



# US Index CBBCs

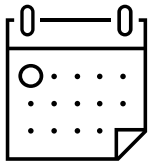
## NASDAQ-100 Index

The NASDAQ-100 Index (the “**Index**”) is a modified market capitalization-weighted index of 100 of the largest non-financial domestic and international issuers listed on The NASDAQ Stock Market.

With NASDAQ-100 Index CBBCs (“**US Index CBBCs**”), investors can now diversify their portfolio not limited to Hong Kong underlying assets, but also overseas underlying like NASDAQ-100 Index. This offers investors an easy access to a wider range of alternative investments.

## Key Highlights & Risks

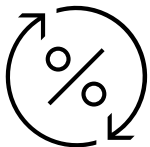
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### Risks relating to difference in trading days and hours between the Index Exchange, the Index Futures Exchange and the Stock Exchange

The Index level is calculated and published during the trading hours of The NASDAQ Stock Market (the “**Index Exchange**”). The E-mini NASDAQ -100 Futures Contracts are traded on the Chicago Mercantile Exchange (or its successor or assign) (the “**Index Futures Exchange**”). The trading days and hours of the Index Exchange and the Index Futures Exchange (based on Hong Kong time) are different from that of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), although the Index Futures Exchange and the Stock Exchange have overlapping trading hours.. In assessing the price of the US Index CBBCs, you should be aware of the differences in the time zone and the actual trading days and hours of the relevant exchanges in Hong Kong and the United States. For example, the Index level may be volatile during a period which the Stock Exchange is not open for trading of the US Index CBBCs.

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### Exchange rate risks

As the trading price of the constituent stocks comprising the Index is quoted in United States Dollars (“**US\$**”) but the US Index CBBCs will be settled in Hong Kong Dollars (“**HK\$**”), there will be an exchange rate risk when we convert US\$ into HK\$ in the calculation of the Cash Settlement Amount and Residual Value (if applicable).

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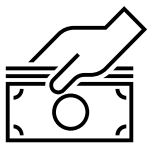
### Possible delay in settlement

The Valuation Date could be postponed if such day is not the day on which the Index Futures Contracts expire on the Index Futures Exchange. Such postponement will in turn result in a delay for settlement of the US Index CBBCs accordingly.



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### Mandatory call feature

A Mandatory Call Event occurs if the Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level at any time during an Index business day in the Observation Period.



### Occurrence of Mandatory Call Event for US Index CBBCs outside trading hours

US Index CBBCs linked to overseas underlying assets may be called outside the Stock Exchange's trading hours. In such cases, the US Index CBBCs will be suspended from trading on the Stock Exchange in the next trading session or soon after the issuer has notified the Stock Exchange about the occurrence of the Mandatory Call Event. There will be no automatic suspension of the US Index CBBCs by the trading systems of the Stock Exchange's securities market upon the occurrence of a Mandatory Call Event. For Category R US Index CBBCs, valuation of the residual value will be determined on the valuation day according to the terms and conditions as set out in accordance with the relevant listing documents.

## Cash Settlement Amount per Board Lot (if any) payable at expiry

Subject to no occurrence of a Mandatory Call Event:

▶ <b>For a series of bull US Index CBBC (In US\$):</b>	$\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$
▶ <b>For a series of bear US Index CBBC (In US\$):</b>	$\frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$

### Example

Closing Level	Strike Level	Index Currency Amount	Divisor	Board Lot
22,000 points	20,000 points	US\$1.00	10,000	10,000 CBBCs

If the Closing Level of the bull US Index CBBC is 22,000 points on the expiry date, the Strike Level is 20,000 points, the Divisor is 10,000 and the Exchange Rate "USDHKD" is 7.7500, the cash settlement amount in HK\$ for one board lot of bull US Index CBBCs will be:

$$\frac{(22,000 \text{ points} - 20,000 \text{ points}) \times 10,000 \text{ CBBCs} \times \text{US\$1.00}}{10,000} = \text{US\$2,000}$$

Converted into the settlement currency (In HK\$) at the Exchange Rate: USDHKD 7.7500  
 US\$2,000 X 7.7500 = HK\$15,500



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## Residual Value calculation

The US Index CBBCs are Category R as the Call Level is different from the Strike Level. Upon the occurrence of a Mandatory Call Event, the holder may be entitled to a cash amount called the “**Residual Value**” net of any exercise expenses. The Residual Value will be calculated in accordance with a formula by reference to the lowest Spot Level (in respect of a series of bull US Index CBBCs) or the highest Spot Level (in respect of a series of bear US Index CBBCs) of the Index in the trading session during which a Mandatory Call Event occurs and in the following session, subject to potential extension.

### The Residual Value per Board Lot (if any) payable is calculated as follows:

<b>In respect of a series of bull US Index CBBCs (In US\$):</b>	$\frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$
<b>In respect of a series of bear US Index CBBCs (In US\$):</b>	$\frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$

Where:

“**Minimum Index Level**” means, in respect of a series of bull US Index CBBCs, the lowest Spot Level of the Index during the MCE Valuation Period;

“**Maximum Index Level**” means, in respect of a series of bear US Index CBBCs, the highest Spot Level of the Index during the MCE Valuation Period;

### Example

Minimum Index Level	Strike Level	Index Currency Amount	Divisor	Board Lot
20,100 points	20,000 points	US\$1.00	10,000	10,000 CBBCs

If the minimum Index level of the Bull US Index CBBC is 20,100 points during the MCE Valuation Period, the Strike Level is 20,000 points, the Divisor is 10,000 and the Exchange Rate “USDHKD” is 7.7500, the residual value in HK\$ for one board lot of CBBCs will be:

$$\frac{(20,100 \text{ points} - 20,000 \text{ points}) \times 10,000 \text{ CBBCs} \times \text{US\$1.00}}{10,000} = \text{US\$100}$$

Converted into the settlement currency (In HK\$) at the Exchange Rate: USDHKD 7.7500  
 US\$100 X 7.7500 = HK\$775

## Glossary

### Closing Level

The final settlement price for settling the E-mini Nasdaq-100 Futures Contracts that are scheduled to expire during the month in which the expiry date of the relevant series of the US Index CBBCs is scheduled to fall (the “**Index Futures Contracts**”) on the Index Futures Exchange.

### Exchange Rate

The rate of exchange between US\$ and HK\$ (expressed as the number of units of HK\$ per 1 unit of US\$) (i) (if the Mandatory Call Event occurs) at or about 4:00 p.m. New York time on the last Index Business Day of the MCE Valuation Period, or (ii) (if no Mandatory Call Event occurs) at or about 10:00 a.m. New York time on the Valuation Date, as determined by the Issuer by reference to the mid quote as per the rate “USDHKD” on Bloomberg page BFIX. If such screen rate is not available for any reasons at such time on such date, the Issuer shall determine the exchange rate in a commercially reasonable manner.

“**MCE Valuation Period**” means, subject to any extension, the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange. For the avoidance of doubt, if the Mandatory Call Event is deemed to have occurred as at 9:00a.m. (Hong Kong time) on the observation commencement date, the MCE Valuation Period means the period commencing from and including the moment upon which the Mandatory Call Event occurs (i.e. 9:00a.m. (Hong Kong time) on the observation Commencement Date) and up to the end of the following trading session on the Index Exchange.

### Observation Period

The Observation Period commences from the observation commencement date up to and including the close of trading of the Stock Exchange (Hong Kong time) on the Trading Day immediately preceding the expiry date (both dates inclusive).

### Settlement Date

The third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the expiry date; and (b) the day on which the closing level is determined in accordance with the relevant listing documents (as the case may be).

“**Spot Level**” means the spot level of the Index as compiled and published by the index compiler, provided that for the purpose of determining the Spot Level as at 9:00a.m. (Hong Kong time) on the observation commencement date, the closing level of the Index as compiled and published by the index compiler in respect of the Index Business Day immediately preceding the observation commencement date will be deemed as the relevant Spot Level as at 9:00a.m. (Hong Kong time) on the observation commencement date.

### Valuation Date (New York time)

If such day is not the day on which the relevant Index Futures Contracts expire on the Index Futures Exchange, the day on which the relevant Index Futures Contracts will expire on the Index Futures Exchange.

“**Index Business Day**” means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions.

preceding the observation commencement date will be deemed as the Spot Level of the Index as at 9:00a.m. (Hong Kong time) on the observation commencement date. The Mandatory Call Event will be deemed to have occurred as at 9:00a.m. (Hong Kong time) on the observation commencement date if the relevant Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level.

Except for the Spot Level determination as at 9:00am (Hong Kong time) on the observation commencement date as described above, the time at which the Mandatory Call Event occurs will be determined by reference to the time the relevant Index level is published by the index compiler. The Index level is calculated and published during the trading hours of the Index Exchange. The trading days and hours of the Index Exchange (based on Hong Kong time) is different from that of the Stock Exchange. The Mandatory Call Event will only be triggered during non-trading hours of the Stock Exchange if the Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level during the Observation Period. Upon the occurrence of a Mandatory Call Event, trading in the US Index CBBCs will be suspended before the commencement of the continuous trading session of the Stock Exchange immediately following the Mandatory Call Event and, subject to the limited circumstances set out in accordance with the relevant listing documents which a Mandatory Call Event may be reversed, the US Index CBBCs will be terminated and all Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange. The term “**Post MCE Trades**” means subject to such modification and amendment prescribed by the Stock Exchange from time to time, all trades concluded after the Mandatory Call Event.

### Delay in Mandatory Call Event notification

We will notify the market as soon as reasonably practicable after the occurrence of a Mandatory Call Event. You should be aware that there may be a delay in our announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the reasonable control of the Stock Exchange and us. In addition, the Index level is calculated and published during the trading hours of the Index Exchange. The trading days and hours of the Index Exchange (based on Hong Kong time) is different from that of the Stock Exchange. Except for the Spot Level as at 9:00am (Hong Kong time) on the observation commencement date, the Mandatory Call Event will only be triggered during non-trading hours of the Stock Exchange if the Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level during the Observation Period. In such event, we will notify the market as soon as reasonably practicable on the next Trading Day.

### You may lose your entire investment when a Mandatory Call Event occurs

Unlike warrants, US Index CBBCs has a mandatory call feature and trading in the US Index CBBCs will be suspended when the Spot Level reaches the Call Level. For the purpose of determining if the Mandatory Call Event has occurred on the observation commencement date, the closing level of the Index as compiled and published by the index compiler in respect of the Trading Day immediately preceding the observation commencement date will be deemed as the Spot Level of the Index as at 9:00a.m. (Hong Kong time) on the observation commencement date. The Mandatory Call Event will be deemed to have occurred as at 9:00a.m. (Hong Kong time) on the observation commencement date if the relevant Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level. No investors can sell the US Index CBBCs after the occurrence of a Mandatory Call Event. Even if the level of the Index bounces back in the right direction, the US Index CBBCs which have been terminated as a result of the Mandatory Call Event will not be revived and investors will not be able to profit from the bounce-back. Investors may receive a Residual Value after the occurrence of a Mandatory Call Event but such amount may be zero.

### The structured products are not collateralised. If the issuer is insolvent or defaults, investors may not recover part or all of the amount due.

The information (including any terms and conditions) provided by The Hongkong and Shanghai Banking Corporation Limited (“HSBC” or the “Issuer”) in this document is for reference only and should not be construed as an offer, solicitation or recommendation to purchase or sale for any structured products. Structured products are complex products. Investors should exercise caution in relation to them. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

The price of the structured products may fall in value as rapidly as it may rise and investors may sustain a total or substantial loss of their investment. Past performance is not indicative of future performance. You should ensure you understand the nature and risks, carefully study the listing documents, independently determine that they are appropriate for you and, where necessary, seek professional advice before you invest in the structured products. HSBC acting through its appointed liquidity provider may be the only market participant in the structured products and therefore the secondary market for the structured products may be limited.

Please also note that US Index CBBCs have a mandatory call feature and may therefore be subject to early termination, upon which (i) investors in category N US Index CBBCs will lose all of their investments in the US Index CBBCs; and (ii) the residual value of category R US Index CBBCs may be zero.

In relation to the structured products, please also read the relevant launch announcement and supplemental listing document (including but not limited to the index disclaimer). Any example provided herein are for the purposes of illustration only.

If there is any inconsistency between the English version and the Chinese version, the English version shall prevail

## Risks disclosure and Disclaimers

### Political and economic risks relating to the Index

The Index level may be subject to political, economic, financial and social factors that apply in those geographical regions (such as the United States), which may differ favourably or unfavourably from those factors that apply to Hong Kong. Moreover, foreign economies may also differ favourably or unfavourably from the Hong Kong economy in important respects such as, including but not limited to, growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

### Publication of Index level when component shares are not trading

The index compiler may publish the Index level at a time when one or more shares comprising the Index are not trading. In such case, the Index level may be calculated by the index compiler by reference to the remaining shares comprising the Index. This may have an unforeseen adverse impact on the value of your investment.

### Less public information about the Index and such information may not be available in Chinese.

There may be less publicly available information about the Index than those about Hong Kong indices and some of that information may not be available in Chinese.

If you do not understand any such information, you should obtain independent advice.

### Mandatory call feature

A Mandatory Call Event occurs if the Spot Level is at or below (in respect of a series of bull US Index CBBCs) or at or above (in respect of a series of bear US Index CBBCs) the Call Level at any time during an Index business day in the Observation Period.

The Observation Period commences from the observation commencement date up to and including the close of trading of the Stock Exchange (Hong Kong time) on the Trading Day immediately preceding the expiry date (both dates inclusive). “**Trading Day**” means a day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions.

For the purpose of determining if the Mandatory Call Event has occurred on the observation commencement date, the closing level of the Index as compiled and published by the index compiler in respect of the Index Business Day immediately



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