This GIC is eligible for Canada Deposit Insurance Corporation insurance.

**Cancellation**

You cannot cancel your purchase of this GIC, except in the circumstances set out in any public commitment HSBC has made regarding telephone and online sales of GICs. HSBC's current public commitment can be viewed online at the Stock Market GIC product section of our website located at [www.hsbc.ca](http://www.hsbc.ca).

**No Early Redemption**

Except in the case of your death, your GIC is not redeemable before the Maturity Date. The money deposited under your GIC **cannot** be withdrawn before the end of the Term for any reason or purpose whatsoever, including any Canada Revenue Agency plan or initiative such as the home buyers plan.

**In all Provinces other than Quebec:** The Deposit Holders have rights of survivorship and all of the Deposit Holders assign and transfer your GIC, including any interest earned on this deposit, to all of the surviving Deposit Holders. Your GIC and all interest earned on your GIC is the joint property with right of survivorship of the Deposit Holders. This right of survivorship means if one of the Deposit Holders should die, your GIC will automatically become the property of the surviving Deposit Holder(s). The survivors' rights and duties under your GIC will remain the same as provided for in these Terms and Conditions for the predecessor Deposit Holder(s) including the right to continue to deal with your GIC in accordance with these Standard Terms.

**In Quebec:** If you or any other person who holds this GIC jointly with you dies before the Maturity Date, we will pay the Principal only, with no interest, to the authorized representatives of the person who is deceased, provided that we receive written evidence, in form and substance satisfactory to us, that the authorized representatives may properly receive such amounts.

**No Transfer  
Secondary Market**

Your GIC is non-negotiable and non-transferable. You may not sell, trade or transfer your GIC to another person. There is no secondary market for your GIC.

**No Renewal**

Your GIC will not automatically renew.

HSBC does not guarantee that another Stock Market GIC offering will be available on the Maturity Date. You should ensure that you have provided us with instructions regarding disposition or re-investment of your funds well before the Maturity Date.

If the Maturity Date does not fall on a Business Day, funds will be deposited on the next Business Day following the Maturity Date.

**Calculation Agent**

Calculation of returns on your GIC shall be done by HSBC Bank USA, N.A. alone and no independent calculation agent will necessarily be retained to confirm HSBC determinations.

**Market Disruption  
Events and Adjustments**

Market Disruption Events are events that could affect the calculation of the values of the relevant Index. Examples of possible Market Disruption Events include such things as a suspension of trading on a relevant exchange, a change of laws that makes it unlawful or impractical for us to calculate the return on your GIC based on the Index value, an external event that has a material adverse effect on the relevant financial markets, or an outbreak of war, hostilities or other calamity or crisis or natural disaster that adversely affects the market.

If a Market Disruption Event occurs, as determined in HSBC's sole discretion, we reserve the right to calculate the Index value based on a different index, or on the advice of independent calculation experts, or to make other adjustments to your GIC or to the terms and conditions governing the GIC, or even terminate your GIC before its Maturity Date.

**Risks and Investment Suitability**

These investments are designed for the investor who is attracted by the growth opportunity of one or more Stock Market Indices and willing to accept the risk of earning the Minimum Return Rate and wants to have the Principal guaranteed. There are risks associated with your GIC. HSBC Stock Market GICs are not suitable investments for all purchasers. You should discuss your own investment objectives and ability to absorb risks with your financial advisor before deciding to purchase a Stock Market GIC. You should also carefully consider all the Stock Market GIC Terms. Some of the risks associated with this GIC include the following:

- ▶ This GIC is not redeemable or transferable. You cannot withdraw money, cancel or redeem your GIC before the Maturity Date and there is no secondary market for your GIC. Unless you can afford not to have access to your money until the Maturity Date in all circumstances, this GIC is not a suitable investment for you.

- ▶ No payments before Maturity Date. Interest earned on this GIC is not payable until the Maturity Date. If you require a stream of periodic income from your deposit, this GIC is not a suitable investment for you.
- ▶ The rate of return on this GIC is uncertain and unpredictable. Because the rate at which interest is calculated is linked to the performance of the securities that make up the Index, the rate of interest that will be earned on this GIC is uncertain and unpredictable. If you require a definite, fixed rate of return above the Minimum Return Rate, this GIC is not a suitable investment for you and you should consider a regular, fixed rate investment instead.
- ▶ No guarantee of return above Minimum Return Rate. There is no guarantee that the Index will increase over the Term of this GIC. Depending on the performance of the Index, your actual rate of return on this GIC may be limited to the Minimum Return Rate. If you are not prepared to assume the risk of earning a return limited to the Minimum Return Rate on your investment, this GIC is not a suitable investment for you.
- ▶ Changes in Index rules may affect Index values. Each Index is a “weighted” Index, which means that different types of securities are given a different relative value or “weight” in making up the Index. The Index sponsor may change this weighting or other rules as to the calculation of the Index without notice to us or to you. If the Index weighting changes, or other Index rules change, this may affect the overall level of increase or decrease of the Index after the change, as compared with the performance of the Index before the change.

**No Endorsement;  
Relationship;  
Conflict of Interest**

Neither your GIC nor any HSBC Stock Market GIC product is sponsored, endorsed, sold or promoted by any Index. For certain GICs, HSBC may own and/or administer the relevant index used for that GIC. If so, we will indicate that relationship in the Index Description on the Term Sheet.

**Other Agreements**

These Standard Terms are in addition to any other agreement you have with the Bank with respect to your accounts or our business relationship, including the Term Sheet, the Depositor’s Receipt, and other documents and agreements, if any, given to you when you make your purchase. If there is any conflict between any of these terms, the following shall prevail in this descending order: (i) Depositor’s Receipt (ii) Term Sheet; (iii) these Standard Terms; and (iv) all other documents and agreements.

**Additional Information  
Available during the Term**

At any time during the Term, you can request an indication of the current value of your GIC. This information is available online at the Stock Market GIC product section of our website located at [www.hsbc.ca](http://www.hsbc.ca).

**Language**

It is the express wish of the parties that these Standard Terms and all related documents be drafted in English. Les parties aux présentes conviennent et exigent que cette convention ainsi que tous les documents qui s’y rattachent soient rédigés en anglais.