

HSBC BANK CANADA

Programme for the Issuance of

Covered Bonds

**unconditionally and irrevocably guaranteed as to payments by
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)**

DEALERSHIP AGREEMENT

Dated as of
August 10, 2018

TABLE OF CONTENTS

SECTION 1.	DEFINITIONS	2
SECTION 2.	ISSUANCE OF COVERED BONDS	5
SECTION 3.	REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY HSBC AND THE GUARANTOR	14
SECTION 4.	INDEMNITY	29
SECTION 5.	REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE DEALERS	33
SECTION 6.	REGULATION S COVERED BONDS: DETERMINATION OF END OF DISTRIBUTION COMPLIANCE PERIOD	36
SECTION 7.	COSTS AND EXPENSES	37
SECTION 8.	NOTICES AND COMMUNICATIONS	38
SECTION 9.	CHANGES IN DEALERS	38
SECTION 10.	INCREASE IN AUTHORIZED AMOUNT	39
SECTION 11.	ASSIGNMENT	40
SECTION 12.	LAW AND JURISDICTION	40
SECTION 13.	CURRENCY INDEMNITY	40
SECTION 14.	COUNTERPARTS AND SEVERABILITY	41
SECTION 15.	NON-PETITION	41
SECTION 16.	LIMITATION OF LIABILITY	41
SECTION 17.	AMENDMENT AND WAIVER	41
SCHEDULE 1	SELLING AND TRANSFER RESTRICTIONS	1
SCHEDULE 2	CONDITIONS PRECEDENT	1
SCHEDULE 3	DEALER ACCESSION LETTER	1
SCHEDULE 4	NOTICE OF INCREASE OF AUTHORIZED AMOUNT	1
SCHEDULE 5	NOTICE DETAILS	1
SCHEDULE 6	PRO FORMA FINAL TERMS	1
SCHEDULE 7	PRO FORMA SUBSCRIPTION AGREEMENT	1
SCHEDULE 8	OPERATING AND ADMINISTRATIVE PROCEDURES MEMORANDUM ..	1
SCHEDULE 9	CERTIFICATE REGARDING CONFIRMATION OF SATISFACTION OF SECTION 2.05(I) OF DEALERSHIP AGREEMENT	1
SCHEDULE 10	CERTIFICATE REGARDING CONFIRMATION OF SATISFACTION OF SECTION 2.05(R) OF DEALERSHIP AGREEMENT	1

THIS DEALERSHIP AGREEMENT (this “**Agreement**”) is made as of the 10th day of August, 2018.

AMONG

- (1) HSBC Bank Canada (in its capacity as issuer of Covered Bonds, the “**Issuer**”; in its capacity as seller of Loans and their Related Security, the “**Seller**”; or “**HSBC**”);
- (2) HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership (a limited partnership formed under the laws of Ontario) (acting in its capacity as a guarantor as to payments of interest and principal under the Covered Bonds, the “**Guarantor**”) by its managing general partner, HSBC Canadian Covered Bond (Legislative) GP Inc.;
- (3) HSBC Securities (USA) Inc. (a “**Dealer**”, and the term “**Dealers**” shall include any institution(s) appointed as a Dealer in accordance with subsection 9.01(b), and save as specified herein, exclude any institution(s) whose appointment as a Dealer has been terminated in accordance with subsection 9.01(a), provided that where any such institution has been appointed as Dealer in relation to a particular Tranche (as defined below) the expression “Dealer” or “Dealers” shall only mean or include such institution in relation to such Tranche); and
- (4) HSBC Securities (USA) Inc. (the “**Arranger**”).

WHEREAS

- (A) The Issuer has established a programme (the “**Programme**”) for the issuance of covered bonds (the “**Covered Bonds**”), unconditionally and irrevocably guaranteed by the Guarantor, and in connection with such Programme, has entered into the Agency Agreement referred to below.
- (B) Covered Bonds will be issued on an unlisted basis.
- (C) Covered Bonds issued pursuant to the Programme will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (D) The parties wish to record the arrangements agreed between them in relation to the issuance and sale by the Issuer and the purchase by the Relevant Dealers from time to time of Covered Bonds under the Programme.
- (E) In connection with the foregoing, the Issuer has prepared an Offering Memorandum for use in connection with the Programme. The terms of the Covered Bonds to be issued under the Programme shall be documented by way of Final Terms and as may be agreed between the Issuer and the Relevant Dealer(s) from time to time.

IT IS AGREED as follows:

Section 1. Definitions

1.01 For the purposes of this Agreement:

“**Agency Agreement**” means the agency agreement dated August 10, 2018 made among the Issuer, the Guarantor, the Bond Trustee, the Issuing and Paying Agent, the other Paying Agents, the Exchange Agent, the U.S. Registrar and the Transfer Agents, as the same may be amended, supplemented or replaced from time to time;

this “**Agreement**” includes the Schedules attached hereto and any amendment or supplement hereto (including any confirmation or agreement whereby an institution becomes a Dealer hereunder given or executed pursuant to subsection 9.01(b)) and the expressions “**herein**” and “**hereto**” shall be construed accordingly;

“**Agreement Date**” means each date on which the Issuer and the Guarantor conclude a Relevant Agreement which, where the Issuer and the Guarantor enter into an agreement in the form or based on the form set out in Schedule 7 with such Dealer(s) shall be the execution date of such agreement and in all other cases shall be the date of the relevant Final Terms;

“**Auditors**” means the auditors appointed by the Issuer in accordance with the provisions of the *Bank Act* (Canada), which at the date hereof are PricewaterhouseCoopers LLP;

“**Authorized Amount**” means, at any time, the amount of CAD \$3,500,000,000, subject to any amendment of this definition or an increase as may have been authorized pursuant to Section 10 hereof;

“**Canadian business day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in Toronto and Vancouver;

“**CDS**” means CDS Clearing and Depository Services Inc. and its successors and assigns;

“**Covered Bonds**” has the meaning specified in recital (A) hereof;

“**Disclosure Documents**” means the Final Terms together with the Offering Memorandum and, if applicable, any relevant Pricing Supplement and any Investor Presentation;

“**DTC**” means The Depository Trust Company;

“**Final Terms**” means the final terms issued in relation to a Series or Tranche of Covered Bonds in, or substantially in, (i) the form of Schedule 6 hereto, for use in connection with the Offering Memorandum; or (ii) such other form as may be agreed between the Issuer,

the Guarantor and the Relevant Dealers for use other than in connection with the Offering Memorandum in respect of any Series of Covered Bonds;

“Investor Presentation” has the meaning specified in the applicable Subscription Agreement;

“Issue Date” means the date specified as such in the relevant Final Terms;

“Issuing and Paying Agent” means HSBC Bank USA, National Association, in its capacity as issuing and paying agent, which expression shall include any successor(s) thereto;

“Manager Information” has, with respect to any Tranche of Covered Bonds, the meaning set forth in the related Subscription Agreement;

“Marketing Materials” means any Investor Presentation, any other marketing materials or additional information provided in writing by or approved in writing by the Issuer or the Guarantor to any of the Relevant Dealers expressly in respect of an issue of Covered Bonds to actual and potential purchasers of Covered Bonds;

“Offering Document” means:

- (a) in relation to Rule 144A Covered Bonds, each of (i) the Time of Sale Information at the Time of Sale and (ii) the Offering Memorandum and the Final Terms at the date of the Final Terms and at the Issue Date; or
- (b) in all other cases, the Offering Memorandum and the Final Terms; or

in each case, as may be specified in the Subscription Agreement;

“Offering Memorandum” means the pro forma offering memorandum dated March 23, 2018, once finalized prior to the date of the first issuance of Covered Bonds, relating to the Programme together with all documents expressly incorporated by reference therein, as such may be amended, supplemented, replaced or substituted from time to time;

“Paying Agents” means HSBC Bank USA, National Association, acting through its offices at 452 Fifth Avenue, New York, New York 10018-2706, in its capacity as paying agent, which expression shall also include the Issuing and Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement;

“Pricing Supplement” means the pricing supplement issued in relation to a Series or Tranche of Covered Bonds in such form as may be agreed to by the Issuer, the Guarantor and the Relevant Dealer(s);

“Registrars” means HSBC Bank USA, National Association, in its respective capacity as U.S. registrar, and any substitute or additional registrars appointed in accordance with the

Agency Agreement and, in relation to any particular Covered Bonds in registered form, **“Registrar”** means whichever Registrar is specified in the relevant Final Terms;

“Relevant Agreement” means an agreement in writing among the Issuer, the Guarantor and any Dealer(s) for the sale by the Issuer and the purchase or, as the case may be, subscription for as principal by such Dealer(s) (or on such other basis as may be agreed between the Issuer and the Relevant Dealer(s) at the relevant time) of any Covered Bonds and shall include, without limitation, any agreement in the form or based on the form set out in Schedule 7 hereto;

“Relevant Dealer” means, in relation to a Relevant Agreement which is made between the Issuer and more than one Dealer, the institution specified as such in such Relevant Agreement; and, in relation to a Relevant Agreement which is made between the Issuer, the Guarantor and a single Dealer, such Dealer;

“Securities Act” means the United States Securities Act of 1933, as amended;

“Series” means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

“Subscription Agreement” means the agreement between the Issuer, the Guarantor and the Relevant Dealers in substantially the form set out in Schedule 7;

“Terms and Conditions” means in relation to any Covered Bonds, the terms and conditions applicable to such Covered Bonds set out in the Offering Memorandum as completed, amended, supplemented or replaced by the applicable Final Terms, and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof;

“Time of Sale” means the time specified in the relevant Subscription Agreement or as may otherwise be agreed between the parties;

“Time of Sale Information” means any Pricing Supplement together with the Offering Memorandum and any other document specified in the applicable Subscription Agreement as being “Time of Sale Information”, in each case, as of the Time of Sale;

“Tranche” means Covered Bonds which are issued on the same Issue Date, the terms of which are identical in all respects save that a Tranche may comprise Covered Bonds in more than one denomination;

“Transaction Documents” has the meaning set forth in the Master Definitions and Construction Agreement, dated August 10, 2018, by and among the Issuer, the Guarantor, Computershare Trust Company of Canada, HSBC Canadian Covered Bond (Legislative) GP Inc., 10525910 Canada Inc. and the Auditors.

“**Transfer Agent**” means HSBC Bank USA, National Association, acting through its offices at 452 Fifth Avenue, New York, New York 10018-2706, in its capacity as transfer agent, which expression shall also include, unless the context otherwise requires, any Registrar and shall include any substitute or additional transfer agents appointed in accordance with the Agency Agreement.

- 1.02** Terms used in the Offering Memorandum shall, unless the context otherwise admits or the contrary is indicated, have the same meaning herein.

Section 2. Issuance of Covered Bonds

- 2.01** The Issuer and the Dealers agree that any Covered Bonds which may, from time to time, be agreed between the Issuer and any Dealer(s) to be sold by the Issuer and purchased or, as the case may be, subscribed for by such Dealer(s) shall be sold and purchased, or, as the case may be, subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be under any obligation to sell, procure subscriptions for, purchase or subscribe for, as the case may be, any Covered Bonds.

- 2.02** Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to subscribe for:

- (a) Covered Bonds offered pursuant to Rule 144A, including offers and sales of Covered Bonds in the United States or to or for the account or benefit of a U.S. person as defined in Regulation S under the Securities Act (collectively, the “**Rule 144A Covered Bonds**”), the terms of which will be set out in the applicable Offering Document. The Rule 144A Covered Bonds (1) will be issued as Registered Covered Bonds, (2) may not be offered or sold within the United States or to or for the account or benefit of a U.S. person, except to persons that the Relevant Dealer reasonably believes are “qualified institutional buyers” (“**Qualified Institutional Buyers**” or “**QIBs**”), as defined in Rule 144A under the Securities Act (“**Rule 144A**”), and (3) will be initially represented by a Rule 144A Global Registered Covered Bond issued and delivered on each date on which the Issuer issues Rule 144A Covered Bonds under the Programme to the applicable Registrar as custodian for DTC and registered in the name of a nominee of DTC or, if applicable, registered in the name of the applicable Registrar and delivered to DTC; and
- (b) Covered Bonds offered pursuant to Regulation S, including offers and sales of Covered Bonds in offshore transactions to a person other than a U.S. person (in each case as defined in Regulation S under the Securities Act) (collectively, the “**Regulation S Covered Bonds**”), the terms of which will be set out in the applicable Offering Document. The Regulation S Covered Bonds (1) will be issued as Registered Covered Bonds, (2) may not be offered or sold within the United States or to or for the account of a U.S. person, and (3) will initially be

represented by a Regulation S Global Registered Covered Bond issued and delivered on each date on which the Issuer issues Regulation S Covered Bonds under the Programme to the applicable Registrar as custodian for DTC and registered in the name of a nominee of DTC or, if applicable, registered in the name of the applicable Registrar and delivered to DTC.

- 2.03** Offers and sales of the Rule 144A Covered Bonds will only be made to purchasers who are reasonably believed by the Relevant Dealer to be QIBs acting for their own account or acting for the account of other persons who are reasonably believed to be QIBs. Each Dealer will furnish each purchaser of the Covered Bonds through or from such Dealer with an Offering Memorandum which shall be prepared by, and the contents of which shall be the sole responsibility of, the Issuer (other than for any written information or documents provided by any Dealer expressly for inclusion therein), as amended from time to time, including any amendments or supplements thereto as shall have been prepared and delivered to such Dealer (other than any such amendment or supplement that shall have been superseded by a subsequent amendment or supplement).
- 2.04** Upon the conclusion of any Relevant Agreement and subject as provided in Section 2.05:
- (a) the Relevant Dealer shall promptly acknowledge the terms of the Relevant Agreement (as established by the Relevant Dealer and the Issuer) to the Issuer (with a copy to the Guarantor, the Issuing and Paying Agent and the Registrar) in writing (by letter, fax or email);
 - (b) the Issuer and the Guarantor shall promptly confirm such terms to the Issuing and Paying Agent and the Registrar in writing (by letter, fax or email), and the Relevant Dealer or, if such Relevant Dealer so agrees with the Issuer, the Issuer will prepare or procure the preparation of the Final Terms in relation to the relevant Covered Bonds for approval (such approval not to be unreasonably withheld or delayed) by the Issuer or, as the case may be, the Relevant Dealer and execution on behalf of the Issuer and the Guarantor;
 - (c) the Issuer shall cause the Covered Bonds, which shall be initially represented by a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, as applicable, to be issued and delivered on the agreed Issue Date to a custodian of DTC or to CDS, as specified in the applicable Final Terms, and the securities account(s) of the Relevant Dealer with DTC and/or CDS (as specified by the Relevant Dealer) will be credited with the Covered Bonds on the agreed Issue Date; and
 - (d) the Relevant Dealer(s) shall, subject to delivery of the Covered Bonds and the other conditions listed in Section 2.05, for value on the Issue Date of the relevant Covered Bonds procure the payment of the net purchase monies therefor (namely the agreed issue or sale price thereof plus any accrued interest and less any agreed commissions or other agreed deductibles) to or to the order of the Issuer by credit

transfer to such account as may have been specified by the Issuer to the Relevant Dealer for that purpose.

2.05 The obligations of any Dealer(s) under subsection 2.04(d) are conditional upon:

- (a) in respect of the first issue of Covered Bonds, each Dealer having received in form, number and substance satisfactory to each such Dealer not less than one Canadian business day (one New York business day in the case of an offer and sale in the United States) prior to the Issue Date of such Covered Bonds the applicable documents and confirmations described in Schedule 2 to this Agreement, provided that if any Dealer (other than any Dealer participating in the first issue of Covered Bonds under this Agreement) considers any document or confirmation described in Schedule 2 to this Agreement to be unsatisfactory in its reasonable opinion, it must notify the Arranger and the Issuer within the earlier of the Issue Date and five Canadian business days (five New York business days in the case of an offer and sale in the United States) of receipt of such documents and confirmations and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory;
- (b) HSBC and the Guarantor (i) having performed all of their respective obligations under this Agreement to be performed on or before the Issue Date of the relevant Covered Bonds, and (ii) confirming that there has been no change rendering the representations and warranties of HSBC and the Guarantor set out in this Agreement inaccurate on or prior to the Issue Date, provided that for the purposes of this subsection such representations and warranties shall only be qualified by the provisos at the end of Sections 3.01 and 3.03, as applicable, to the extent that information is disclosed to the Dealers before the date of the Relevant Agreement;
- (c) subject to Section 10, the aggregate nominal amount of the Covered Bonds to be issued, when added to the aggregate nominal amount of all Covered Bonds outstanding on the proposed Issue Date (excluding for this purpose Covered Bonds due to be redeemed on the Issue Date) not exceeding the Authorized Amount;
- (d) there not having occurred since the date of the Relevant Agreement:
 - (i) any change in the financial condition of the Issuer or the Guarantor that, in the reasonable judgment of the Relevant Dealers and the Arranger, impairs or may impair the investment quality of the Covered Bonds;
 - (ii) any downgrading or withdrawal by Moody's or Fitch of, or the placing on "creditwatch" (or other similar publication of formal review by the relevant rating organization) by Moody's or Fitch of, the rating of the Issuer's debt securities;
 - (iii) in the professional opinion of the Relevant Dealers (after consultation with the Issuer and the Guarantor, if practicable), any change in national or

international financial, political or economic conditions or currency exchange rates or exchange controls, or any outbreak of war or other armed conflict, as would, in the sole discretion of the Relevant Dealers, be likely to materially prejudice the success of the offering and distribution of any of the relevant Covered Bonds, whether in the primary market or in respect of dealings in the secondary market; or

- (iv) any event or circumstance that with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement will constitute an Issuer Event of Default;
- (e) in the case of Rule 144A Covered Bonds, there not having occurred since the date of the Relevant Agreement any (i) suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) suspension or material limitation in trading in HSBC's securities on any stock exchange; (iii) general moratorium on commercial banking activities declared by U.S. federal or state authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; or (iv) outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war or the occurrence of any other calamity or crisis or any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the Relevant Dealers' judgment, be likely to prejudice materially the success of the offering and distribution of any of the relevant Covered Bonds in the manner and on the terms described in the Relevant Agreement;
- (f) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers and, in the case of all other issues and if requested by the Relevant Dealer, there having been delivered to such Dealer, opinions from legal counsel (in Canada and/or the United States, as applicable) acceptable to the Relevant Dealer in such form as the Relevant Dealer may reasonably request on and dated as of the Issue Date of the relevant Covered Bonds;
- (g) in relation to any Tranche of Covered Bonds, there having been delivered to the Relevant Dealers (and to the Arranger, in the case of Covered Bonds syndicated among a group of institutions) a letter from the Auditors (each, an "**Auditor's Letter**") of the Issuer in such form as the Relevant Dealers (and as the Arranger, in the case of Covered Bonds syndicated among a group of institutions) may reasonably request on and dated as of the Issue Date of the relevant Covered Bonds. In addition, in the case of Rule 144A Covered Bonds, the Auditor's Letter (which may be a letter in the form of SAS 72 or SAS 76 or any letter replacing the same) shall be supplemented by letters confirming that the Auditors have performed certain specified procedures with respect to the Covered Bond Portfolio as may be reasonably requested by the Relevant Dealers in the

Subscription Agreement, which shall be delivered and dated as of the Issue Date of the relevant Covered Bonds;

- (h) the Issuer being permitted to issue such Covered Bonds under, and having complied with, and such Covered Bonds and the Transaction Documents complying with, all relevant laws and directives and all consents and approvals of any court, governmental department or other regulatory body that are required for the Covered Bonds to be issued and for the performance of their terms having been obtained and the Guarantor being permitted to enter into the Guarantee;
- (i) (i) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers a copy of the Offering Memorandum together with a certificate, in the form set forth in Schedule 9 attached hereto, dated the Issue Date, signed by any person holding the office of Vice President or above of the Issuer, in such capacity and not in his or her personal capacity, in which such officer, to the best of his or her knowledge after reasonable investigation, shall state that such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Issuer and nothing has happened that would require such documents to be supplemented, and (ii) in the case of all issues of Covered Bonds, there having been delivered to the Relevant Dealer, such opinions, documents, certificates and information relevant in the context of the issue of such Covered Bonds as the Relevant Dealer may reasonably request;
- (j) no meeting of the holders of Covered Bonds (or any of them), called to consider matters which might, in the opinion of the Relevant Dealer, be material in the context of the proposed issue and purchase of the Covered Bonds, having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;
- (k) the forms of the Final Terms, the Covered Bonds in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the Relevant Dealer, the Bond Trustee, the Issuing and Paying Agent and the Registrar;
- (l) in respect of the currency in which the Covered Bonds are to be denominated, such currency being accepted for settlement by DTC and/or CDS;
- (m) as applicable, the delivery to the Registrar as custodian of the Registered Regulation S Global Covered Bond and/or the Registered Rule 144A Global Covered Bond representing the relevant Registered Covered Bonds as provided in the Agency Agreement;

- (n) the Guarantor, the Bond Trustee and the Covered Bond Swap Provider on the Issue Date entering into a Covered Bond Swap Agreement in relation to the relevant Covered Bonds;
- (o) the Specified Denominations being at least U.S. \$200,000 (or such other amount which is specified as the minimum denomination in the applicable Final Terms);
- (p) the representations and warranties contained in the Transaction Documents being true and correct on the date of this Agreement, on the Issue Date of the Covered Bonds and on each intervening date, with reference in each case to the facts and circumstances then subsisting (except for (i) the representations and warranties contained in Sections 4.1(g), 4.1(j) and 4.1(o) of the Mortgage Sale Agreement which shall be true and correct as of the date they are expressed to be made, and (ii) the representations and warranties contained in the Mortgage Sale Agreement for which remedy of repurchase or substitution is available and such remedy or substitution has been or will be exercised in accordance with the terms of the Mortgage Sale Agreement), in each case except to the extent waived by the Relevant Dealer;
- (q) in the case of Rule 144A Covered Bonds that are to be cleared through DTC only, unless otherwise agreed by the Issuer and the Arranger, the Issuer's delivery to the Arranger, on behalf of the Dealers, of (i) a DTC Letter of Representations, in the agreed form, executed by DTC, the Issuing and Paying Agent and the Issuer, (ii) a CUSIP number in respect of such Covered Bonds, and (iii) confirmation that such Covered Bonds have been accepted by DTC or any alternative clearing system (as appropriate) for clearing and settlement in its or their systems, as appropriate;
- (r) (A) in relation to any Tranche of Covered Bonds that is syndicated among a group of institutions, there having been delivered to the Relevant Dealers, a copy of the Offering Memorandum together with a certificate, in the form set forth in Schedule 10 attached hereto, dated the Issue Date, of an authorized officer of each of the Issuer and the Guarantor in which such officer, to the best of his or her knowledge after reasonable investigation, shall state that (a) the Issuer or the Guarantor, as applicable, has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Issue Date in all material respects in the context of the issuance of the Covered Bonds, except to the extent waived by the Relevant Dealer, (b) subsequent to the date of the most recent financials, there has been no change that is materially adverse to the condition (financial or otherwise) of HSBC and its consolidated subsidiaries taken as a whole, except to the extent (if any) disclosed in the Time of Sale Information as of the Time of Sale and as of the Issue Date, or the Time of Sale Information together with the Final Terms, as of the date of the Final Terms and as of the Issue Date, and (c) (i) with respect to Regulation S Covered Bonds only, the Offering Documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the

Issuer or the Guarantor, as applicable, and nothing has happened that would require such documents to be supplemented, and (ii) with respect to Rule 144A Covered Bonds only, (I) the Time of Sale Information as of the Time of Sale and as of the Issue Date, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (II) the Time of Sale Information together with the Final Terms as of the date of the Final Terms and as of the Issue Date did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, and (B) in the case of all issues of Covered Bonds, there having been delivered to the Relevant Dealer, such opinions, documents, certificates and information relevant in the context of the issue of such Covered Bonds as the Relevant Dealer may reasonably request.

- 2.06** The Relevant Dealer, on behalf of itself only or, as the case may be, the other Dealer(s) party to the Relevant Agreement in question, may, in its absolute discretion, waive any of the conditions contemplated in Section 2.05 (other than the condition contained in paragraph (c) of Section 2.05) in writing to the Issuer in so far only as they relate to an issue of Covered Bonds by the Issuer to such Dealer(s) and any condition so waived shall be deemed to have been satisfied as regards such Dealer(s) alone and only for the purposes specified in such waiver. If any of such conditions are not satisfied or waived by the Relevant Dealer on or before the Issue Date of any relevant Tranche, the Relevant Dealer shall be entitled to terminate the Relevant Agreement and, in that event, the parties to such Relevant Agreement shall be released and discharged from their respective obligations thereunder (except for any rights or liabilities which may have arisen pursuant to Section 3 and Section 5 of this Agreement or have been incurred prior to or in connection with such termination or any liability of the Issuer or the Guarantor under the terms of the Relevant Agreement for the expenses of the Dealer(s) party to such Relevant Agreement which shall survive such termination).
- 2.07** The Dealers acknowledge that the Issuer may sell Covered Bonds issued under the Programme to any persons or institutions designated by the Issuer who do not become Dealers pursuant to Section 9 of this Agreement, provided that, with respect to such sales, the Issuer agrees to comply with Section 3.01(n), Section 3.04(c), and Sections 3.04(p)(ii) and (iii) of this Agreement. The Issuer also hereby undertakes to each of the Dealers that it will, in relation to any such sales, comply with the provisions of Schedule 1 hereto as if it were a Dealer (or as is otherwise applicable). For greater certainty, the provisions of this Agreement shall not be applicable in respect of any sales by the Issuer of Covered Bonds to persons or institutions designated by the Issuer who do not become Dealers pursuant to Section 9 of this Agreement. In the event of such sales, the Issuer and the Guarantor shall not have any obligations to the Arranger and Dealers under this Agreement in connection with such offering and such Covered Bonds, other than the undertaking of the Issuer pursuant to this Section 2.07, and the term “**Covered Bonds**” shall be interpreted accordingly.

- 2.08** Each Dealer agrees that further Covered Bonds of the same Series may be issued in subsequent Tranches at different Issue Prices and on different Issue Dates.
- 2.09** In connection with the offer and sale of Rule 144A Covered Bonds, except as otherwise provided below, the Issuer shall prepare a Pricing Supplement at or prior to the Applicable Time (as defined below), which includes such pricing and other necessary information (including, without limitation and if appropriate, financial or other disclosure relating to the Issuer and the Guarantor). Whenever a Subscription Agreement is entered into in connection with a specific sale of Rule 144A Covered Bonds, the related Pricing Supplement shall be attached, or shall be deemed to be attached, thereto. Pricing and other information will also be set forth in Final Terms (or alternatively, if Final Terms are provided prior to the Time of Sale, as contemplated by Section 2.10 below). Whenever a Subscription Agreement is entered into in connection with a specific sale of Rule 144A Covered Bonds, the related Final Terms may, but need not be, attached thereto.

The “**Applicable Time**” shall be a time prior to the Time of Sale such that the Dealer(s) can convey the Pricing Supplement of the Rule 144A Covered Bonds to the purchasers thereof at or prior to the Time of Sale.

- 2.10** Except as otherwise provided herein, (i) in the case of the offer and sale of Rule 144A Covered Bonds, subject to satisfaction of Section 2.09 above, Time of Sale Information will be made available by the applicable Dealer(s), or will be otherwise conveyed to the purchasers of such Covered Bonds, at or prior to the Time of Sale and (ii) in each case the Time of Sale Information together with the Final Terms will (unless otherwise required by applicable law) be made available for inspection by purchasers of such Covered Bonds on or prior to the relevant Issue Date relating to such Covered Bonds. In the event any Final Terms are provided at or prior to the Issue Date, the applicable Dealer(s) will make such Final Terms available to purchasers of the Covered Bonds at or prior to the Issue Date. The Dealers agree that sales of Rule 144A Covered Bonds shall not be consummated by the applicable Dealer(s) with their customers prior to the Time of Sale.
- 2.11** In connection with the offer and sale of Regulation S Covered Bonds only, it is agreed by the parties hereto that none of HSBC, the Guarantor or any Dealer(s) shall directly communicate to proposed purchasers of Covered Bonds in the United States any offering materials (which, for the avoidance of doubt, shall not include Bloomberg and other routine communications by a Dealer to prospective purchasers in connection with a new issue) other than the Disclosure Documents, without prior notification to and written approval from such other party or parties.
- 2.12** The Issuer and the Guarantor acknowledge and agree that in connection with the sale of the Covered Bonds to any Dealer(s) or any other services any Dealer(s) may be deemed to be providing hereunder, notwithstanding any pre-existing relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by any Dealer(s): (i) no fiduciary relationship exists between the Issuer and the Guarantor, on the one hand, and the Dealer(s), on the other; (ii) the

relationship between the Issuer or the Guarantor, on the one hand, and any Dealer(s), on the other, is entirely and solely commercial and based on arm's-length negotiations; (iii) any duties and obligations that any Dealer(s) may have to the Issuer and the Guarantor shall be limited to those duties and obligations specifically stated herein; (iv) the Dealers and their respective affiliates may have interests that differ from those of the Issuer and the Guarantor; and (v) the Dealers have not provided any legal, accounting, regulatory and tax advice with respect to the transactions contemplated by this Agreement and the Issuer and the Guarantor have consulted with their own legal, accounting, regulatory and tax advisors to the extent they deemed appropriate.

- 2.13** Certain further timing and other procedures relating to the issue and subscription of the Covered Bonds and related matters are set out in Schedule 8 hereto, which may be amended from time to time as agreed between the Issuer and the Relevant Dealer.
- 2.14** The Issuer agrees that it will not appoint any other person to act on its behalf, or assist it, in the placement of Rule 144A Covered Bonds, other than as a Dealer under this Agreement.
- 2.15** The parties hereto acknowledge that no Dealer shall have any obligation to purchase Covered Bonds from the Issuer as principal, but a Dealer may agree from time to time to purchase Covered Bonds from the Issuer as principal for purposes of resale, as more fully described in Section 2.16 below.
- 2.16** The Issuer agrees that whenever the Issuer determines to sell Covered Bonds directly to a Dealer as principal it will enter into a Subscription Agreement, which will provide for the sale of such Covered Bonds to, and the purchase thereof by, such Dealer and which shall specify such other information as is referred to below. A Subscription Agreement may also specify certain provisions relating to the reoffering of such Covered Bonds by such Dealer. Each sale of Covered Bonds to any Dealer as principal, for resale to one or more investors or to another broker-dealer (acting as principal for purposes of resale), shall be made in accordance with the terms of this Agreement and the relevant Subscription Agreement. The commitment of any Dealer to purchase Covered Bonds from the Issuer as principal shall be deemed to have been made on the basis of the representations and warranties of the Issuer and the Guarantor herein contained and shall be subject to the terms and conditions herein set forth and/or otherwise set out in the Subscription Agreement. Each Subscription Agreement shall specify the principal amount and terms of the Covered Bonds to be purchased by a Dealer, the Issue Date (and time for delivery of such Covered Bonds on such Issue Date) and the place of delivery of and payment for such Covered Bonds and such other information (as applicable) as is set forth in Schedule 7 hereto. The Issuer agrees that if any Dealer purchases Covered Bonds as principal for resale, such Dealer shall receive such compensation, in the form as shall be indicated in the applicable Subscription Agreement or, if no compensation is indicated therein, in another manner agreed between the Issuer and the Dealer. Any Dealer may utilize a selling or dealer group in connection with the resale of such Covered Bonds, provided such selling group agrees to abide by the provisions set forth in this Agreement. In addition, any Dealer may offer the Covered Bonds it has purchased as principal to other

Dealers. Any Dealer may sell Covered Bonds to any other Dealer at a discount and, unless otherwise specified in the applicable Final Terms, such discount allowed to any such Dealer will not be in excess of the discount to be received by such Dealer from the Issuer. Such Subscription Agreement shall also specify any requirements for delivery of opinions of counsel, accountant's letters and officers' certificates pursuant to Sections 2.05 hereof.

Section 3. Representations, Warranties and Undertakings by HSBC and the Guarantor

3.01 The following representations and warranties are made by HSBC to the Dealers and the Arranger on the date hereof and shall be deemed to be repeated on each date on which the Offering Memorandum is amended, supplemented and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, on the date on which the Relevant Agreement is made, at the Time of Sale, on the Issue Date of such Tranche and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:

- (a) HSBC is duly incorporated and validly existing under the laws of Canada, with full power and authority to conduct its business as described in the relevant Offering Document, and is lawfully qualified in all material respects to do business in those jurisdictions in which business is conducted by it;
- (b) this Agreement, the Agency Agreement, the Mortgage Sale Agreement and the other Transaction Documents to which HSBC is a party have been duly authorized, executed and delivered by HSBC and constitute valid and legally binding obligations of HSBC and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Relevant Agreement in respect of such Covered Bonds constitutes valid and legally binding obligations of HSBC, assuming the due authorization, execution and delivery and enforceability of such documents in accordance with their respective terms by the counterparties thereto;
- (c) in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Covered Bonds have been duly authorized by HSBC and, when duly completed, executed, authenticated, issued, delivered, and paid, the consideration therefor received by HSBC, in accordance with this Agreement and the Agency Agreement, will constitute valid and legally binding obligations of HSBC;
- (d) all actions or things required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) by HSBC for or in connection with the execution and delivery of this Agreement, the Agency Agreement (except in respect of registrations or notices of Transaction Documents in any land registry office or under any land registry statutes as stipulated in the Transaction Documents), the Mortgage Sale

Agreement and the other Transaction Documents and, in respect of each Tranche, agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the issue and sale of the Covered Bonds and the entering into and, where relevant, execution and delivery of the Relevant Agreement and the performance by HSBC of the obligations expressed to be undertaken by it herein and therein and the distribution of the Disclosure Documents and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms in accordance with the provisions set out in Schedule 1 hereto, either have been taken, fulfilled, done or obtained and are in full force and effect or will, on the relevant Issue Date, have been taken, fulfilled, done or obtained and will, on such Issue Date, be in full force and effect, in each case in all material respects;

- (e) the execution and delivery of this Agreement, the Agency Agreement, the Mortgage Sale Agreement, the other Transaction Documents to which HSBC is a party and, in respect of each Tranche, agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed, the entry into and, where relevant, execution and delivery of the Relevant Agreement and the issue and sale of the relevant Covered Bonds and the carrying out of the other transactions herein and therein contemplated and compliance with their terms do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, its constituting documents, (ii) materially infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it or (iii) constitute a default under any agreement or instrument to which HSBC or the Guarantor is a party or by which HSBC or the Guarantor or any of their respective properties is bound and which is material in the context of the Covered Bonds;
- (f) in relation to an issuance of Regulation S Covered Bonds only: (i) the Marketing Materials contain information that is true and accurate and not misleading in any material respects and any opinions, predictions or intentions expressed therein are honestly held or made based on reasonable assumptions and are not misleading in any material respect and all proper inquiries have been made to ascertain or verify the foregoing and there are no facts the omission of which when read together with the Offering Memorandum would, in the context of the Programme or issuance of the Covered Bonds, make the Marketing Materials misleading in any material respect, (ii) the relevant Offering Document contains, as of the related Issue Date, all information that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of HSBC, the Covered Bonds, the Covered Bond Portfolio and the Programme, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Covered Bonds), (iii) the statements contained in it relating to HSBC are in every material particular true and accurate

and not misleading, (iv) the opinions and intentions expressed in it with regard to HSBC are honestly held and are based on reasonable assumptions, and (v) there are no other facts in relation to HSBC, the Covered Bonds, the Covered Bond Portfolio or the Programme, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Document misleading in any material respect; provided that HSBC makes no representation or warranty with respect to any Manager Information;

- (g) in relation to an issuance of Rule 144A Covered Bonds only: (i) the Time of Sale Information as of the Time of Sale, did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (ii) the Time of Sale Information together with the Final Terms as of the date of the Final Terms did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (iii) each of the representations and warranties of HSBC in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) and in any other Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made and (iv) each of the representations and warranties of the Guarantor in any Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made; provided that HSBC makes no representation or warranty with respect to any Manager Information;
- (h) each of the representations and warranties of HSBC in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) and in any other Transaction Document to which it is a party is true and correct in all material respects as of the date it is expressed to be made;
- (i) (i) the most recently prepared consolidated financial statements of HSBC either appear in the relevant Offering Document or have been delivered by HSBC, or are publicly available, to each Dealer and the Arranger and were prepared in accordance with accounting principles generally accepted in, and pursuant to the laws of, Canada, consistently applied except to the extent (if any) disclosed in the relevant Offering Document or such financial statements and present fairly the financial position of HSBC and its consolidated subsidiaries as at the date, and the results of operations and changes in financial position of HSBC and its consolidated subsidiaries for the period, in respect of which they have been prepared, and (ii) since the date of the last audited financial statements of HSBC, copies of which have been delivered to each Dealer and the Arranger, there has been no change that is materially adverse to the financial condition of HSBC and

its consolidated subsidiaries, except to the extent (if any) disclosed in the relevant Offering Document or such financial statements;

- (j) other than publicly disclosed, there are no actions, suits or proceedings against or affecting HSBC or any of its subsidiaries or properties that, if determined adversely to HSBC, would individually or in the aggregate have a material adverse effect on the financial condition or profitability of HSBC or on the ability of HSBC to perform its obligations under the Transaction Documents or the Covered Bonds, or that are otherwise material in the context of the issue of the Covered Bonds and no such actions, suits or proceedings are pending, threatened or contemplated;
- (k) to the best of its knowledge, no event has occurred or circumstance arisen that with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement will constitute, an Issuer Event of Default (as defined in the Terms and Conditions);
- (l) as of the Issue Date of any Tranche (after giving effect to the issue of such Covered Bonds and of any other Covered Bonds to be issued, and to the redemption of any Covered Bonds to be redeemed, on or prior to such Issue Date), the aggregate principal amount outstanding (as defined in the Agency Agreement and expressed in Canadian dollars in accordance with Section 3.02 below) of Covered Bonds issued under the Programme will not exceed the Authorized Amount;
- (m) neither HSBC nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act) other than the Arranger, nor any persons acting on behalf of HSBC (which, for the avoidance of doubt, shall not include any Dealer or any person acting on their behalf), has engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);
- (n) neither HSBC nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act) other than the Arranger, nor any person acting on behalf of any of them (which, for the avoidance of doubt, shall not include any Dealer or any person acting on their behalf), (i) has made offers or sales of, or solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (ii) has engaged in any form of general solicitation or general advertising (within the meaning of 502(c) of Regulation D under the Securities Act) in connection with any offer or sale of the Covered Bonds in the United States;

- (o) assuming that the representations, warranties and covenants made by the Dealers in this Agreement (including, without limitation, Section 5.01 of this Agreement) are true and correct and have been and will be complied with, and that the Covered Bonds are offered and sold in accordance with the applicable Offering Document, no registration of the Covered Bonds under the Securities Act is required for the offer, sale and delivery of the Covered Bonds in the manner contemplated by this Agreement;
- (p) none of the Registered Rule 144A Covered Bonds are of the same class (within the meaning of Rule 144A) as securities listed on any national securities exchange registered under Section 6 of the United States Exchange Act of 1934, as amended (the “**Exchange Act**”) or quoted in a U.S. automated inter-dealer quotation system (as such term is used in Rule 144A);
- (q) HSBC is not, and as a result of the offer and sale of the Covered Bonds contemplated herein, will not be required to register as an “investment company” under, and as such term is defined in, the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”);
- (r) HSBC is a “foreign issuer” (as such term is defined in Regulation S);
- (s) neither HSBC, nor any of its “affiliates” (as defined in Rule 501(b) of Regulation D under the Securities Act) other than the Arranger, nor any person (other than the Dealers) acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Covered Bonds;
- (t) HSBC and the Programme have each been registered in the registry (the “**Registry**”) established by Canada Mortgage and Housing Corporation (“**CMHC**”) pursuant to Section 21.51 of Part I.1 of the *National Housing Act* (Canada) with effect prior to the date of the first issuance of Covered Bonds and HSBC’s right to issue Covered Bonds under the Programme is not suspended by CMHC;
- (u) HSBC is in compliance in all material respects with all of its obligations under Part I.1 of the *National Housing Act* (Canada) and the Canadian Registered Covered Bond Programs Guide published by CMHC on June 23, 2017, as amended from time to time (the “**Guide**”);
- (v) none of HSBC, any of its subsidiaries or, to the knowledge of HSBC, any director, officer, agent or employee of HSBC or any of its subsidiaries is an individual or entity (“**Person**”) that is, or is owned or controlled by Persons that are, (i) the target of any sanctions administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”), the

U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority or any other applicable Canadian, U.S. or United Nations economic sanctions (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the target of a country-wide or territory-wide export, import, financial or investment embargo under any Sanctions, which as of the date hereof include, without limitation, currently, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria (each, a "**Sanctioned Country**");

- (w) none of HSBC or any of its subsidiaries or, to the knowledge of HSBC, any director, officer, agent or employee of HSBC or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of (i) any Sanctions or (ii) any applicable anti-bribery law, including but not limited to, the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**") or the applicable statutes of the jurisdictions to which the Issuer and its subsidiaries are subject. Furthermore, HSBC and its subsidiaries have conducted their businesses in compliance with the FCPA or such other applicable statutes of the jurisdictions to which HSBC or its subsidiaries are subject, and have instituted and maintain policies and procedures reasonably designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith;
- (x) HSBC will not, directly or indirectly, use the proceeds of any offering of the Covered Bonds hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person to fund any activities or business of or with any Person, or in any Sanctioned Country that would result in a violation of Sanctions by any Person (including any Person participating in the any offering of the Covered Bonds hereunder, whether as dealer, advisor, investor or otherwise);
- (y) no part of the proceeds of any offering of the Covered Bonds hereunder will be used, directly or indirectly, for any payments that would constitute a violation of any applicable anti-bribery law;
- (z) the operations of HSBC and its consolidated subsidiaries are and have been conducted at all times in material compliance with applicable anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, or regulations, issued, administered or enforced by any governmental agency with jurisdiction over HSBC, including the U.S. Bank Secrecy Act of 1970, as amended by Title III of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act) (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving HSBC or any of its consolidated subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of HSBC, threatened;

- (aa) the Covered Bonds of each Series issued under the Programme on the applicable Issue Date are rated “Aaa” by Moody’s and “AAA” by Fitch, or such other rating as to which the Issuer shall have most recently notified the Dealers prior to the acceptance by the Issuer of a particular offer for the purchase of Covered Bonds pursuant to Section 2 hereof;
- (bb) as of each Issue Date the Covered Bonds will conform in all material respects to the description thereof contained in the Time of Sale Information together with the Final Terms; and
- (cc) the Issuer has not dealt with any broker, finder, commission agent or other person in connection with the sale of the Covered Bonds and the transactions contemplated by this Agreement and the Transaction Documents other than the Dealers, and the Issuer is under no obligation to pay any broker’s fee or concession in connection with such transactions, other than the concession to the relevant Dealers in such amount as shall be agreed upon;

provided always that each of the above representations, warranties and agreements shall be qualified by, and to the extent of, any information disclosed in writing for the purpose of such qualification to, and acknowledged in writing for such purpose by, the Relevant Dealers or, as the case may be, the Dealers and the Arranger before the relevant date on which the above representations, warranties and agreements are given.

3.02 For the purposes of subsection 3.01(l):

- (a) the Canadian dollar equivalent of Covered Bonds denominated in a currency other than Canadian dollar shall be determined as of the Agreement Date for such Covered Bonds on the basis of the spot rate for the sale of Canadian dollar against the purchase of the relevant currency in the relevant foreign exchange market quoted by the Issuing and Paying Agent on such Agreement Date or as otherwise determined pursuant to the specific Transaction Documents related to such Covered Bonds, as applicable; and
- (b) the Canadian dollar equivalent of Zero Coupon Covered Bonds and other Covered Bonds issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the particular issue.

3.03 The following representations and warranties are made by the Guarantor to the Dealers and the Arranger on the date hereof and shall be deemed to be repeated on each date on which the Offering Memorandum is amended, supplemented and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed, on the date on which the Relevant Agreement is made, at the Time of Sale, on the Issue Date of such Tranche and on each intervening date, in each case, with reference to the facts and circumstances then subsisting:

- (a) the Guarantor is a limited partnership duly established and validly existing under the *Limited Partnerships Act* (Ontario), with full power and authority to conduct its business as described in the relevant Offering Document, and is lawfully qualified in all material respects to do business in those jurisdictions in which business is conducted by it;
- (b) this Agreement, the Covered Bond Guarantee, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party have been duly authorized, executed and delivered by the Guarantor and constitute valid and legally binding obligations of the Guarantor and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Relevant Agreement in respect of such Covered Bonds constitutes valid and legally binding obligations of the Guarantor, assuming the due authorization, execution and delivery and enforceability of such documents in accordance with their respective terms by the counterparties thereto;
- (c) all actions or things required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) by the Guarantor for or in connection with the execution and delivery of this Agreement, the Covered Bond Guarantee and the Agency Agreement and in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, and the entering into and, where relevant, execution and delivery of the Relevant Agreement and the performance by the Guarantor of the obligations expressed to be undertaken by it herein and therein and the distribution of the Offering Document and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms in accordance with the provisions set out in Schedule 1 hereto, either have been obtained and are in full force and effect or will, on the relevant Issue Date, have been obtained and will, on such Issue Date, be in full force and effect, in each case in all material respects;
- (d) the execution and delivery of this Agreement, the Covered Bond Guarantee, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party and the carrying out of the other transactions herein and therein contemplated and compliance with their terms do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, its constating documents or (ii) materially infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it;
- (e) (i) the relevant Offering Document contains all information with respect to the Guarantor and the Covered Bond Guarantee that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of the Guarantor and the Covered Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities,

financial position, profits and losses, and prospects of the Guarantor and of the rights attaching to the Covered Bonds), (ii) the statements contained in it relating to the Guarantor are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in it with regard to the Guarantor are honestly held and are based on reasonable assumptions, and (iv) there are no other facts in relation to the Guarantor or the Covered Bond Guarantee, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Memorandum misleading in any material respect;

- (f) in relation to an issuance of Rule 144A Covered Bonds only: (i) the Time of Sale Information as of the Time of Sale, did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, and (ii) the Time of Sale Information together with the Final Terms as of the date of the Final Terms did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing;
- (g) there are no actions, suits or proceedings against or affecting the Guarantor or any of its subsidiaries or properties that, if determined adversely to the Guarantor, would individually or in the aggregate have a material adverse effect on the financial condition or profitability of the Guarantor or on the ability of the Guarantor to perform its obligations under the Transaction Documents or the Covered Bonds, or that are otherwise material in the context of the issue of the Covered Bonds and no such actions, suits or proceedings are pending, threatened or contemplated;
- (h) to the best of its knowledge, no event has occurred or circumstance arisen that might (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute, a Guarantor Event of Default (as defined in the Terms and Conditions);
- (i) neither the Guarantor nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act) other than the Arranger, nor any persons acting on its behalf (which, for the avoidance of doubt, shall not include any Dealer), have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);

- (j) the Guarantor is not, and as a result of the offer and sale of the Covered Bonds contemplated herein, will not be required to register as an “investment company” under, and as such term is defined in, the Investment Company Act and though other exemptions or exclusions may be applicable, the Guarantor has relied upon the exclusion afforded by Section 3(c)(5)(C) of the Investment Company Act;
- (k) the Guarantor has not engaged in any activities since its establishment other than (i) those incidental to a limited partnership under the *Limited Partnerships Act* (Ontario); (ii) the authorisation and execution of the Transaction Documents to which it is a party; (iii) the activities referred to or contemplated in the Transaction Documents or in the Offering Document; and (iv) the activities necessary to hold the Covered Bond Portfolio and its other assets in accordance with the terms of the Transaction Documents;
- (l) other than as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge or other charge or security interest on or over its assets;
- (m) the Partners of the Guarantor include the Managing GP, the Liquidation GP, the Limited Partner and such other limited partner or general partner who may be admitted as a Partner of the Guarantor from time to time in accordance with the Guarantor Agreement;
- (n) the sole business of the Guarantor is to provide services to the Issuer in respect of the Programme as established by the Guarantor Agreement and the other Transaction Documents, including the performance of its obligations thereunder and all things incidental and ancillary thereto;
- (o) subject to the laws of bankruptcy and other laws affecting the rights of creditors generally, its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party will be secured in the manner provided in the Security Agreement;
- (p) the Guarantor is in compliance in all material respects with all of its obligations under Part I.1 of the *National Housing Act* (Canada) and the Guide;
- (q) the Guarantor, nor to the knowledge of the Guarantor, any director, officer, agent, or employee of the Guarantor, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of (i) any Sanctions or (ii) any applicable anti-bribery law, including but not limited to, the FCPA or the applicable statutes of the jurisdictions to which the Guarantor is subject;
- (r) each of the representations and warranties of the Guarantor in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) is true and correct in all material respects as of the date it is expressed to be made;

- (s) each of the representations and warranties of the Guarantor in the Covered Bond Guarantee and in any other Transaction Documents, other than the Mortgage Sale Agreement, to which it is a party is true and correct in all material respects as of the date it is expressed to be made, provided that the Guarantor makes no representation or warranty with respect to any Manager Information; and
- (t) following the acquisition by the Guarantor of the Covered Bond Portfolio, the Guarantor is the absolute legal (excluding, for greater certainty, registered title of the applicable Loans) and beneficial owner of the Covered Bond Portfolio, including the Loans;

provided always that each of the above representations, warranties and agreements shall be qualified by, and to the extent of, any information disclosed in writing for the purpose of such qualification to, and acknowledged in writing for such purpose by, the Relevant Dealers or, as the case may be, the Dealers and the Arranger before the relevant date on which the above representations, warranties and agreements are given.

3.04 HSBC and the Guarantor jointly and severally undertake and agree with the Dealers that:

- (a) they shall promptly notify the Relevant Dealer of any material change affecting any of its representations, warranties, agreements, undertakings and indemnities in this Agreement at any time and take such steps as may be reasonably requested by the Relevant Dealer to remedy and/or publicize the same (for the avoidance of doubt, nothing in this Section 3.04(a) shall require HSBC or the Guarantor to publicize information not otherwise required to be publicized pursuant to the continuous disclosure obligations of HSBC or the Guarantor);
- (b) for so long as any Covered Bonds or, with respect to the Guarantor, the Covered Bond Guarantee, respectively, are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and remain outstanding, the Issuer or the Guarantor (as applicable), will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such Covered Bonds or to any prospective purchaser of such Covered Bonds designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act;
- (c) none of their “affiliates” (as defined in Rule 405 under the Securities Act) other than the Arranger, nor any person acting on behalf of any of them (other than any Dealer or any person acting on their behalf), will engage in any form of general solicitation or general advertising (within the meaning of 502(c) of Regulation D of the Securities Act) in connection with any offer or sale of the Covered Bonds;
- (d) they shall ensure that none of their affiliates (as defined in Rule 405 under the Securities Act) other than the Arranger, nor any person acting on behalf of any of

them (other than any Dealer or any person acting on their behalf), will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds;

- (e) they shall deliver, register and furnish such documents, instruments, information and undertakings to, and obtain any consent from, any relevant agency, authority, central bank, department, government, minister, official, public or statutory corporation or self-regulating organization as may be necessary or advisable from time to time to comply with all relevant laws and directives that are relevant to any Covered Bonds, this Agreement, any Relevant Agreement, the Agency Agreement and any other Transaction Document to which either of them is a party, and hereby authorize the Arranger (or, in relation to a specific issue of Covered Bonds, the Relevant Dealer) so to deliver, register and furnish such documents, instruments, information and undertakings and obtain such consents;
- (f) they shall furnish to the Arranger in each case upon request and in such numbers as may from time to time reasonably be requested by the Arranger: (i) copies of the most recently prepared financial statements of HSBC, whether annual or interim and whether audited or unaudited, that are available to the public as soon as they are available; and (ii) such other information about HSBC and the Guarantor, respectively, as may be reasonably requested by the Arranger;
- (g) they shall notify the Arranger as soon as is reasonably practicable in writing if any of the persons named in the certificates of incumbency referred to in item 4 of Schedule 2 of this Agreement shall cease to be authorized to take action on behalf of the Issuer or the Guarantor, as the case may be, or if any additional person shall be so authorized and, unless and until notified of any such change, each of the Dealers and the Arranger shall be entitled to rely upon the certificates delivered to them most recently and all instructions given in accordance with such certificates shall be binding on the Issuer or the Guarantor, as the case may be;
- (h) they shall promptly notify the Arranger of any downgrading or withdrawal of, or the placing on “creditwatch” (with negative implications) (or other similar publication of formal review by the relevant rating organization) of, the rating of the Issuer’s debt securities by any statistical rating organization generally recognized by banks, securities houses and investors, as soon as either of them learns of such downgrading or withdrawal, or placement on a “creditwatch”;
- (i) they shall at the same time as it is dispatched, furnish each Dealer with a copy of the notice of any meeting of the holders of Covered Bonds of any Series which is called to consider any matter that is material in the context of the Programme generally and allow each Dealer and its advisers to attend and speak at any such meeting;
- (j) they shall update or amend the relevant Offering Memorandum (following consultation with the Arranger on behalf of the Dealers or, in the case of an

amendment affecting a specific issue of Covered Bonds only, the Relevant Dealer(s)) by the publication or delivery to the investors of a supplement thereto or a revised version thereof in the light of any (i) change to the condition of the Issuer which is material in the context of any Series or Tranche of Covered Bonds, and (ii) significant new factor, material mistake or inaccuracy relating to the information incidental to the Offering Memorandum which is capable of affecting the assessment of any Series or Tranche of Covered Bonds;

- (k) save to the extent expressly contemplated in the Transaction Documents, in the case of the Issuer, they shall promptly notify each Dealer of any amendment to or termination of the Transaction Documents concerning the Programme materially adversely affecting the interests of any Dealer or any holder of any outstanding Covered Bonds;
- (l) they shall procure that there is delivered to the Arranger, the Relevant Dealers and the Bond Trustee (i) Canadian law legal opinions of McCarthy Tétrault LLP and, if Covered Bonds are offered under Rule 144A or otherwise in the United States, U.S. legal advisors to the Issuer and the Guarantor acceptable to the Arranger and the Relevant Dealers acting reasonably, and (ii) a comfort letter from the Auditors (which Auditor's Letter, for greater certainty, is not required to address specified procedures with respect to the Covered Bond Portfolio), on or before the first issue of Covered Bonds and as may reasonably be requested by the Arranger and the Dealers following any revised version of any relevant Offering Document;
- (m) in the event that a New Seller accedes to the Mortgage Sale Agreement, they shall ensure that such New Seller shall contemporaneously accede to this Agreement with such modifications as reasonably agreed between the parties hereto;
- (n) if, following the date of any Subscription Agreement and before the issue of the relevant Covered Bonds, the Issuer or the Guarantor becomes aware that the conditions specified in Section 2.05 will not be satisfied in relation to that issue, the Issuer or the Guarantor shall forthwith notify the relevant Dealer(s) in writing to this effect giving full details thereof. In such circumstances, the relevant Dealer(s) shall be entitled (but not bound) by written notice to the Issuer and the Guarantor to be released and discharged from its obligations under any Subscription Agreement and this Agreement. Without prejudice to the generality of the foregoing, the Issuer and the Guarantor shall from time to time promptly furnish to each Dealer a copy of any public announcement and/or press release issued by the Issuer and the Guarantor to holders of its debt securities generally and which is material in the context of the Programme and any issuance of Covered Bonds thereunder;
- (o) without the Dealers' consent, they shall not distribute any offering material in connection with the issue of the Covered Bonds, other than the Disclosure Documents, copies of which are furnished to the Dealers without charge; and

- (p) in respect of Rule 144A Covered Bonds only:
- (i) HSBC and the Guarantor will cooperate with the Dealers and use all reasonable endeavours to permit any Registered Covered Bonds offered under Rule 144A to be eligible for clearance and settlement through DTC;
 - (ii) HSBC will not make any offer or sale of securities of any type or class if, as a result of the doctrine of “integration” referred to in Rule 502 of Regulation D under the Securities Act or for any other reason, such offer or sale would render unavailable the exemption for the offers and sales of the Covered Bonds from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;
 - (iii) any Rule 144A Registered Covered Bonds will be issued in registered form bearing the private placement legend as set forth in the form of Covered Bond scheduled to the Trust Deed and shall satisfy the eligibility requirements of paragraph (d)(3) of Rule 144A;
 - (iv) HSBC and the Guarantor will qualify any Rule 144A Registered Covered Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Dealers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of such Covered Bonds; provided that neither HSBC nor the Guarantor shall be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject;
 - (v) the Issuer and/or the Guarantor, as applicable, will promptly notify the Arranger and the Dealers, and will confirm such advice in writing, (i) of any request by the securities or other governmental authority of any U.S. jurisdiction for any additional information with respect to the Programme or the Transaction Documents, (ii) of the issuance by any securities or other governmental authority of any U.S. jurisdiction (including, but not limited to, the SEC) asserting that the offering and sale of the Covered Bonds is subject to the registration requirements of the Securities Act, or the initiation of any proceedings for any such purposes or the threat thereof, (iii) of the scheduling of or occurrence of a meeting of the Covered Bondholders and (iv) of receipt by the Issuer or the Guarantor or any representative or attorney of the Issuer or the Guarantor of any other communication from any securities or other similar governmental authority of any U.S. jurisdiction (including, without limitation, the SEC) relating to the Covered Bonds. If at any time any securities or other similar governmental authority (including, without limitation, the SEC) shall issue any order described in sub-clause (ii) of the immediately preceding

sentence, the Issuer and the Guarantor will use its reasonable endeavours to obtain the withdrawal of such order as soon as reasonably practicable;

- (vi) if at any time the Disclosure Documents shall contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, HSBC and the Guarantor will immediately notify the Arranger on behalf of the Dealers, and promptly update or amend the relevant Disclosure Documents (following consultation with the Arranger on behalf of the Dealers or, in the case of an amendment affecting a specific issue of Covered Bonds only, the Relevant Dealer), so that the Disclosure Documents do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and shall supply to the Relevant Dealer or Dealers, as the case may be, such number of copies of the supplemental Disclosure Documents as such Dealer or Relevant Dealer may reasonably request;
- (vii) in the event that any Covered Bond offered or to be offered by the Dealers in reliance upon Rule 144A would be ineligible for resale under Rule 144A (because such Covered Bond or the Covered Bond Guarantee is of the same class (within the meaning of Rule 144A) as other securities of HSBC or the Guarantor, as applicable, which are listed on a U.S. securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system), HSBC shall promptly notify the Dealers by telephone, confirmed in writing, of such fact and will promptly prepare and deliver to the Dealers an amendment or supplement to the Offering Memorandum describing the Covered Bonds which are ineligible, the reason for such ineligibility and any other relevant information relating thereto; and
- (viii) unless a Subscription Agreement shall expressly provide that the stand-off agreement set forth in this Section 3.04(p)(viii) shall not be applicable with respect to such Subscription Agreement, between the date of such Subscription Agreement and the Issue Date with respect to such Subscription Agreement, the Issuer will not, without the prior written consent of each Dealer party to such Subscription Agreement, directly or indirectly, sell, offer to sell or enter into any agreement to sell, grant any option for the sale of, or otherwise dispose of, in the U.S. or international capital markets, any debt securities of the Issuer with the same maturity and currency as the Covered Bonds or any other securities convertible into or exchangeable or exercisable for such debt securities of the Issuer (other than the Covered Bonds that are to be sold pursuant to such Subscription Agreement).

Section 4. Indemnity

4.01 For Regulation S Covered Bonds only:

- (a) HSBC and the Guarantor jointly and severally undertake and agree indemnify each Dealer and each of its officers, directors or employees and each person by whom it is controlled for the purposes of the Securities Act (each for the purposes of this Section 4.01, an “**Indemnified Person**”) against any claim, demand, action, proceeding, liability, damages, loss, charge, cost or expense including, without limitation, legal fees or such other reasonable costs, charges or expenses paid or incurred in disputing or defending any of the foregoing, and any applicable value added tax which any of them may incur or which may be made against them or any of them as a result of, or arising out of, or in relation to, (i) any material inaccuracy of any of the representations and warranties made by HSBC and/or the Guarantor herein or in any Relevant Agreement or otherwise made by HSBC or the Guarantor, as the case may be in respect of any Tranche; or (ii) any material breach of any of the agreements or undertakings given by HSBC and/or the Guarantor herein or in any Relevant Agreement or otherwise made by the Issuer, any Seller or the Guarantor, as the case may be in respect of any Tranche including, without limitation, its obligations under Section 2.04(c) hereof;
- (b) If any action, proceeding, claim or demand shall be brought or asserted against any Dealer (or other Indemnified Person or any person by whom it is controlled for the purposes of the Securities Act) in respect of which indemnity may be sought from HSBC as contemplated in subsection 4.01(a), such Indemnified Person shall promptly notify the Issuer and the Guarantor in writing thereof.
- (c) HSBC and the Guarantor shall have the option of assuming the defence of any action, proceeding, claim or demand and retaining lawyers reasonably satisfactory to such Indemnified Person in each relevant jurisdiction, if more than one, and the Issuer or the Guarantor, as the case may be, shall be liable to pay the fees and expenses, including legal fees, related to such action or proceeding. Notwithstanding the foregoing, an Indemnified Person may employ separate legal advisors, and HSBC and the Guarantor shall not be permitted to assume such defence and shall bear the fees and expenses of such legal action if:
 - (i) HSBC or the Guarantor, as the case may be, and such Dealer shall have mutually agreed to the retention of such lawyers; or
 - (ii) the Indemnified Person has been advised in writing by legal counsel of international reputation (and such opinion has been disclosed to the Issuer and the Guarantor) that representation of all Indemnified Persons by the same legal counsel would be inappropriate due to actual or potential differing interests among them, including that such Indemnified Persons have defences additional to or different from HSBC and the Guarantor; or

- (iii) HSBC or the Guarantor, as the case may be, has, pursuant to this subsection (c), elected to assume the defence itself but has failed to retain lawyers within 60 days (of such assumption) in any relevant jurisdiction pursuant to the previous sentence or having assumed such defence has not diligently pursued same.
- (d) It is understood that HSBC and the Guarantor, jointly and severally, shall reimburse such fees and/or expenses as are incurred in respect of (i), (ii) and (iii). HSBC and the Guarantor shall not be liable for any settlement of any such action or proceeding effected without its written consent (provided that such consent shall not be unreasonably withheld or delayed), but if settled with such consent (or without such consent in circumstances where such consent shall have been unreasonably withheld or delayed as aforesaid) or if there is a final judgement for the plaintiff, HSBC and the Guarantor agree to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgement. HSBC and the Guarantor will not settle any action or proceeding relating to this Agreement or any other Relevant Agreement without the written consent of such Indemnified Person provided that such consent shall not be unreasonably withheld or delayed. The Indemnified Person will not settle any action or proceeding without the written consent of HSBC and the Guarantor provided that such consent shall not be unreasonably withheld or delayed.
- (e) The rights and remedies conferred upon any Indemnified Person under Section 3 and this Section 4.01 of this Agreement shall continue in full force and effect notwithstanding (i) the completion of the arrangements set out herein for the issue, sale and purchase of the relevant Covered Bonds or (ii) any such termination of this Agreement and regardless of any investigation made by any Indemnified Person.

4.02 For Rule 144A Covered Bonds only:

- (a) HSBC and the Guarantor (each for the purposes of this Section 4.02, the “**Indemnifying Parties**”) jointly and severally agree to indemnify and hold harmless each Dealer, its officers, directors, employees, agents and affiliates and each person, if any, who controls such Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each for the purposes of this Section 4.02, an “**Indemnified Person**”), from and against any and all losses, claims, damages or liabilities to which such Indemnified Person may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Time of Sale Information or the applicable Disclosure Documents or any omission or alleged omission to state in the Time of Sale Information or the applicable Disclosure Documents a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) any inaccuracy or alleged inaccuracy of any of the representations and warranties

made by HSBC and/or the Guarantor in this Agreement or the Subscription Agreement, as the case may be, or (iii) any breach or alleged breach of any of the agreements or undertakings given by HSBC and/or the Guarantor in this Agreement or in the Subscription Agreement or otherwise made by the Issuer, any Seller or the Guarantor and will reimburse, as incurred, each Indemnified Person for any legal or other expenses and any applicable value added tax incurred by such Indemnified Person in connection with investigating, preparing, settling or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding (whether or not such Indemnified Party is a party thereto) whether threatened or commenced and in respect thereof) provided, however, that the Issuer and the Guarantor will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Time of Sale Information or the Offering Documents in reliance upon and in conformity with written information furnished to the Issuer or Guarantor by such Dealer expressly for use therein, it being understood that the only such information furnished by any Dealer is: (1) their respective names on the cover page of the relevant Offering Documents and (2) their respective name and address information within the relevant Offering Documents. The indemnity agreement set forth in this paragraph (a) shall be in addition to any liability that HSBC or the Guarantor may otherwise have to the Indemnified Persons.

- (b) In case any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Person in respect of which indemnification may be sought pursuant to paragraph (a) above, the Indemnified Person shall promptly notify the Indemnifying Parties in writing; provided that the failure to notify any Indemnifying Party shall not relieve such Indemnifying Party (A) from any liability that it may have under paragraph (a) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure, or (B) from any liability that it may have to the Indemnified Person otherwise than under paragraph (a). If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified an Indemnifying Party thereof, the Indemnifying Party shall retain in each relevant jurisdiction counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 4.02 that the Indemnifying Party may designate in such proceeding and shall pay the fees and expenses of such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (A) an Indemnifying Party and the Indemnified Person shall have mutually agreed to the contrary, (B) the Indemnifying Party has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person, (C) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in

addition to those available to the Indemnifying Person or (D) the named parties to any such proceeding (including any impleaded parties) include both an Indemnifying Party and an Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to local counsel) for all Indemnified Persons. Such firm shall be designated in writing by such Indemnified Person. The Indemnifying Parties shall not be liable for any settlement of any proceeding effected without their written consent (provided that such consent shall not be unreasonably withheld or delayed), but if settled with such consent (or without such consent in circumstances where such consent shall have been unreasonably withheld or delayed as aforesaid) or if there be a final judgment for the plaintiff, the Indemnifying Parties agree to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Person, provided that such consent shall not be unreasonably withheld or delayed, effect any settlement of or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened proceeding in respect of which such Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability on any claims that are the subject matter of such action and (y) does not include a statement as to, or admission of, fault, culpability or a failure to act by or on behalf of the Indemnified Person.

- (c) If the indemnification provided for in paragraph (a) is unavailable to or insufficient to hold harmless an Indemnified Person in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each of the Indemnifying Parties shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by HSBC on the one hand and the Indemnified Person on the other from the offering of the Covered Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Party shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of HSBC on the one hand and the Indemnified Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by HSBC on the one hand and the Indemnified Person on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by HSBC bear to the total management and underwriting discounts and commissions

received by the Indemnified Person, in each case as set forth in this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by HSBC on the one hand or the Indemnified Person on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. HSBC, the Guarantor and the Dealers agree that it would not be just and equitable if contribution pursuant to this paragraph (c) were determined by pro rata allocation (even if the Indemnified Persons were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the above provisions of this paragraph, no Indemnified Person shall be required to contribute any amount in excess of the commissions it received from the sale of the Covered Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Dealers' obligations in this paragraph (c) to contribute are several in proportion to their respective underwriting obligations and not joint.

- (d) The indemnity and contribution agreements contained in this Agreement and the Subscription Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by any Dealer or any person controlling any Dealer or by or on behalf of either of the Issuer or the Guarantor, as applicable, together with its respective directors or officers or any person controlling such party, and (iii) acceptance of, and payment for, any of the Covered Bonds.
- (e) The rights and remedies conferred upon any Indemnified Person under Section 3 and this Section 4.02 shall continue in full force and effect notwithstanding (i) the completion of the arrangements set out herein for the issue, sale and purchase of the relevant Covered Bonds or (ii) any such termination of this Agreement and regardless of any investigation made by any Indemnified Person.

Section 5. Representations, Warranties and Undertakings by the Dealers

- 5.01** With respect to the Rule 144A Covered Bonds, each Dealer severally represents and warrants to the Issuer and the Guarantor and severally agrees with the Issuer and the Guarantor that: (A) such Dealer is a Qualified Institutional Buyer; (B) to the extent such Dealer acts as agent of the Issuer in connection with the offer, sale, reoffer or resale of Rule 144A Covered Bonds, it will do so only in transactions with persons whom it reasonably believes to be Qualified Institutional Buyers; (C) to the extent such Dealer offers, sells, reoffers or resells Covered Bonds as principal for its own account, it will do

so only in transactions with persons whom it reasonably believes to be Qualified Institutional Buyers; and (D) neither such Dealer nor any of its affiliates, or persons acting on behalf of such Dealer, has offered or sold any Covered Bonds, or will offer or sell Covered Bonds, within the United States by any form of any general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or within the meaning of Rule 502(c) of Regulation D thereunder.

5.02 Each Dealer (in the case of (a), party to the Relevant Agreement in question) undertakes to the Issuer that it will be bound by and comply with the selling and transfer restrictions set out in Schedule 1 hereto:

- (a) as the same may be supplemented or modified by agreement of the Issuer and the Relevant Dealer in relation to any Tranche of Covered Bonds; and
- (b) save to the extent that any of such provisions relating to any specific jurisdiction shall, as a result of change(s) after the date hereof in, or in official interpretation of, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer contained in the paragraph headed “General”.

5.03 The Issuing and Paying Agent has, in the Agency Agreement, agreed to act as Calculation Agent in respect of each Series of Covered Bonds unless the Dealer (or one of the Dealers) through whom such Covered Bonds are issued has agreed with the Issuer to act as Calculation Agent (or the Issuer otherwise agrees to appoint another institution to act as Calculation Agent) in respect of such Covered Bonds.

In relation to any Series of Covered Bonds in respect of which the Issuer and the Relevant Dealer have agreed that such Dealer shall act as Calculation Agent and such Dealer is named as such in the relevant Final Terms:

- (a) the Issuer appoints such Dealer acting through its office specified for the purposes of Section 8 as Calculation Agent in respect of such Series of Covered Bonds for the purposes specified in the Agency Agreement (and with the benefit of the provisions thereof) and in the Terms and Conditions; and
- (b) such Dealer accepts such appointment and shall perform all matters expressed to be performed by it in, and otherwise comply with, the Terms and Conditions and the provisions relating to the Calculation Agent contained in the Agency Agreement.

5.04 HSBC and the Guarantor hereby both irrevocably authorize each of the Dealers, on behalf of HSBC and the Guarantor, to provide copies of, and make oral statements consistent with, the relevant Offering Document, any Marketing Materials and any other documents entered into in relation to the Programme and such additional written information as HSBC shall provide to the Dealers or approve for the Dealers to use or such other information prepared by HSBC, to actual and potential purchasers of Covered Bonds. Each of the Dealers agrees to keep confidential the various documents and all

information clearly labelled “Confidential” which from time to time have been or will be disclosed to it concerning the Guarantor or HSBC or any of their affiliates, and agrees not to disclose any portion of the same to any person; provided that each Dealer will be permitted to disclose such information that (a) is public knowledge otherwise than as a result of the wrongful conduct of any Dealer, (b) such Dealer is required to disclose pursuant to the laws of the Province of Ontario, the federal laws of Canada or the United States applicable therein or any other relevant laws or the order of any court of the Province of Ontario or the United States or any other competent court in any relevant jurisdiction, or pursuant to any direction, request or requirement of any governmental or other regulatory authority or taxation authority, or any stock exchange on which securities issued by the Issuer may be listed, (c) information which was available to such Dealer on a non-confidential basis prior to its disclosure by the Guarantor or HSBC, (d) information which becomes available to such Dealer from a source not known by such Dealer to be under a legal or fiduciary duty of confidentiality, (e) such Dealer discloses to its professional advisers who receive the same under a duty of confidentiality in substantially the same terms as this Section 5.04, or (f) as authorized in writing by the Guarantor or HSBC or any of their affiliates. Nothing herein shall prevent any Dealer from providing either oral or written information to actual or potential purchasers of Covered Bonds on its own behalf.

- 5.05** The Issuer and the Guarantor have authorized the use of the Offering Memorandum and, if applicable, any additional Disclosure Documents prepared on the basis of information it has furnished and to the extent that any other Disclosure Document has been specified in respect of the sale of a Series or Tranche of Covered Bonds, such Disclosure Documents. The Offering Memorandum and, if applicable, any additional Disclosure Documents may be used in connection with the subscription and sale of the Covered Bonds until the Issuer or the Guarantor notifies the Dealers that the Offering Memorandum and, if applicable, any additional Disclosure Documents should not be used or that a revised Offering Memorandum and, if applicable, any additional Disclosure Documents in a form approved by the Issuer and/or the Guarantor, as applicable (which shall be supplied to the Dealers in such numbers of copies as the Dealers may reasonably require) is available and should be substituted. Notwithstanding the foregoing, nothing in this Section shall be construed as preventing any Dealer from preparing and distributing its own research reports covering the Issuer, the Guarantor or any affiliate of either; however, neither the Issuer nor the Guarantor shall incur any responsibility or liability for the accuracy or veracity of any such research reports so produced and distributed.
- 5.06** In connection with a purchase of Covered Bonds from the Issuer as principal, the particular Dealer (or the Dealer selected by Dealers purchasing Covered Bonds from the Issuer as principal on a syndicated basis) may, as principal and not as agent of the Issuer, over-allot or effect transactions in the open market or otherwise that stabilize or maintain the market price of such Covered Bonds at levels other than those which might otherwise prevail. Such activities, if commenced, may be discontinued at any time. Any loss resulting from such activities shall be borne, and any profit arising therefrom shall be retained, by such Dealer or Dealers for its own account or their respective accounts.

- 5.07** The obligations of the Dealers under this Section 5 are several and not joint. Except as expressly provided herein or in the Relevant Agreement, none of the Dealers will have any responsibility or liability to any other Dealer, the Issuer, the Guarantor, the Seller, any Holder or any Relevant Account Holder (and HSBC and the Guarantor hereby expressly acknowledge that such is the case) for the adequacy, accuracy or completeness of any representation, warranty, statement or information in the Offering Document, Marketing Material, this Agreement, any Relevant Agreement or any notice or other document delivered under this Agreement or any Relevant Agreement except for its respective Manager Information.
- 5.08** Each of the Dealers agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Marketing Materials, the Offering Document, this Agreement and any relevant Subscription Agreement or any information provided in connection with the Programme (in each case other than any information furnished to HSBC in writing by such Dealer) or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Series or Tranche of Covered Bonds, save that the Arranger shall have only those duties, obligations and responsibilities expressly specified in this Agreement and any relevant Subscription Agreement unless otherwise agreed between the parties hereto.

Section 6. Regulation S Covered Bonds: Determination of End of Distribution Compliance Period

- 6.01** In the case of a Tranche of Regulation S Covered Bonds in respect of which there is only one Dealer, such Dealer will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by such Dealer as being the date as of which distribution of the Covered Bonds of that Tranche was completed.
- 6.02** In the case of a Tranche of Regulation S Covered Bonds in respect of which there is more than one Dealer but which is not subscribed on a syndicated basis, the Relevant Dealer will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the latest of the dates certified by all the applicable Dealers to the Relevant Dealer as being the respective dates as of which distribution of the Covered Bonds of that Tranche purchased by each such Dealer was completed.
- 6.03** In the case of a Tranche of Regulation S Covered Bonds subscribed on a syndicated basis pursuant to a Subscription Agreement, the Lead Manager specified therein will determine the end of the Distribution Compliance Period in respect of such Tranche as being the fortieth day following the date certified by the Lead Manager as being the date as of which distribution of the Covered Bonds of that Tranche was completed.

- 6.04** Immediately after it determines the end of the Distribution Compliance Period in respect of any Tranche of Regulation S Covered Bonds, the Relevant Dealer (in the case of an issue of Covered Bonds not subscribed pursuant to a Subscription Agreement) or the Lead Manager (in the case of an issue of Covered Bonds subscribed pursuant to a Subscription Agreement) shall notify such determination to the Issuing and Paying Agent, the Issuer, the Guarantor, the Bond Trustee, the Registrar (if applicable), DTC and/or CDS, as the case may be.

Section 7. Costs and Expenses

- 7.01** Unless otherwise specifically agreed with a Relevant Dealer in connection with a specific Tranche, the Issuer and the Guarantor are responsible for payment of the proper costs, charges and expenses (and any applicable value added tax):

- (a) of any legal, accountancy and other professional advisers instructed by the Issuer in connection with the establishment and maintenance of the Programme, the preparation of the Offering Memorandum and the Disclosure Documents, or the issue and sale of any Covered Bonds or the compliance by the Issuer or the Guarantor with their obligations hereunder or under any Relevant Agreement including, without limitation, the provision of legal opinions and Auditors' Letters as and when required by the terms of this Agreement or any Relevant Agreement;
- (b) of any legal and other professional advisers instructed by the Dealers in connection with the establishment and maintenance of the Programme, provided that the Issuer and the Guarantor collectively shall only be responsible for an aggregate amount as previously agreed between the Arranger, the Issuer and the Guarantor (or such other amount as may be agreed between the Arranger, the Issuer and the Guarantor), plus any applicable value added taxes, in connection with such proper costs, charges and expenses for the initial establishment of the Programme and shall only be responsible for such reasonable amount as may be agreed between the Relevant Dealer(s), the Issuer and the Guarantor, plus any applicable value added taxes, in connection with such proper costs, charges and expenses for each Tranche;
- (c) incurred in connection with the preparation and delivery of this Agreement, the Agency Agreement and any other Transaction Documents or documents connected with the Programme or any Covered Bonds;
- (d) of and incidental to the setting, proofing, printing and delivery of the Offering Memorandum, any Final Terms and any Covered Bonds (whether in global or definitive bearer form or in registered form) including inspection and authentication; and
- (e) incurred at any time in connection with the application for any Covered Bonds to be listed and admitted to trading on any stock exchange(s) and the maintenance of any such listing(s).

- 7.02** Save in the circumstances described in the Terms and Conditions, the Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable upon or in connection with the establishment and maintenance of the Programme, the issue, sale or delivery of Covered Bonds and the entry into, execution and delivery of this Agreement, the Agency Agreement, each Relevant Agreement, each other Transaction Document and Final Terms and shall, to the extent permitted by law, indemnify each Dealer against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur or which may be made against it as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

Section 8. Notices and Communications

- 8.01** All notices and communications hereunder or under any Relevant Agreement shall be made in writing (by letter or electronic mail (“**email**”)) and shall be sent to the addressee at the address or email specified against its name in Schedule 5 to this Agreement (or, in the case of a Dealer not originally party hereto, specified by notice to the Issuer and the other Dealers at or about the time of its appointment as a Dealer) and for the attention of the person or department therein specified (or as aforesaid) or, in any case, to such other address or email address and for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose.
- 8.02** Notices delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Canadian business day prior to 4:00 p.m. local time in the place of delivery or receipt. If any notice is delivered or transmitted after 4:00 p.m. local time or if the day is not a Canadian business day, then such notice shall be deemed to have been given and received on the next Canadian business day.

Section 9. Changes in Dealers

- 9.01** The Issuer may without the consent of any third parties:
- (a) by 30 days’ notice in writing to any Dealer, terminate this Agreement in relation to such Dealer (including such Dealer’s capacity as Arranger, as applicable) but without prejudice to any rights or obligations accrued or incurred on or before the effective date of termination and in particular without prejudice to (i) the rights of such terminated Dealer and each of its officers, directors or employees and each person by whom it is controlled for the purposes of the Securities Act to be indemnified pursuant to paragraph (a) of Sections 4.01 or 4.02 of this Agreement, as applicable, with respect only to those matters that occurred or were in existence while such terminated Dealer was a Dealer pursuant to this Agreement; and (ii) the validity of any Relevant Agreement; and/or

- (b) nominate any reputable institution as a new Dealer hereunder either generally in respect of the Programme or only in relation to a particular Tranche, in which event, upon the confirmation by such institution of a letter in the terms or substantially in the terms set out in Schedule 3 or pursuant to an agreement in or substantially in the form of Schedule 7 or on any other terms acceptable to the Issuer and such institution, such institution shall, subject to the limitations set out below, become a party hereto with all the authority, rights, powers, duties and obligations of a Dealer hereunder; provided that an institution which has become a Dealer in relation to a particular Tranche only shall have the benefit of the undertaking contained in paragraph (a) of Sections 4.01 or 4.02 of this Agreement, as applicable only if such Dealer requests the benefit of such undertaking, in which case the Dealer shall have the benefit of such undertaking to the extent so requested, and shall have the benefit of the undertakings contained in subsections (f), (h) and (l) of Section 3.04 and the benefit of Section 10 only up to and including the Issue Date of the relevant Tranche of Covered Bonds.

9.02 Any Dealer may, by 30 days' written notice to the Issuer, resign as a Dealer under this Agreement but without prejudice to any rights or obligations accrued or incurred on or before the effective date of resignation and in particular the validity of any Relevant Agreement.

9.03 The Issuer will notify existing Dealers appointed generally in respect of the Programme, the Arranger, the Bond Trustee and the Issuing and Paying Agent of any change in the identity of other Dealers appointed generally in respect of the Programme as soon as reasonably practicable thereafter.

Section 10. Increase in Authorized Amount

10.01 The Issuer and the Guarantor may, from time to time, by giving 10 days' notice by letter in substantially the form set out in Schedule 4 to each of the Relevant Dealers (with a copy to the other Paying Agents and the Registrars), increase the Authorized Amount.

10.02 Notwithstanding the provisions of Section 10.01 above, no increase other than pursuant to an amendment shall be effective unless and until (i) each of the Relevant Dealers shall have received in form, number and substance satisfactory to each such Dealer, the documents and confirmations described in Schedule 2 to this Agreement agreed among the Issuer and the Arranger as being required to be provided (with such changes as may be relevant having regard to the circumstances at the time of the proposed increase as agreed among the Issuer and the Relevant Dealers) and such further documents and confirmations as may be requested by the Relevant Dealers including, without limitation, Auditors' Letters and (ii) the Issuer and the Guarantor shall have complied with all legal and regulatory requirements necessary for the issuance of, and performance of obligations under, Covered Bonds up to such new Authorized Amount and upon such increase taking effect, all references in this Agreement to the Authorized Amount being in a certain principal amount shall be to the increased principal amount.

Section 11. Assignment

11.01 This Agreement shall be binding upon and shall inure for the benefit of the Issuer, the Guarantor and the Dealers and their respective successors and permitted assigns. For greater certainty, any new company established as a substitute issuer pursuant to the Trust Deed shall be bound by and enjoy the benefit of this Agreement.

11.02 Neither the Issuer nor the Guarantor may assign its rights or transfer its obligations under this Agreement, in whole or in part, and any purported assignment or transfer shall be void. No Dealer may assign any of its rights or delegate or transfer any of its obligations under this Agreement or any Relevant Agreement, in whole or in part, without the prior written consent of the Issuer and the Guarantor and any purported assignment or transfer without such consent shall be void. Upon the date when such transfer and assumption becomes effective and to the extent permitted by applicable law, and without further formality such Dealer shall be relieved of, and fully discharged from, all obligations hereunder and any Relevant Agreement, whether such obligations arose before or after such transfer and assumption.

Section 12. Law and Jurisdiction

This Agreement and each Relevant Agreement is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and of Canada applicable therein and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 13. Currency Indemnity

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with this Agreement is made or fails to be satisfied in a currency (the “**other currency**”) other than that in which the relevant payment is expressed to be due (the “**required currency**”), then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for any Dealer to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of liquidation, insolvency or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by any Dealer falls short of the amount due under the terms of this Agreement, the Issuer and the Guarantor shall, as a separate and independent obligation, indemnify and hold harmless such Dealer against the amount of such shortfall. For the purpose of this Section “**rate of exchange**” means the rate at which the Relevant Dealer is able on the relevant date to purchase the required currency with the other currency and shall take into account any premium and the reasonable costs of exchange.

Section 14. Counterparts and Severability

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

Section 15. Non-Petition

HSBC and the Dealers agree that they shall not institute or join any other Person or entity in instituting against, or with respect to, the Guarantor, or any of the general partners of the Guarantor, any bankruptcy or insolvency event so long as any Covered Bonds issued by the Issuer under the Programme shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Covered Bonds shall have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

Section 16. Limitation of Liability

The Guarantor is a limited partnership formed under the *Limited Partnerships Act* (Ontario), a limited partner of which is, except as expressly required by law, only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital.

Section 17. Amendment and Waiver

Any amendments to this Agreement will be made only with the prior written consent of each party to this Agreement. No waiver of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorized by) each of the parties. Each proposed amendment or waiver of this Agreement that is considered by the Guarantor to be a material amendment or waiver in respect of the Guarantor's rights and obligations shall be subject to Rating Agency confirmation and the Guarantor (or the Cash Manager on its behalf) shall deliver notice to the Rating Agencies of any amendment or waiver which does not require Rating Agency confirmation provided that failure to deliver such notice shall not constitute a breach of the obligations of the Guarantor under this Agreement. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

SIGNATURES

HSBC BANK CANADA

By: "Gerhardt J. Samwell"
Gerhardt J. Samwell
Chief Financial Officer

By: "Derek C. Lee"
Derek C. Lee
Vice President, Asset Liability and Capital Management

HSBC CANADIAN COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP, by its managing general partner **HSBC CANADIAN COVERED BOND (LEGISLATIVE) GP INC.**

By: "Derek C. Lee"
Derek C. Lee
President

By: "Paul Keirstead"
Paul Keirstead
Vice-President

The Arranger

HSBC SECURITIES (USA) INC.

By: "Diane M. Kenna"

Diane M. Kenna
Managing Director

The Dealer

HSBC SECURITIES (USA) INC.

By: "Diane M. Kenna"

Diane M. Kenna
Managing Director

SCHEDULE 1

Selling and Transfer Restrictions

Canada:

Each Dealer acknowledges and agrees that Covered Bonds have not been and will not be qualified for sale under the securities laws of any province or territory of Canada.

Each Dealer represents and agrees, and each further Dealer appointed pursuant to Section 9.01(b) will be required to represent and agree, that it has not offered, sold, distributed or delivered, and that it will not offer, sell, distribute or deliver, any Covered Bonds, directly or indirectly, in Canada or to, or for the benefit of any resident thereof (A) in contravention of the securities laws of Canada or any province or territory thereof and (B) without the consent of the Issuer.

If the applicable Final Terms provide that Covered Bonds may be offered, sold, or distributed in Canada, the issue of the Covered Bonds will be subject to such additional selling restrictions as the Issuer and the Relevant Dealer may agree, as specified in the applicable Final Terms. Each Dealer represents and agrees that it has offered, sold, or distributed, and that it will offer, sell and distribute such Covered Bonds only in compliance with such additional Canadian selling restrictions.

Each Dealer agrees, and each further Dealer appointed pursuant to Section 9.01(b) will be required to agree, not to distribute or deliver the Offering Memorandum or any other offering material relating to the Covered Bonds, in Canada in contravention of the securities laws of Canada or any province or territory thereof.

United States of America:

Selling Restrictions

Regulation S, Category 2. Sales to QIBs in reliance upon Rule 144A under the Securities Act will be permitted if so specified in the applicable Final Terms.

Each Dealer will acknowledge, and each further Dealer appointed under the Dealership Agreement will be required to acknowledge, that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or under any state securities laws and may not be offered or sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Regulation S Covered Bonds, each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulations S Covered Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds

are a part, as determined and certified by the Relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, an offer or sale of Covered Bonds within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under Rule 144A under the Securities Act.

With respect to the issuance of Rule 144A Covered Bonds, the Dealership Agreement provides that selected Dealers, through their selling agents which are registered broker dealers in the United States, may resell Covered Bonds in the United States to QIBs pursuant to the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

With respect to the issuance of Rule 144A Covered Bonds, Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A will be specified in the applicable Final Terms in U.S. dollars (or the approximate equivalent in another Specified Currency).

Each Dealer appointed under the Dealership Agreement will be required to represent and agree in respect of transactions under Rule 144A that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited officers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act) in connection with any offer or sale of Covered Bonds in the United States. To the extent that the Issuer and the Guarantor are not subject to or do not comply with the reporting requirements of Sections 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer and the Guarantor have agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Transfer Restrictions

Each purchaser of Registered Covered Bonds (other than a person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same

Global Covered Bond) or person wishing to transfer an interest from one Registered Global Covered Bond to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A, or (ii) it is outside the United States and is not a U.S. person and it is not purchasing (or holding) the Covered Bonds for the account or benefit of a U.S. person;
- (b) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth in this section;
- (c) it agrees that neither the Issuer nor the Guarantor has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;
- (d) that, unless it holds an interest in a Regulation S Global Covered Bond, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so prior to the date that is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (e) it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds and that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;
- (g) that either (a) it is not and for so long as it holds a Covered Bond (or any interest therein) will not be (i) an “employee benefit plan” as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended

(“ERISA”) that is subject to Title I of ERISA, (ii) a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), (iii) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code (each of the foregoing, a “**Benefit Plan Investor**”), or (iv) a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“**Similar Law**”), or (b) its acquisition, holding and disposition of the Covered Bonds will not (i) in the case of a Benefit Plan Investor, result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because the conditions for relief under an applicable statutory, class or individual prohibited transaction exemption are satisfied or (ii) in the case of a governmental, church, non-U.S. or other employee benefit plan, result in a violation of Similar Law;

- (h) that the Covered Bonds (other than the Regulation S Global Covered Bonds) will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE “AGENCY AGREEMENT”) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO

WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, (EACH OF THE FOREGOING, A “BENEFIT PLAN INVESTOR”), OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT (I) IN THE CASE OF A BENEFIT PLAN INVESTOR, RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE THE CONDITIONS FOR RELIEF UNDER AN APPLICABLE STATUTORY, CLASS OR INDIVIDUAL PROHIBITED TRANSACTION EXEMPTION ARE SATISFIED OR (II) IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, RESULT IN A VIOLATION OF SIMILAR LAW.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A”;

- (i) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE “AGENCY AGREEMENT”) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE (EACH OF THE FOREGOING, A “BENEFIT PLAN INVESTOR”), OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT (I) IN THE CASE OF A BENEFIT PLAN INVESTOR, RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF

THE CODE BECAUSE THE CONDITIONS FOR RELIEF UNDER AN APPLICABLE STATUTORY, CLASS OR INDIVIDUAL PROHIBITED TRANSACTION EXEMPTION ARE SATISFIED OR (II) IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, RESULT IN A VIOLATION OF SIMILAR LAW.”

and

- (j) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sales of Legended Covered Bonds in the United States to any one purchaser will be for less than the minimum purchase price set forth in the applicable Final Terms in respect of the relevant Legended Covered Bonds. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least an amount equal to the applicable minimum purchase price set forth in the applicable Final Terms in respect of the relevant Legended Covered Bonds.

General:

Each Dealer acknowledges that no action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor, the Dealers or the Bond Trustee that would permit a public offering of Covered Bonds, or possession or distribution of any offering material in relation thereto, in such country or jurisdiction where action for that purpose is required. Persons into whose hands the Offering Memorandum or any Final Terms comes are required by the Issuer, the Guarantor, the Dealers and the Bond Trustee to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealers will not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions will, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer.

SCHEDULE 2

Conditions Precedent

1. **Legal Opinions:** Canadian law legal opinions from McCarthy Tétrault LLP, Canadian legal advisors to the Issuer and the Guarantor (and, if the Covered Bonds are offered under Rule 144A or otherwise in the United States, such opinions or other documents as agreed between the parties from U.S. legal advisors to the Issuer and the Guarantor) and, if requested by the Arranger, Norton Rose Fulbright Canada LLP and/or Morrison & Foerster LLP, legal advisors to the Dealers.
2. **Internal Authorizations of the Issuer and the Guarantor:** certified copies of constitutive documents of the Issuer and internal authorizations (if any) of the Issuer authorizing (i) the issue of the Covered Bonds, as applicable, (ii) any increase in the Programme, as applicable, and (iii) the execution of the Transaction Documents to which it is a party.
3. **Auditors' Letter:** any letters, in such form as the Dealers may reasonably request, from PricewaterhouseCoopers LLP (as the auditors of HSBC), including the most recent specified procedures report delivered to CMHC in accordance with the Guide.
4. **Certificate of Incumbency:** a certificate from each of the Issuer and the Guarantor certifying the names, titles and specimen signatures of the persons authorized on behalf of each of such parties and where applicable: (i) to execute the Transaction Documents to which it is a party or the Covered Bonds (as appropriate); (ii) to authorize issues of Covered Bonds and sign or give or deliver all notices and other documents to be delivered in connection with the Transaction Documents; and (iii) to take any other action in relation to the Transaction Documents.
5. **Solvency Certificates:** a certificate from each of the Issuer and the Guarantor as to its solvency.
6. **Transaction Documents and Offering Memorandum:** copies of the Transaction Documents duly executed by the parties thereto and of the Offering Memorandum and confirmation that the executed copies of each Transaction Document have been delivered, in the case of the Trust Deed, to the Bond Trustee and in the case of the Agency Agreement, to the Bond Trustee and the Issuing and Paying Agent.
7. **Process Agent:** confirmation that the agent appointed to receive service of process on behalf of the Issuer in the United States of America, as applicable, has accepted its appointment.
8. **ISIN, Common Code and CUSIP:** an ISIN, Common Code and CUSIP (as applicable) relating to the Covered Bonds of the Issuer.
9. **Clearing System:** confirmation that the Covered Bonds have been accepted by DTC, CDS or any alternative clearing system (as appropriate) for clearing and settlement in its or their systems, as appropriate.

10. **Ratings:** confirmation from the Issuer of the rating for the Programme obtained from Moody's Investors Service, Inc. and Fitch Ratings, Inc. to the extent any such rating agency is then rating the Covered Bonds or any other rating agency as shall have issued at the request of the Issuer a rating in connection with any Covered Bonds.
11. **DTC Letter of Representation:** with respect to the initial Tranche or Series of Covered Bonds registered in the name of DTC or its nominee, a blanket letter of representation of the Issuer to DTC.
12. **External Authorizations of the Issuer and the Guarantor:** external authorizations (if any) of the Issuer and the Guarantor authorizing (i) the issue of the Covered Bonds, (ii) any increase in the Programme, as applicable, and (iii) the execution of the Transaction Documents to which it is a party.
13. **Registered Issuer and Registered Programme:** evidence that the Issuer is registered as a registered issuer (and is not suspended) and the Programme is registered in the Registry.

SCHEDULE 3

Dealer Accession Letter

[Date]

[New Dealer]
[Address]

Dear Sirs/Mesdames,

HSBC Bank Canada
Programme for the Issuance of Covered Bonds
unconditionally and irrevocably guaranteed as to payments by
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)

We refer to the dealership agreement dated as of August 10, 2018 and entered into in respect of the above Programme for the Issuance of Covered Bonds (such agreement, as modified, amended or restated from time to time, the “**Dealership Agreement**”) between ourselves and the Dealers from time to time party thereto, and have pleasure in inviting you to become a Dealer upon the terms of the Dealership Agreement [but only in respect of [specify Tranche of Covered Bonds]]*, a copy of which has been supplied to you by us. You have been supplied with a copy of the Offering Memorandum and the legal opinions referred to in item 1 of Schedule 2 to the Dealership Agreement, together with copies of such other documents listed in Schedule 2 as you have requested. [We are enclosing copies of the Auditors’ Letter [together with letters from such Auditors addressed to you and giving you the full benefit of the Auditors’ Letter].]** Please return to us a copy of this letter signed by an authorized signatory whereupon you will become a Dealer for the purposes of the Dealership Agreement with [, subject as hereinafter provided,]* all the authority, rights, powers, duties and obligations of a Dealer under the Dealership Agreement [except that you shall not have the benefit of the undertaking contained in subsection (g) of Section 3.04 and shall have the benefit of the undertakings contained in subsections (f) and (h) of Section 3.04 and the benefit of Section 10 only up to and including the Issue Date of [describe the relevant Tranche of Covered Bonds]]*.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Yours faithfully,
HSBC Bank Canada

By:

* Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

** Applies only where incoming Dealer is being appointed a Dealer in relation to the Programme generally, the Dealer has requested the benefit of an existing Auditors’ Letter and arrangements acceptable to the Dealer and the Auditors have been made for the Dealer to obtain the benefit of such Auditors’ Letter.

HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
by its managing general partner **HSBC Canadian Covered Bond (Legislative) GP Inc.**

By:

CONFIRMATION

We hereby accept the appointment as a Dealer and accept all the duties and obligations under, and terms and conditions of, the Dealership Agreement upon the terms of this letter [but only in respect of [specify Tranche of Covered Bonds]]*.

We confirm that we are in receipt of all the documents [(other than those which have been waived by agreement between us)] referred to in the second sentence of your letter and have found them to be satisfactory [and waived the production of the documents referred to in subsection (g) of Section 3.04 of the Dealership Agreement]**.

For the purposes of the Dealership Agreement our communications details are as set out below.

[NEW DEALER]

By:

Date:

Address: []

Email: []

Facsimile: []

Attention: []

[]

By:

***[Copies to:

1. all existing Dealers who have been appointed in respect of the Programme generally; and
2. the existing Issuing and Paying Agent.]

* Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

** Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche. To be modified if incoming Dealer requests the benefit of the undertaking in paragraph (g) of Section 3.04.

*** Applies only where the incoming Dealer is being appointed in respect of the Programme generally.

SCHEDULE 4

Notice of Increase of Authorized Amount

To: [list all current Dealers appointed in respect of the Programme generally, Paying Agents and Registrars]

Dear Sirs/Mesdames,

HSBC Bank Canada
Programme for the Issuance of Covered Bonds
unconditionally and irrevocably guaranteed as to payments by
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)

We refer to the dealership agreement dated as of August 10, 2018 and entered into in respect of the above Programme for the Issuance of Covered Bonds (such agreement, as modified or amended from time to time, the “**Dealership Agreement**”), between ourselves and the Dealers from time to time party thereto). Terms used in the Dealership Agreement shall have the same meaning in this letter.

Pursuant to Section 10.01 of the Dealership Agreement, we hereby notify you that the Authorized Amount of the Programme shall be increased from [] to [] with effect from [date] or such later date upon which the requirements of Section 10.02 of the Dealership Agreement shall be fulfilled, subject always to the provisions of Section 10.02 of the Dealership Agreement.

From the date upon which the increase in the Authorized Amount becomes effective, all references in the Dealership Agreement to the Programme and the Authorized Amount being in a certain principal amount shall be to the increased principal amount as specified herein.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

Yours faithfully,
HSBC Bank Canada

By:

HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
by its managing general partner **HSBC Canadian Covered Bond (Legislative) GP Inc.**

By:

SCHEDULE 5

Notice Details

The Issuer

HSBC Bank Canada
2910 Virtual Way, 4th Floor
Vancouver, British Columbia
Canada V5M 0B2

Attention: Derek C. Lee

Email: derek.c.lee@hsbc.ca

The Guarantor

HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
c/o HSBC Canadian Covered Bond (Legislative) GP Inc.
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, Ontario
Canada M5K 1E6

Attention: Paul Keirstead

Email: paul.keirstead@hsbc.ca

The Dealer

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, NY 10018

Fax: +1-212-525-0238

Attention: Transaction Management

The Arranger

HSBC Securities (USA) Inc.

452 Fifth Avenue

New York, NY 10018

Fax: +1-212-525-0238

Attention: Transaction Management

SCHEDULE 6

Pro Forma Final Terms

-Attached-

PRO FORMA FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under this Offering Memorandum. This *pro forma* Final Terms is subject to completion and amendment to set out the terms upon which each Tranche or Series of Covered Bonds is to be issued.

(a) **Final Terms dated []**

[LOGO]

HSBC BANK CANADA

(a Canadian chartered bank)

(b) Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]
under the

(c) **CAD 3,500,000,000**

(d) **Legislative Global Covered Bond Programme**
unconditionally and irrevocably guaranteed as to payments by
HSBC CANADIAN COVERED BOND (LEGISLATIVE) GUARANTOR
LIMITED PARTNERSHIP

(a limited partnership formed under the laws of Ontario)

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“CMHC”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THESE FINAL TERMS. THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

THE COVERED BONDS DESCRIBED IN THESE FINAL TERMS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THE COVERED BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS [EXCEPT THAT THE COVERED BONDS MAY BE OFFERED OR SOLD TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE UPON RULE 144A UNDER THE SECURITIES ACT].

The Guarantor is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a “covered fund” for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the “Volcker Rule.” In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and under the Volcker Rule and its related regulations may be available, the Guarantor has relied on the exemption from registration set forth in Section 3(c)(5) of the

Investment Company Act. See “*Certain Volcker Rule Considerations*” in the Offering Memorandum dated [●], 2018.

ARTICLE 1—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Memorandum dated [●], 2018 (as such document may be supplemented or amended, the “**Offering Memorandum**”). This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Offering Memorandum. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Offering Memorandum. The Offering Memorandum, together with these Final Terms and all documents incorporated by reference therein, are available for viewing at, and copies may be obtained from, the specified offices of the Issuer and the Issuing and Paying Agent, as set out at the end of this Offering Memorandum.

1. (a) Issuer: HSBC Bank Canada
Branch: **[Head office of the Bank in Vancouver] [Toronto branch]**
(b) Guarantor: HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
2. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the Covered Bonds become fungible: [Not Applicable/The Covered Bonds shall be consolidated, form a single series and be interchangeable with [] on [[]/[the Issue Date]].
3. Specified Currency or Currencies: []
(Condition 1.04)
4. Aggregate Principal Amount: []
(a) Series: []
(b) Tranche: []
5. Issue Price: []% of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]
6. (a) Specified Denominations: [[] [and integral multiples of [] in excess

thereof up to and including []. No Covered Bonds in definitive form will be issued with a denomination above [].]

(Condition 1.03)

- (b) Calculation Amount: []
7. (a) Issue Date: []
- (b) Interest Commencement Date: []/[Issue Date] [Not Applicable]
8. (a) Final Maturity Date: []/[Interest Payment Date falling in or nearest to []]
- (b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: []/ Interest Payment Date falling in or nearest to []
9. Interest Basis: [] percent Fixed Rate]
- [[] +/- [] percent Floating Rate]
- [Zero Coupon]
- (further particulars specified in item 15 below)
10. Redemption/Payment Basis: [Redemption at par] [Hard Bullet Covered Bond]
11. Change of Interest Basis: []/[Applicable if and only to the extent that item 15 below applies to the Covered Bonds.]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [Not Applicable]
- [(further particulars specified in items 17 and 18 below)]
13. [Date of [Board] approval for issuance of Covered Bonds obtained: [] [and [], respectively]]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Covered Bond [Applicable/Not Applicable]
Provisions:

(Condition 5.02)

- (a) Rate[(s)] of Interest: [] percent per annum [payable [annually/semi-annually/quarterly/monthly/[]] in arrears on each Interest Payment Date [commencing []]
- (b) Interest Payment Date(s): [] in each year [subject to adjustment in accordance with the Business Day Convention specified in 14(iii) below/not adjusted] up to and including the [Final Maturity Date] [Extended Due for Payment Date, if applicable] (provided however that after the Extension Determination Date, the Interest Payment Date shall be monthly)
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/ Modified Business Day Convention/ Preceding Business Day Convention/ FRN Convention]/[Not Applicable]/[other (*specify*)]
- (d) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (e) Broken Amount(s) [] per Calculation Amount, payable on the Interest Payment Date falling [on/or] []/ [Not Applicable]
- (f) Day Count Fraction: [Actual/Actual *or* Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/360
Actual/Actual (Canadian Compound Method)
30/360 *or* 360/360 *or* Bond Basis
30E/360 (ISDA)
Actual/Actual (ICMA) *or* Act/Act (ICMA)
Other (*specify*)]
- (g) Determination Dates: [[] in each year]/[Not Applicable]

15. Floating Rate Covered Bond [Applicable [from and including the Final Maturity Date to but excluding the Extended Due for Payment Date to the extent payment of the Final Redemption Amount is deferred until the Extended Due for Payment Date]/Not Applicable]

(Condition 5.03)

- (a) Interest Period(s): ☐ [subject to adjustment in accordance with the Business Day Convention specified in 15(iii) below, not adjusted]/[Not Applicable]
- (b) Specified Interest Payment Dates: ☐ [subject to adjustment in accordance with the Business Day Convention specified in 15(iii) below/not adjusted] [(provided however that after the Extension Determination Date, the Specified Interest Payment Date shall be monthly)]/[Not Applicable]
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/ Modified Business Day Convention/ Preceding Business Day Convention/ FRN Convention]/[Not Applicable]/[other (*specify*)]
- (d) Financial Centre(s): [London]/[Vancouver]/[Toronto]/[New York]/[Not Applicable] /[other (*specify*)]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): ☐
- (g) Screen Rate Determination: [Applicable]/[Not Applicable]/☐
- Reference Rate: ☐ month [LIBOR] /[other (*specify*)]
- Interest Determination Date(s) [Second London Business Day prior to the start of each Interest Period] [first day of each Interest Period] [☐] [days prior to start of each Interest Period]
- Relevant Screen Page [Reuters LIBOR01] [☐
- Relevant Time: [☐
- Reference Banks: [☐]/[Not Applicable]
- (h) ISDA Determination: [Issuer is [Fixed Rate/Fixed Amount/Floating

	Rate/Floating Amount] Payer]/[Not Applicable]
– Floating Rate Option:	[]
– Designated Maturity:	[]
– Reset Date:	[]
(i) Margin(s):	[+/-][] percent per annum
(j) Linear Interpolation (Condition 5.10)	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(k) Minimum Interest Rate: (Condition 5.05)	 [] percent per annum/[Not Applicable]
(l) Maximum Interest Rate: (Condition 5.05)	 [] percent per annum/[Not Applicable]
(m) Day Count Fraction:	[Actual/Actual <i>or</i> Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 Actual/Actual (Canadian Compound Method) 30/360 <i>or</i> 360/360 <i>or</i> Bond Basis 30E/360 (ISDA) Actual/Actual (ICMA) <i>or</i> Act/Act (ICMA)]
16. Zero Coupon Covered Bond Provisions: (Condition 5.11)	[Applicable/Not Applicable]
(a) Amortization Yield:	[] percent per annum]
(b) Reference Price:	[]
(c) Day Count Fraction:	[30/360 Actual/360 Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Call Option (Condition 6.03)	[Applicable/Not Applicable]
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- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [] per Calculation Amount
- (ii) Maximum Redemption Amount: [] per Calculation Amount
- (d) Notice Period []
18. Put Option [Applicable/Not Applicable]
- (Condition 6.06)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (c) Notice period []
19. Final Redemption Amount of each Covered Bond [] per Calculation Amount
20. Early Redemption Amount:
- Early Redemption Amount(s) [] per Calculation Amount payable on redemption for taxation reasons or illegality or upon acceleration following an Issuer Event of Default or Guarantor Event of Default and/or the method of calculating the same:
- (Conditions 6.02, 6.12 or 7)

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

21. Form of the Covered Bonds: [Registered Covered Bonds:]
- [Regulation S Global Covered Bond (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/CDS] and exchangeable on [] days' notice/at any time/only after an Exchange Event/Rule 144A Global Covered Bond (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/CDS] and exchangeable on [] days' notice/at any time/only after an Exchange Event.]
22. Financial Centre(s) or other special provisions relating to payment dates: []/[Not Applicable]

THIRD PARTY INFORMATION

[] has been extracted from []. The Issuer and the Guarantor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

Signed on behalf of the Issuer:

Signed on behalf of the Managing GP for and
on behalf of the Guarantor:

By:

Duly authorized

By

:

Duly authorized

By:

Duly authorized

By

:

Duly authorized

ARTICLE 2—OTHER INFORMATION

1. **RATINGS** The Covered Bonds to be issued have been rated:

[Moody's: Aaa]

[Fitch: AAA]
2. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[Save as discussed in [*“Subscription and Sale and Transfer and Selling Restrictions”*], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.] [The [Managers/Dealers] and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer [and the Guarantor] and [its/their] affiliates.]/[Not Applicable]
3. **[FIXED RATE COVERED BONDS ONLY – YIELD**

Indication of yield based on the []
Issue Price:
4. **DISTRIBUTION**
 - (a) **US Selling Restrictions:** [Regulation S compliance Category 2;] [[Not] Rule 144A eligible]
 - (b) **Additional Selling Restrictions:** [Not Applicable]/[The Covered Bonds may not be offered, sold or distributed, directly or indirectly, in Canada or to or for the benefit of, any resident in Canada]/[Covered Bonds may only be offered, sold or distributed by the Managers on such basis and in such provinces of Canada as, in each case, are agreed with the Issuer and in compliance with any applicable securities laws of Canada or any province, to the extent applicable]
5. **OPERATIONAL INFORMATION**
 - (a) ISIN Code: []
 - (b) Common Code: []
 - (c) [insert here any other relevant codes such as CUSIP and []

CINS codes)]

- (d) Any clearing system(s) other [Not Applicable]/[]
than DTC or CDS, their
addresses and the relevant
identification number(s):
- (e) Delivery: Delivery [against/free of] payment
- (f) Name(s) and address(es) of []
initial Paying Agent(s),
Registrars, Exchange Agent
and Transfer Agents:
- (g) Name(s) and address(es) of []
additional or substitute Paying
Agent(s) or Transfer Agent(s):

6. UNITED STATES TAX CONSIDERATIONS

[Not applicable]/[[*For Covered Bonds issued in compliance with Rule 144A:*][For U.S. federal income tax purposes, the Issuer intends to treat the Covered Bonds as [original issue discount Covered Bonds/fixed-rate debt/fixed-rate debt issued with original issue discount/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] percent compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with original issue discount/foreign currency Covered Bonds/foreign currency Covered Bonds issued with original issue discount/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Covered Bonds will be [●] percent compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Covered Bond consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Covered Bonds.]]

[*For a Qualified Reopening of Covered Bonds issued in compliance with Rule 144A:*][Qualified Reopening. The issuance of the Covered Bonds should be treated as a "qualified reopening" of the Covered Bonds issued on [●] within the meaning of the Treasury regulations governing original issue discount on debt instruments (the "OID Regulations"). Therefore, for purposes of the OID Regulations, the Covered Bonds issued in this offering should be treated as having the same issue date and the same issue price as the Covered Bonds issued on [●] and should [not] be considered to have been issued with original issue discount for U.S. federal income tax purposes.]

SCHEDULE 7

Pro Forma Subscription Agreement

[Illustrative form of Subscription Agreement where an issue of Covered Bonds is syndicated among a group of institutions]

HSBC BANK CANADA

- and -

OTHERS

SUBSCRIPTION AGREEMENT

in respect of

[insert principal amount]

[description of Series]

issued under the

CAD \$3,500,000.000

Programme for the Issuance of Covered Bonds
unconditionally and irrevocably guaranteed as to payments by
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
(a limited partnership formed under the laws of Ontario)

THIS AGREEMENT is made on []

BETWEEN:

- (1) **HSBC Bank Canada** (the “**Issuer**”);
- (2) **HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership** (the “**Guarantor**”)
- (3) [] as lead manager(s) (the “**Lead Manager(s)**”); and
- (4) [], [], and [] (together with the Lead Manager(s), (the “**Managers**”).

WHEREAS

- (A) The Issuer has established a programme for the issuance of Covered Bonds unconditionally and irrevocably guaranteed as to payments by the Guarantor in connection with which it entered into a dealership agreement dated as of August 10, 2018, (the “**Dealership Agreement**”, which expression shall include any amendments or supplements thereto or restatements thereof) and made between the Issuer and certain other institutions named therein.
- (B) Pursuant to the Dealership Agreement, the Issuer is entitled to sell Covered Bonds (as defined in the Dealership Agreement) issued under the Programme to institutions who become Dealers in relation to a particular Tranche of Covered Bonds only. Each of the Managers is either a Dealer in relation to the Programme or has agreed to become a Dealer in relation to the Covered Bonds (as defined below) pursuant to the provisions of this Agreement.
- (C) The Issuer proposes to issue [principal amount] [description of Series] (the “**Covered Bonds**”) and the Managers wish to subscribe such Covered Bonds.
- (D) This Agreement is supplemental to the Dealership Agreement.

IT IS HEREBY AGREED as follows:

1. Definitions

All words and expressions defined in the Dealership Agreement shall, where the context so requires and admits, have the same meanings in this Agreement. In the event of any conflict or inconsistency between the provisions of this Agreement and the Dealership Agreement, the provisions of this Agreement shall apply. Each of the Managers hereby acknowledges receipt of a copy of the Dealership Agreement and the Offering Memorandum.

Additionally, it is agreed that the following terms, when used herein, shall have the meanings set forth below:

“**Time of Sale**” means [specify] a.m./p.m. ([specify] time) on [specify].

“**Time of Sale Information**” means [specify] as of the Time of Sale.

“**Investor Presentation**” means [specify].

2. Subscription of the Covered Bonds

- (a) The Issuer hereby agrees to issue and sell the Covered Bonds in accordance with the provisions of this Agreement, the Dealership Agreement and the Agency Agreement and the Managers severally and not jointly agree with the Issuer to subscribe for the principal amount of Covered Bonds set forth opposite their respective names in Annex 1 hereto in same day funds on [] or such other date not being later than [] as shall be agreed by the Issuer and the Lead Manager acting on behalf of the Managers (the “**Issue Date**”) at their issue price of [] per cent. of their principal amount plus (if the Issue Date is postponed) any accrued interest in respect thereof, [less a selling commission of [] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and a combined management and underwriting commission of [] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and less the amount which the Issuer has agreed to pay to the Lead Manager in respect of certain expenses pursuant to Section [5/6] below (each of which the Issuer agrees to pay to the Managers [or, as the case may be, the Lead Manager] and authorizes the deduction thereof from the subscription moneys payable to the Issuer on the Issue Date), against delivery of the Covered Bonds, duly executed on behalf of the Issuer in the manner contemplated by the Agency Agreement, in the form agreed between the Issuer and the Lead Manager (on behalf of the Managers).
- (b) The Issuer and the Guarantor confirm that they have approved the final terms (the “**Final Terms**”) dated [] in connection with the issue of the Covered Bonds and have authorized the Managers to distribute copies of the Offering Memorandum and the Final Terms and any other documents prepared in connection with the Programme and the issue of the Covered Bonds, in connection with the offering and sale of the Covered Bonds.

3. Dealership Agreement

The Covered Bonds are issued under the Programme and accordingly are Covered Bonds as defined in and for the purposes of the Dealership Agreement and the Agency Agreement. For the purposes of the Dealership Agreement, this Agreement is a Relevant Agreement and the Lead Manager is the Relevant Dealer and each of the Managers is a Dealer on the terms set out in the Dealership Agreement.

4. Additional Representations and Warranties [and Undertakings]

- (a) The Issuer hereby represents and warrants to the Managers that as at the date hereof (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Issuer contained in Section 3.01 of the Dealership Agreement, (ii) that the conditions set out in Section 2.05 of the Dealership Agreement have been satisfied or waived, (iii) that the Offering Memorandum contains all material information relating to the assets and liabilities, financial position, profits and losses of

the Issuer and nothing has happened or is expected to happen which would require such document to be supplemented, and (iv) there is no material adverse change in the condition (financial or otherwise) or general affairs or prospects of the Issuer from that set forth in the Time of Sale Information together with the Final Terms.

- (b) The Guarantor hereby represents and warrants to the Managers that as at the date hereof (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Guarantor contained in Section 3.03 of the Dealership Agreement, (ii) that the conditions set out in Section 2.05 of the Dealership Agreement have been satisfied or waived, (iii) that the Offering Memorandum contains all material information relating to the assets and liabilities, financial position, profits and losses of the Guarantor and nothing has happened or is expected to happen which would require such document to be supplemented and (iv) there is no material adverse change in the condition (financial or otherwise) or general affairs or prospects of the Guarantor from that set forth in the Time of Sale Information together with the Final Terms.
- (c) Each Manager, severally and not jointly, agrees to indemnify and hold harmless each of the Issuer and the Guarantor, its respective directors, its respective officers and any person controlling either of the Issuer or the Guarantor, as applicable, from and against any and all losses, claims, damages and liabilities (i) caused by any untrue statement or alleged untrue statement of a material fact contained in the applicable Offering Document or (ii) caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading in each case solely insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any Manager Information. "Manager Information" means information relating to any Manager furnished to the Issuer in writing by such Manager expressly for use and contained in the applicable Offering Document, or any supplement or amendment thereto, it being understood and agreed that the only such information consists of the following: [] in the applicable Offering Document.

[Insert any additional representations and warranties and/or undertakings which may be required in relation to the Covered Bonds.]

5. Conditions Precedent

In accordance with the provisions of Section 2.05 of the Dealership Agreement (but without prejudice to the provisions of Section 2.06 thereof), the Issuer and the Guarantor hereby acknowledge that the Managers' obligations to subscribe and pay for the Covered Bonds on the Issue Date are subject to the satisfaction of the conditions precedent set out in the said Section 2.05 [, as well as the following additional conditions precedent:]

[set out a list of additional conditions precedent required by the Managers pursuant to subsection 2.05(i) of the Dealership Agreement, consider also whether any additional signature authority or a closing certificate will be required].

6. Expenses

The Issuer shall pay to the Lead Manager on demand [amount] in lieu of reimbursement of any legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds ([plus/excluding] any applicable value added tax). Such amount may be deducted from the proceeds of the issue in accordance with subsection 2(a).

OR

The Issuer and the Guarantor shall reimburse the Lead Manager on demand for all legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds (plus any applicable value added tax); [provided, however, that the aggregate liability of the Issuer or the Guarantor under this Section shall not exceed [amount] ([inclusive/exclusive] of value added tax)].

It is expressly agreed for the purposes of Section 2.06 of the Dealership Agreement that the Issuer shall remain liable pursuant to this Section [5/6] in respect of such fees and expenses incurred by the Lead Manager prior to or in connection with such termination notwithstanding the termination of this agreement.

OR

The expenses relating to the issue have been agreed in a separate side letter of even date herewith between the Issuer and the Lead Manager(s). Such agreed sum relating to such expenses may be deducted from the proceeds of the issue in accordance with subsection 2(a).

7. New Dealer(s)

In accordance with the provisions of subsection 9.01(b) of the Dealership Agreement the Issuer hereby appoints those of the Managers who are not Dealers (for the purposes of this Section, a “New Dealer”) as dealers upon the terms of the Dealership Agreement in respect of the Covered Bonds only with the authority, rights, powers, duties and obligations of a Dealer under the Dealership Agreement to the extent provided in such subsection 9.01(b) save that each New Dealer [shall not have the benefit of the undertakings contained in subsection (g) of Section 3.04 of the Dealership Agreement]*.

Each Manager that is a New Dealer confirms that it has found the Dealership Agreement and the Offering Memorandum satisfactory, has received a copy of or waived the production of a copy of the other conditions precedent set out in Schedule 2 to the Dealership Agreement, in each case as most recently delivered to the Dealers in respect of the Programme [and waived production of a copy of the documents referred to in subsection (g) of Section 3.04 of the Dealership Agreement.]†

* To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (g) of Section 3.04 of the Dealership Agreement.

† To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (g) of Section 3.04 of the Dealership Agreement.

8. Communications

Any notification hereunder to the Issuer shall be made in accordance with the provisions of Section 8 of the Dealership Agreement and, in the case of notification to the Managers, shall be to the Lead Manager by email or fax or in writing at:

[
]
Email: []
Fax: []
Attention: []

9. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

10. Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

The Issuer

HSBC BANK CANADA

By:

The Guarantor

**HSBC CANADIAN COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED
PARTNERSHIP**

by its managing general partner **HSBC CANADIAN COVERED BOND (LEGISLATIVE)
GP INC.**

By:

ANNEX 1

[List Managers and Subscription Amounts]

SCHEDULE 8

Operating and Administrative Procedures Memorandum

DATED August 10, 2018

HSBC BANK CANADA

CAD \$3,500,000,000

Programme for the Issuance of Covered Bonds

The aggregate nominal amount of all Covered Bonds outstanding at any time will not, subject as provided below, exceed CAD \$3,500,000,000 or its equivalent in other currencies at the time of agreement to issue, subject to increase as provided in the Dealership Agreement (as defined below). The Dealership Agreement provides for the increase in the principal amount of Covered Bonds that may be issued under the Programme. In that event, this Operating and Administrative Procedures Memorandum shall apply to the Programme as increased.

The documentation of the Programme provides for the issue of Covered Bonds denominated in any currency or currencies as may be agreed between HSBC Bank Canada (the “**Issuer**”), the Guarantor and the Relevant Dealer (subject to certain restrictions as to minimum and/or maximum maturities as set out in the Offering Memorandum relating to the Programme) and being any of:

- Fixed Rate Covered Bonds
- Floating Rate Covered Bonds
- Zero Coupon Covered Bonds

All terms with initial capitals used herein without definition shall have the meanings given to them in the Offering Memorandum (as such term is defined in the Dealership Agreement), or, as the case may be, the dealership agreement dated as of August 10, 2018 as amended, supplemented or restated (the “**Dealership Agreement**”) between, *inter alias*, the Issuer, the Guarantor and the Dealers named therein pursuant to which the Issuer may issue Covered Bonds.

This Operating and Administrative Procedures Memorandum applies to Covered Bonds issued on and after August 10, 2018. The procedures set out in Annex I may be varied by agreement between the Issuer, the Issuing and Paying Agent or the Registrar and the Relevant Dealer or Lead Manager (as defined below), as the case may be. The timings set out in these procedures represent optimum timings to ensure a smooth settlement process. Each Clearing System has its own published deadlines for taking certain of the actions described herein (which may be later than the timings described herein). The Issuer, the Issuing and Paying Agent, the Registrar, the Relevant Dealer and the Lead Manager, may agree to vary the timings described herein subject to compliance with such deadlines.

OPERATING PROCEDURES

Dealers must confirm all trades directly with the Issuer and the Issuing and Paying Agent or the Registrar.

1. RESPONSIBILITIES OF THE ISSUING AND PAYING AGENTS

The responsibilities of the Issuing and Paying Agent are more particularly described in Annex 1.

2. RESPONSIBILITIES OF DEALER/LEAD MANAGER

Each Dealer/Lead Manager will confirm the terms of a Tranche and agree Final Terms with the Issuer (substantially in the form of Schedule 6 to the Dealership Agreement) giving details of each Tranche of Covered Bonds to be issued.

The Relevant Dealer or Lead Manager, as the case may be, will determine the end of the Distribution Compliance Period in respect of a Tranche of Regulation S Covered Bonds in accordance with Section 6 of the Dealership Agreement. Such Relevant Dealer or Lead Manager, as the case may be, shall upon determining the end of the Distribution Compliance Period in respect of any Tranche notify the Issuing and Paying Agent, the Issuer, the Guarantor, the Registrar, DTC and/or CDS (as the case may be).

3. SETTLEMENT

The settlement procedures set out in Annex 1 shall apply to each issue of Covered Bonds (Part 1 in the case of issues closed on a non-syndicated basis and Part 2 in the case of issues closed on a syndicated basis, in each case whether or not subscribed under a Subscription Agreement), unless otherwise agreed between the Issuer, the Issuing and Paying Agent or the Registrar, as the case may be, and the Relevant Dealer or the Lead Manager, as the case may be.

Notice details are set out in Schedule 5 to the Dealership Agreement.

SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A NON-SYNDICATED BASIS

Times set out below are Toronto times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

Prior to launch

The Issuer and the Relevant Dealer(s) to finalize and settle the relevant Offering Memorandum.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	Toronto time	Action
No later than Issue Date minus 2	2.00 p.m.	The Issuer may agree terms with one of the Dealers for the issue and purchase of Covered Bonds (whether pursuant to an unsolicited bid from a Dealer or pursuant to an enquiry by the Issuer). The Dealer instructs the Registrar and/or the Issuing and Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Issuing and Paying Agent to the Issuer and each Dealer which has reached agreement with the Issuer.
	3.00 p.m.	If a Dealer has reached agreement with the Issuer by telephone, the Dealer confirms the terms of the agreement to the Issuer by electronic communication attaching a copy of the applicable Final Terms. The Dealer sends a copy of that electronic communication to the Issuing and Paying Agent and the Registrar for information.
	5.00 p.m.	The Issuer confirms its agreement to the terms on which the issue of Covered Bonds is to be made (including the form of the Final Terms) by signing and returning a copy of the Final Terms to the Relevant Dealer. The Issuer also confirms its instructions to the Issuing and Paying Agent (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) and the Registrar to carry out the duties to be carried out by the Issuing and Paying Agent and the Registrar under these Operating and Administrative Procedures and the Agency Agreement including, in the case of the Registrar, preparing, authenticating and issuing one or more Registered Global Covered Bonds. The Issuer confirms such instructions by sending a copy by

Day	Toronto time	Action
		<p>fax of the signed Final Terms to the Issuing and Paying Agent and the Registrar. The Issuer also sends a copy of the signed Final Terms to the Bond Trustee.</p> <p>In the case of any Registered Covered Bonds to be registered in the name of a nominee for DTC or CDS, the Relevant Dealer notifies DTC or CDS of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued.</p>
Issue Date minus 3	5.00 p.m.	<p>In the case of any Registered Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Relevant Dealer instructs DTC, subject to further instructions, to debit its account, or such account as it directs, on the Issue Date or, in the case of Covered Bonds denominated in a currency requiring a pre-closing, the Issue Date minus 1, and pay the purchase price to the account of the closing bank as agreed between the Issuer, the Registrar, the Issuing and Paying Agent and the Relevant Dealer from time to time (in such capacity, the “Closing Bank”) notified by DTC to the Relevant Dealer for such purpose.</p> <p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee CDS, the Relevant Dealer instructs CDS to debit its account and pay the purchase price, against delivery of the relevant Covered Bonds, to the Issuing and Paying Agent’s account with CDS on the Issue Date and the Issuing and Paying Agent receives details of the instructions through the records of CDS.</p>
Issue Date minus 2	3.00 p.m.	<p>In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, and the Relevant Dealer by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.</p>
Issue Date minus 1 (in the case of pre-closed issues) or Issue Date (in any other case)	agreed time	<p>The Registrar (or its agent on its behalf) prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Dealership Agreement are satisfied or waived. The Registrar enters details of the</p>

Day	Toronto time	Action
(the Payment Instruction Date)		<p>principal amount of Covered Bonds to be issued and the registered holder(s) of such Covered Bonds in the Register.</p> <p>Each Registered Global Covered Bond registered in the name of the nominee for DTC or CDS, as applicable, is then delivered by, or on behalf of, the Registrar to a custodian for DTC or CDS, as applicable, to credit the principal amount of the relevant Tranche of Covered Bonds to the appropriate participants' accounts of DTC or CDS, as applicable, previously notified by the Relevant Dealer.</p>
Issue Date:		<p>The Relevant Dealer instructs DTC or CDS, as applicable, to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC or CDS, as applicable, to such accounts as the Relevant Dealer has previously notified to DTC or CDS, as applicable.</p> <p>The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them.</p> <p>The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate amount paid to it by DTC or CDS, as applicable, or, as the case may be the Relevant Dealer through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC or CDS, as applicable.</p>
On or subsequent to the Issue Date:		<p>The Registrar notifies the Issuer immediately in the event that a Dealer does not pay the purchase price due from it in respect of the Covered Bonds.</p> <p>The Relevant Dealer notifies the Issuing and Paying Agent, the Issuer, the Guarantor, the Bond Trustee, the Registrar, DTC or CDS, as applicable, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Regulation S Covered Bonds.</p>

PART 2

SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A SYNDICATED BASIS

Times set out below are Toronto times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.

Prior to launch

The Issuer and the Relevant Dealer(s) finalize and settle the relevant Offering Memorandum.

At or Shortly After Launch

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

Day	Toronto time	Action
No later than Issue Date minus 10 (or such other number of days agreed between the Issuer and the Lead Manager		<p>The Issuer may, subject to the execution of the Subscription Agreement referred to below, agree terms with a Dealer (which expression in this Part 2 includes any entity to be appointed as a dealer under the Subscription Agreement referred to below) (the “Lead Manager”) for the issue and purchase of Covered Bonds to be subscribed on a syndicated basis (whether pursuant to an unsolicited bid by such Lead Manager or pursuant to an enquiry by the Issuer). The Lead Manager invites other Dealers (new or additional) approved by the Issuer to join an underwriting syndicate either on the basis of an invitation telex agreed between the Issuer and the Lead Manager or on the terms of the Final Terms referred to below and the Subscription Agreement. The Lead Manager and such Dealers are together referred to as the “Managers”.</p> <p>The Lead Manager instructs the Registrar and/or the Issuing and Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Issuing and Paying Agent to the Issuer and the Lead Manager.</p> <p>The Issuer and the Lead Manager agree a form of Final Terms prepared by or on behalf of the Lead Manager which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Subscription Agreement is also prepared and agreed. The Lead Manager sends a copy of the draft Subscription Agreement to each other Manager at least two full business</p>

Day	Toronto time	Action
		<p>days before the Subscription Agreement is intended to be signed. At the same time the Lead Manager sends a copy of the Offering Memorandum and the Dealership Agreement to each other Manager which has not previously received those documents if so requested by any such Manager. The Subscription Agreement and Final Terms are agreed and executed and a copy of the Final Terms is sent by electronic communication to the Issuing and Paying Agent and the Registrar which shall act as the Issuing and Paying Agent's and the Registrar's authorization (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by it under these Operating and Administrative Procedures and the Agency Agreement including preparing, authenticating and issuing one or more Registered Global Bonds.</p> <p>In the case of Registered Global Covered Bonds to be registered in the name of a nominee for DTC or CDS, as applicable, each Manager notifies DTC or CDS, as applicable, of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued.</p>
No later than Issue Date minus 3	5.00 p.m.	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Lead Manager instructs DTC, subject to further instructions, on the Issue Date, to debit its account, or such accounts as it directs and pay the purchase price for those Covered Bonds to the Issuer's account with the Closing Bank notified to DTC by the Lead Manager for such purpose.</p> <p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in a Specified Currency other than U.S. dollars, the Lead Manager instructs its paying bank to pay the purchase price for those Covered Bonds to the account of the Issuer with the Closing Bank for value on the Issue Date.</p> <p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for CDS, where the relevant Covered Bonds are denominated in Canadian dollars, the Lead Manager instructs CDS, subject to further instructions, on the Issue Date, to debit its account, or such other accounts as it directs and pay the purchase price for</p>

Day	Toronto time	Action those Covered Bonds to the Issuer's account with the Closing Bank notified to CDS by the Lead Manager for such purpose.
		In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for CDS, where the relevant Covered Bonds are denominated in a Specified Currency other than Canadian dollars, the Lead Manager instructs its paying bank to pay the purchase price for those Covered Bonds to the account of the Issuer with the Closing Bank for value on the Issue Date.
No later than Issue Date minus 2	3.00 p.m.	In the case of Floating Rate Covered Bonds, the Issuing and Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, and the Lead Manager by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.
Issue Date minus 1 (in the case of pre-closed issues) or Issue date (in any other case) (the " Payment Instruction Date ")	agreed time	The Registrar prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Subscription Agreement and the Dealership Agreement are satisfied or waived. The Registrar enters details of the principal amount of the Covered Bonds to be issued and the registered holder(s) of such Covered Bonds in the Register. Each Registered Global Covered Bond registered in the name of a nominee for DTC or CDS, as applicable, is then delivered by, or on behalf of, the Registrar to a custodian for DTC to credit the principal amount of the relevant Covered Bonds to the appropriate participants' accounts of DTC or CDS, as applicable, previously notified by the relevant Manager.
Issue Date:		The Lead Manager instructs DTC or CDS, as applicable, to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC or CDS, as applicable, to such participation accounts as have previously been notified to DTC or CDS, as applicable. The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them. The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate

Day	Toronto time	Action
		amount paid to it by DTC or CDS, as applicable, or, as the case may be, the Lead Manager through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC or CDS, as applicable.
On or subsequent to the Issue Date:		<p>If so requested, the Registrar notifies the Issuer and the Issuing and Paying Agent of the issue of Covered Bonds giving details of each Registered Global Covered Bond and the principal amount represented thereby.</p> <p>Each other Manager which has purchased Covered Bonds notifies the Lead Manager when the distribution of the Covered Bonds purchased by it has been completed. The Lead Manager promptly notifies the Issuing and Paying Agent, the Issuer, the Guarantor, the Registrar, the Bond Trustee, DTC and CDS, as the case may be, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Regulation S Covered Bonds.</p>

SCHEDULE 9

Certificate regarding confirmation of satisfaction of Section 2.05(i) of Dealership Agreement

Form of Issuer Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

HSBC Bank Canada
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 2.05(i) of the dealership agreement dated as of August 10, 2018 (the “**Dealership Agreement**”) between HSBC Bank Canada, HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership, HSBC Securities (USA) Inc., as Dealer, and HSBC Securities (USA) Inc., as Arranger.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the [insert description of applicable Offering Document] dated ● (the “**Offering Document**”) contains all material information relating to the assets and liabilities and financial position, profits and losses and prospects of the Issuer and that nothing has happened that would require the Offering Document to be supplemented.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of HSBC Bank Canada

SCHEDULE 10

Certificate regarding confirmation of satisfaction of Section 2.05(r) of Dealership Agreement

Form of Issuer Certificate

To: [●]
(the **Relevant Dealers**)

c/o [●]
[insert date]

Dear Sirs/Mesdames,

HSBC Bank Canada
HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership
Covered Bond Programme – Series ●

I understand that your obligation to purchase the Covered Bonds is subject to the satisfaction of the condition set out in Section 2.05(r) of the dealership agreement dated as of August 10, 2018 (the “**Dealership Agreement**”) between HSBC Bank Canada, HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership, HSBC Securities (USA) Inc., as Dealer, and HSBC Securities (USA) Inc., as Arranger.

Accordingly I can confirm that, to the best of my knowledge, after reasonable investigation, the Issuer has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Issue Date; such documents contain all material information relating to the assets and liabilities, financial position, profits and losses and prospects of the Issuer and nothing has happened that would require such documents to be supplemented; subsequent to the date of the most recent financials, there has been no change that is materially adverse to the condition (financial or otherwise) of HSBC and its consolidated subsidiaries taken as a whole, except to the extent (if any) disclosed in the Time of Sale Information, as of the Time of Sale and as of the Issue Date, or the Time of Sale Information together with the Final Terms, as of the date of the Final Terms and as of the Issue Date; and such Offering Documents as of such times and dates do not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, under the circumstances in which they were made, not misleading.

Unless otherwise stated, terms used in this letter have the meanings given to them in the Dealership Agreement.

Yours faithfully

.....
Authorised Officer of HSBC Bank Canada

