

PRIIPs Key Information Document – For Execution Only and Advisory Services

Introducing PRIIPS

From 1 January 2018 the *Packaged Retail and Insurance-based Investment Products Regulation* ("PRIIPs Regulation") will be introduced.

The Regulation aims to increase the transparency and comparability of in scope investment products through the issue of a standardised disclosure document; the Key Information Document (KID). The KID is intended to make it easier for investors to understand and compare the key features, risks, rewards and costs of different products in scope of PRIIPs.

How the PRIIPs Regulation affects you

The PRIIPs Regulation applies to all products, where the amount repayable is subject to fluctuation because of exposure to reference values, or is subject to the performance of one or more assets which are not directly purchased by the investor. This includes products such as investment funds, life insurance policies with an investment element, structured products and structured deposits.

The regulation applies to purchases of these types of products by Retail Investors who are resident within the EEA, regardless of their nationality.

The Key Information Document (KID)

A KID must be provided before each transaction so that you, the investor, can compare different products that are in scope of the PRIIPs Regulation and make an informed choice on whether to invest. In the case of our Foreign Exchange (FX) products, so as not to delay execution, we will make illustrative KIDS available for the most commonly traded currency pairs and durations via a dedicated Website <https://priips.hsbcprivatebank.com/> or in paper form as agreed with you. For other products, KIDs will be provided to you on a trade-by-trade basis, before you trade.

It is important to read the KID carefully before you trade so that you fully understand the nature, risks, costs, potential gains and losses of the product.

KID content

The KID is a standardised document and all product manufacturers are required to include the same information and explanations. We have explained below the key elements of this document:

1 Key Information Document
Forward Foreign Exchange Contract

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Header
This tells you the name of the product that you are purchasing

Product General Information
Details of the product manufacturer and their contact details including who regulates them

What is this product?
Specification of product type and features including objectives and how these are to be achieved, the type of retail investor for whom this product is intended and the term of the product

Product data:

Sale currency	EUR	Purchase currency	USD
Contractual amount	EUR 1,000,000.00	Forward exchange rate	1.00 EUR = 1.40 USD
Trade date	January 6, 2018	Spot exchange rate on trade date	1.00 EUR = 1.2067 USD
Maturity date	April 5, 2018		

Underlying data:

Underlying	EUR/USD	Underlying type	Foreign currency exchange rate

Intended retail investor: This product is intended for retail investors with sufficient knowledge and/or experience in these types of products, a significant ability to bear investment loss and an investment horizon below one year.

Terms: The maturity date of the product is April 5, 2018. The term of the product is 90 days. The product does not provide the option that if certain extraordinary events occur, you and/or the product manufacturer can terminate the product early. Therefore the product cannot be terminated. You may nevertheless enter into an additional counter transaction that offsets the economical effect of this contract.

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II. What are the risks and what could I get in return?

Summary Risk Indicator

Lower Risk (1 2 3 4 5 6 7) **Higher Risk**

This risk indicator is based on the assumption that you will hold the product until the end of its term (April 5, 2018). A premature termination by you is not possible and only by the product manufacturer with good cause. You cannot end your product early. You will have to pay significant extra costs to end your product early.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the product manufacturer is not able to pay you. The product manufacturer has classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level, and poor market conditions are very likely to impact the capacity of the product manufacturer to pay out. Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. In some circumstances you may be required to make payments to pay for losses. The total loss you may incur may be significant. This product does not include any protection from future market performance so you could incur significant losses. If we are not able to pay you what is owed, you could incur significant losses.

Performance Scenarios

Nominal amount EUR 10'000.00

Scenarios	What you might get back or pay after costs	50 days (Recommended holding period)
Stress scenario	Average return/loss over nominal amount each year	EUR 9'482.56 -10.28 % p.a.
Unfavourable scenario	What you might get back or pay after costs	EUR 11'025.51
	Average return/loss over nominal amount each year	41.00 % p.a.
Moderate scenario	What you might get back or pay after costs	EUR 11'456.57
	Average return/loss over nominal amount each year	30.20 % p.a.
Favourable scenario	What you might get back or pay after costs	EUR 12'307.01
	Average return/loss over nominal amount each year	15.07 % p.a.

This table shows the money you could get back or pay over the next 50 days, under different scenarios, assuming a nominal value of EUR 10'000.00. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the product manufacturer is not able to pay you. This product cannot be ended. This means it is difficult to estimate how much you would get if you end before the end of the recommended holding period. You will either be unable to end early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

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III. What happens if HSBC Private Bank (UK) Limited is unable to pay out?

If the product manufacturer becomes insolvent or otherwise unable to deliver under the product, investors should in the worst case be prepared to suffer a total loss of their investment.

IV. What are the costs?

The reduction in yield (RIY) shows what impact the total costs you pay will have on the performance of the product. The total costs take into account one-off costs. The amounts shown here are the cumulative costs of the product itself, for the recommended holding period. The figures assume a nominal value of EUR 10'000.00. The figures are estimates and may change in the future.

Cost over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Nominal amount EUR 10'000.00

Scenarios	If you end at the recommended holding period
Total costs	EUR 30.00
Impact on return (RIY) per year	3.8230 % p.a.

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What are the risks and what could I get in return?

Details of the level of risk associated with the product explained through the use of a Summary Risk Indicator from 1 to 7 with 1 being the lowest risk and 7 the highest

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Performance Scenarios

Presentation of a range of performance scenarios that shows what you might get back after costs

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What happens if the Manufacturer is not able to pay out?

The consequences of a potential default of the Manufacturer. Indication of whether the investor can face a financial loss and whether the loss is covered by a compensation or guarantee scheme.

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What are the costs?

Description of the costs associated with the product including their composition and how they may impact the investment return

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V. How long should I hold it and can I take my money out early?

Recommended holding period: 90 days

The product is designed to be held until the maturity date. It does not provide for an early termination right of the investor other than the termination right upon occurrence of certain extraordinary events set out above under 'Term' in Section I, if any. Therefore, investors should be prepared to stay invested for the term of the product.

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VI. How can I complain?

Complaints about the product or services received in connection with the product or about the person advising on or selling the product should be addressed in writing to HSBC Private Bank (UK) Limited, Complaint Management, 78 St James's Street, SW1A 1JB London, England, by e-mail to <https://www.hsbcprivatebank.com/en> or by directly contacting your Relationship Management team. Further information can be found on <https://www.hsbcprivatebank.com/en>.

VII. Other relevant information

After entering into the contract, the relevant confirmation and the underlying master agreement will constitute the contractual basis of this product. The master agreement and the relevant and applicable annexes will be provided by the product manufacturer. The confirmation has to be made available to you by the product manufacturer. The information contained in this key information document does not constitute a recommendation to buy or sell the product and is no substitute for individual consultation. The percentage cost figures disclosed in Section IV represent the estimated annualised reduction in yield, due to costs, assuming the theoretical market development from the moderate performance scenario. The values do not correspond to the margin percentage, which the bank applies, and may change based on actual performance of your investment.

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How long should I hold it and can I take my money out early?

Explains how long you should hold the product (i.e. the recommended holding period) as well as the consequences of taking your money out early.

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How can I complain?

Information about how and to whom the client can make a complaint about the product or its manufacturers, distributor or advisor

If you need further assistance in understanding any aspect of this document, please speak to your Relationship Manager or Investment Counsellor.

Disclaimer

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