Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-223208
Dated February 26, 2018

Equity Index Underlying Supplement
To Prospectus dated February 26, 2018 and
Prospectus Supplement dated February 26, 2018

HSBC USA Inc. Notes Linked to a Reference Asset

GENERAL

HSBC USA Inc. from time to time may offer and sell certain senior unsecured debt obligations (the "Notes") linked to a Reference Asset. The "Reference Asset" is the underlying measure by which we will determine the amount payable on the Notes, if any, and may be based on price movements in, performance of, or other events relating to one or more particular indices, index funds or other securities, currencies, interest rates, consumer prices, or commodities or commodity futures, or baskets comprised of any of those instruments or measures, or other instruments or measures, including the occurrence or nonoccurrence of any event or circumstance, or a combination thereof. This underlying supplement describes certain terms of Notes linked to a Reference Asset that is an index that tracks the performance of equity securities, which we refer to as an "Index," a basket of equity indices or a basket of instruments or measures that includes an equity index as one of its components. We refer to any instrument or measure that comprises a basket as a "Basket Component," and collectively as the "Basket Components." The applicable free writing prospectus or pricing supplement will specify the Reference Asset to which your Notes are linked as well as specific terms of the Notes.

Notwithstanding anything to the contrary set forth in the accompanying prospectus supplement for Notes, Series 1 dated February 26, 2018 (the "Prospectus Supplement") and the accompanying base prospectus for debt securities, preferred stock, depositary shares, warrants, purchase contracts and units (the "Base Prospectus") dated February 26, 2018, this underlying supplement describes additional terms of the Notes and some of the potential indices to which the return on the Notes may be linked.

You should read the applicable free writing prospectus or pricing supplement, this underlying supplement, the Prospectus Supplement and the Base Prospectus carefully before you invest in a particular issuance of the Notes. If the terms described in the applicable free writing prospectus or pricing supplement are different or inconsistent with those described herein, the terms described in the applicable free writing prospectus or pricing supplement will govern the applicable Notes.

The descriptions of indices in this underlying supplement only apply to select equity indices to which Notes possibly may be linked. We do not guarantee that we will offer Notes linked to any of the indices described herein. In addition, we may offer Notes linked to one or more equity indices that are not described herein. In such an event, we will describe such additional equity index or indices in the applicable free writing prospectus or pricing supplement, or in another underlying supplement.

This underlying supplement describes the following indices:

- the DAX® Index;
- the Dow Jones Industrial Average℠;
- the EURO STOXX 50® Index;
- the FTSE® 100 Index;
- the Hang Seng® Index;
- the Hang Seng® China Enterprises Index;
- the KOSPI 200 Index;
- the MSCI EAFE® Index;
- the MSCI Emerging Markets Index;
- the MSCI Europe Index;
- the MSCI Singapore Free Index℠;
- the MSCI Taiwan Index℠;
- the NASDAQ-100 Index®;
- the Nikkei 225 Index;
- the PHLX Housing Sector℠ Index;
- the Russell 2000® Index;
- the S&P 100® Index;
- the S&P 500® Index;
- the S&P 500® Low Volatility Index;
- the S&P BRIC 40 Index;
- the S&P MidCap 400® Index; and
- the TOPIX® Index.

An investment in the Notes involves certain risks. You should refer to "Risk Factors" beginning on page S-1 of this document and page S-1 of the Prospectus Supplement for risks related to an investment in the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this document, the Base Prospectus, the Prospectus Supplement or any free writing prospectus or pricing supplement. Any representation to the contrary is a criminal offense.

The Notes are not deposit liabilities or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency of the United States or any other jurisdiction, and involve investment risks, including possible loss of the principal amount invested due to the credit risk of HSBC USA Inc.

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In making your investment decision, you should rely only on the information contained or incorporated by reference in the applicable free writing prospectus or pricing supplement, this underlying supplement, any related underlying supplement, the Prospectus Supplement and Base Prospectus. The information in the applicable free writing prospectus or pricing supplement and any related underlying supplement including this underlying supplement may only be accurate as of the dates of each of these documents, respectively.

The Notes described in the applicable free writing prospectus or pricing supplement and this underlying supplement are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisers. The applicable free writing prospectus or pricing supplement, any related underlying supplement including this underlying supplement and the accompanying Prospectus Supplement and Base Prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any circumstances in which such offer or solicitation is unlawful.

In this underlying supplement, “HSBC,” “we,” “us” and “our” refer to HSBC USA Inc., unless the context requires otherwise.

Neither HSBC or the calculation agent, nor any of our or its affiliates, accepts any responsibility for the calculation, maintenance or publication of the Indices described herein or any Successor Indices.

DISCLAIMER

This underlying supplement is not an offer to sell and it is not an offer to buy interests in any of the stocks or other securities comprising any Index. All disclosures contained in this underlying supplement regarding an Index, including its make-up, method of calculation and changes in its components, where applicable, are derived from publicly available information. That information reflects the policies of, and is subject to change by, the applicable Reference Sponsor (as defined herein). Information from outside sources is not incorporated by reference in, and should not be considered a part of, this document. Neither HSBC USA Inc. nor any of its affiliates has made any independent investigation as to the adequacy or accuracy of information about any Index or any other constituent included in any Index contained in this underlying supplement. No Reference Sponsor is under any obligation to continue to publish, and may discontinue or suspend the publication of, the applicable Index at any time. You should make your own investigation into each applicable Index.

If the Notes are linked to an Index not described in this underlying supplement, the applicable free writing prospectus or pricing supplement or a separate underlying supplement will provide information relating to that Index.

RISK FACTORS

Your investment in the Notes will involve certain risks. We urge you to read the section "Risk Factors" beginning on page S-1 of the Prospectus Supplement, in any related underlying supplement and in the applicable free writing prospectus or pricing supplement in addition to the following risk factors relevant to your Notes. Investing in the Notes is not equivalent to investing directly in any of the stocks or other securities tracked by the relevant Indices. You should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration, with your advisers, of the suitability of the Notes in light of your particular financial circumstances and the information set forth in this underlying supplement, the applicable free writing prospectus or pricing supplement, any other relevant underlying supplement, and the accompanying Prospectus Supplement and Base Prospectus.

You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. You should not purchase the Notes unless you understand and can bear these investment risks.

General risks related to the Notes:

- **YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS —** Unless otherwise specified in the applicable free writing prospectus or pricing supplement, you may lose your entire investment, and there can be no assurance of the receipt of any amount at maturity. The return on the Notes may be less than the return on conventional fixed-rate or floating-rate debt securities with the same maturity date.
- **THE NOTES ARE SUBJECT TO OUR CREDIT RISK —** The Notes are senior unsecured debt obligations of the issuer, HSBC, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying prospectus supplement and prospectus, the Notes will rank on par with all of the other unsecured and unsubordinated debt obligations of HSBC, except such obligations as may be preferred by operation of law. Any payment to be made on the Notes, including any return of principal at maturity, depends on the ability of HSBC to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of HSBC may affect the market value of the Notes and, in the event HSBC were to default on its obligations, you may not receive the amounts owed to you under the terms of the Notes.
- **THE NOTES ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OF THE UNITED STATES OR ANY OTHER JURISDICTION —** The Notes are not deposit liabilities or other obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or program of the United States or any other jurisdiction. An investment in the Notes is subject to the credit risk of HSBC, and in the event that HSBC is unable to pay its obligations as they become due, you may not receive the full payments on the Notes.
- **THE ESTIMATED INITIAL VALUE OF THE NOTES, WHICH WILL BE DETERMINED BY US ON THE PRICING DATE, MAY BE LESS THAN THE PRICE TO PUBLIC AND MAY DIFFER FROM THE MARKET VALUE OF THE NOTES IN THE SECONDARY MARKET, IF ANY —** The Estimated Initial Value of the Notes will be calculated by us on the pricing date and may be less than the price to public. The Estimated Initial Value will reflect our internal funding rate, which is the borrowing rate we pay to issue market-linked securities, as well as the mid-market value of the embedded derivatives in the Notes. This internal funding rate is typically lower than the rate we would use when we issue conventional fixed or floating rate debt securities. As a result of the difference between our internal funding rate and the rate we would use when we issue conventional fixed or floating rate debt securities, the Estimated Initial Value of the Notes may be lower if it were based on the prices at which our fixed or floating rate debt securities trade in the secondary market. In addition, if we were to use the rate we use for our conventional fixed or floating rate debt issuances, we would expect the economic terms of the Notes to be more favorable to you. We will determine the value of the embedded derivatives in the Notes by reference to our or our affiliates' internal pricing models. These pricing models consider certain assumptions and variables, which can include volatility and interest rates. Different pricing models and assumptions could provide valuations for the Notes that are different from our Estimated Initial Value. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect. The Estimated Initial Value does not represent a minimum price at which we or any of our affiliates would be willing to purchase your Notes in the secondary market (if any exists) at any time.
- **THE PRICE OF YOUR NOTES IN THE SECONDARY MARKET, IF ANY, IMMEDIATELY AFTER THE PRICING DATE WILL BE LESS THAN THE PRICE TO PUBLIC —** The price to public takes into account certain costs. These costs, which, unless specified otherwise in the applicable free writing prospectus or pricing supplement, will be used or retained by us or one of our affiliates, include our affiliates' projected hedging profits (which may or may not be realized) for assuming risks inherent in hedging our obligations under the Notes and the costs associated with structuring and hedging our obligations under the Notes. If you were to sell your Notes in the secondary market, if any, the price you would receive for your Notes may

be less than the price you paid for them because secondary market prices will not take into account these costs. The price of your Notes in the secondary market, if any, at any time after issuance will vary based on many factors, including the value of the Reference Asset and changes in market conditions, and cannot be predicted with accuracy. The Notes are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the Notes to maturity. Any sale of the Notes prior to maturity could result in a loss to you.

- **IF WE WERE TO REPURCHASE YOUR NOTES IMMEDIATELY AFTER THE ORIGINAL ISSUE DATE, THE PRICE YOU RECEIVE MAY BE HIGHER THAN THE ESTIMATED INITIAL VALUE OF THE NOTES —** Assuming that all relevant factors remain constant after the original issue date, the price at which any of the underwriters, dealers, agents or their affiliates may initially buy or sell the Notes in the secondary market, if any, and the value that we may initially use for customer account statements, if we provide any customer account statements at all, may exceed the Estimated Initial Value on the pricing date for a temporary period after the original issue date. This temporary price difference may exist because, in our discretion, we may elect to effectively reimburse to investors a portion of the estimated cost of hedging our obligations under the Notes and other costs in connection with the Notes that we will no longer expect to incur over the term of the Notes. We will make such discretionary election and determine this temporary reimbursement period on the basis of a number of factors, including the tenor of the Notes and any agreement we may have with the distributors of the Notes. The amount of our estimated costs which we effectively reimburse to investors in this way may not be allocated ratably throughout the reimbursement period, and we may discontinue such reimbursement at any time or revise the duration of the reimbursement period after the original issue date of the Notes based on changes in market conditions and other factors that cannot be predicted.

- **THE NOTES LACK LIQUIDITY —** The Notes will not be listed on any securities exchange. None of the underwriters, dealers, agents or their affiliates is required to offer to purchase the Notes in the secondary market, if any exists. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which any of the underwriters, dealers, agents or their affiliates is willing to buy the Notes.

- **OUR TRADING, HEDGING AND OTHER BUSINESS ACTIVITIES MAY CREATE CONFLICTS OF INTEREST WITH YOU —** We or our affiliates may engage in trading activities related to the Reference Asset or the securities included in the Reference Asset that are not for your account or on your behalf. We or our affiliates also may issue or underwrite other financial instruments with returns based upon the Reference Asset. These trading and other business activities may present a conflict of interest between your interest in the Notes and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions, including block trades, for our or their other customers, and in accounts under our or their management. These trading and other business activities, if they influence the value of the Reference Asset or secondary trading in your Notes, could be adverse to your interests as a beneficial owner of the Notes.

  We expect to enter into arrangements or adjust or close out existing transactions to hedge our obligations under the Notes. We or our affiliates also may enter into hedging transactions relating to other securities or instruments, some of which may have returns calculated in a manner related to that of the Notes offered hereby. We may enter into such hedging arrangements with one of our affiliates. Our affiliates may enter into additional hedging transactions with other parties relating to the Notes and the Reference Asset. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, or the hedging activity could also result in a loss. We and our affiliates will price these hedging transactions with the intent to realize a profit, regardless of whether the value of the Notes increases or decreases. Any profit in connection with such hedging activities will be in addition to any other compensation that we and our affiliates receive for the sale of the Notes, which creates an additional incentive to sell the Notes to you.

- **THERE MAY BE POTENTIAL CONFLICTS OF INTEREST INVOLVING THE CALCULATION AGENT, WHICH IS EXPECTED TO BE AN AFFILIATE OF OURS —** We have the right to appoint and remove the calculation agent. One of our affiliates is expected to be the calculation agent for the Notes and, as such, will make a variety of determinations relating to the Notes, including the amounts that will be paid on the Notes. Under some circumstances, these duties could result in a conflict of interest between its status as our affiliate and its responsibilities as calculation agent. These conflicts could occur, for instance, in connection with the calculation agent's determination as to whether a Market Disruption Event (as defined below) has occurred. The calculation agent will be required to carry out its duties in good faith and use its reasonable judgment. However, because the calculation agent is expected to be one of our affiliates, potential conflicts of interest could arise. Neither we nor any of our affiliates will have any obligation to consider your interests as a holder of the Notes in taking any action that might affect the value of your Notes.

General risks related to Indices:

- **EQUITY MARKET RISKS MAY AFFECT THE TRADING VALUE OF THE NOTES AND THE AMOUNT DUE ON THE NOTES —** We expect that the Reference Asset will fluctuate in accordance with changes in the level of the relevant Index or Indices, the value of equity securities generally and other factors. The financial condition of the issuers of the stocks or other securities tracked by an Index may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the value of the Reference Asset and thereby affect the value of the Notes. Equity securities are susceptible to general equity market fluctuations and to volatile increases and decreases in value, as market confidence in and perceptions regarding the instrument or instruments comprising an Index change. Investor perceptions regarding the issuer of a stocks or other securities tracked by an Index are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. The value of the Reference Asset may be expected to fluctuate until the maturity date.

- **AS A HOLDER OF THE NOTES, YOU WILL NOT HAVE ANY OWNERSHIP INTEREST OR RIGHTS IN THE STOCKS OR OTHER SECURITIES TRACKED BY AN INDEX —** As a holder of the Notes, you will not have any ownership interest or rights in any stocks or other securities tracked by an Index, such as rights to vote, dividend payments or other distributions. In addition, the sponsor of an Index (each, a "Reference Sponsor") will not have any obligation to consider your interests as a holder of the Notes in taking any action that might affect the level of an Index and the value of the Notes.

- **WE OR OUR AFFILIATES ARE NOT AFFILIATED WITH ANY OF THE REFERENCE SPONSORS —** Unless otherwise specified in the applicable free writing prospectus or pricing supplement, we or our affiliates are not affiliated with any of the Reference Sponsors. We have not made and will not make any independent investigation as to the adequacy or completeness of the information about any equity index or any other constituent included in any Index contained herein or in any applicable free writing prospectus or pricing supplement. You should make your own investigation into the relevant Indices and the Reference Sponsors.

- **OUR OR OUR AFFILIATES' BUSINESS ACTIVITIES RELATING TO THE STOCKS OR SECURITIES TRACKED BY AN EQUITY INDEX MAY CREATE CONFLICTS OF INTEREST WITH YOU —** We or our affiliates, at the time of any offering of the Notes or in the future, may engage in business with any company that has stocks or securities that are tracked by an Index, including making loans to, equity investments in, or providing investment banking, asset management, or other services to those companies, their affiliates, and their competitors. In connection with these activities, we or our affiliates may receive information about those companies that we will not divulge to you or other third parties. We or our affiliates have published, and in the future may publish, research reports on one or more of these companies. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding your Notes. Any of these activities may affect the market value of the Notes. Any prospective purchaser of the Notes should undertake an independent investigation of the Reference Asset as in its judgment is appropriate to make an informed decision regarding an investment in the Notes. The selection of an Index does not reflect any investment recommendations from us.

Additional risks relating to certain Notes with more than one Index comprising the Reference Asset:

- **THE INDICES COMPRISING THE REFERENCE ASSET MAY NOT MOVE IN TANDEM; AND GAINS IN ONE EQUITY INDEX MAY BE OFFSET BY DECLINES IN ANOTHER EQUITY INDEX —** Price movements in the Indices comprising the Reference Asset may not move in tandem with each other. At a time when the price of one or more Indices increase, the price of one or more of the other Indices may decrease. Therefore, increases in the level of one or more of the Indices comprising the Reference Asset may be moderated, or wholly offset, by lesser increases or decreases in the level of one or more of the other Indices comprising the Reference Asset. If the weightings of the Indices comprising the Reference Asset are not equal, adverse changes in the levels of the Indices that are more heavily weighted could have a greater impact upon the value of the Reference Asset and, consequently, the return on your Notes.

If the Reference Asset is or includes the Russell 2000® Index or the S&P MidCap 400® Index or otherwise includes an Index that tracks securities related to small and mid-capitalization companies:

- **SMALL-CAPITALIZATION OR MID-CAPITALIZATION COMPANIES RISK —** The respective Index may track companies that may be considered small-capitalization or mid-capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the respective index level may be more volatile than an investment in stocks issued by larger companies. Stock prices of small-capitalization or mid-capitalization companies may also be more vulnerable than those of larger companies to adverse business and economic developments, and the stocks of small-capitalization or mid-capitalization companies may be thinly traded, making it difficult for the relevant Index to track them. In addition, small-capitalization or mid-capitalization companies are often less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Small-capitalization or mid-capitalization companies are often subject to less analyst coverage and may be in early, and less predictable, periods of their corporate existences. These companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

If the Reference Asset is or includes the S&P 500® Low Volatility Index or otherwise includes an Index that tracks a low volatility index:

- **A LOW VOLATILITY INDEX MAY BE VOLATILE —** While the S&P 500® Low Volatility Index has been designed in part to mitigate the effects of volatility, there is no assurance that it will be successful in doing so. It is also possible that the features of the S&P 500® Low Volatility Index designed to address the effects of volatility will instead adversely affect the return of the S&P 500® Low Volatility Index and, consequently, the return on your Notes.

If the Reference Asset is or includes the DAX® Index, the EURO STOXX 50® Index, the FTSE® 100 Index, the Hang Seng® Index, the Hang Seng China Enterprises Index, the KOSPI 200 Index, the MSCI EAFE® Index, the MSCI Emerging Markets Index, the MSCI Europe Index, the MSCI Singapore Free Index℠, the MSCI Taiwan Index℠, the Nikkei 225 Index, the S&P BRIC 40 Index or the TOPIX® Index or otherwise includes an Index that tracks foreign securities:

- **RISKS ASSOCIATED WITH NON-U.S. COMPANIES —** An investment in securities linked to the level of an Index that tracks the common stocks of non-U.S. company involves risks associated with the home countries of such non-U.S. companies. The prices of such non-U.S. companies' common stocks may be affected by political, economic, financial and social factors in the home country of each such non-U.S. company, including changes in such country's government, economic and fiscal policies, currency exchange laws or other laws or restrictions, which could affect the value of the Notes.

  The foreign securities tracked by an Index may have less liquidity and could be more volatile than many of the securities traded in U.S. or other longer-established securities markets. Direct or indirect government intervention to stabilize the relevant foreign securities markets, as well as cross shareholdings in foreign companies, may affect trading levels or prices and volumes in those markets. The other special risks associated with foreign securities may include, but are not limited to: less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; different accounting and disclosure standards; governmental interference; currency fluctuations; higher inflation; and social, economic and political uncertainties.

  These factors may adversely affect the performance of the Reference Asset and, as a result, the value of the Notes.

- **SECURITIES PRICES GENERALLY ARE SUBJECT TO POLITICAL, ECONOMIC, FINANCIAL AND SOCIAL FACTORS THAT APPLY TO THE MARKETS IN WHICH THEY TRADE AND, TO A LESSER EXTENT, FOREIGN MARKETS** — Foreign securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Also, there generally may be less publicly available information about companies in foreign securities markets than about U.S. companies, and companies in foreign securities markets are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. companies.

  In addition, securities prices outside the United States are subject to political, economic, financial and social factors that apply in foreign countries. These factors, which could negatively affect foreign securities markets, include the possibility of changes in a foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, foreign economies may differ favorably or unfavorably from the United States economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

  The economies of emerging market countries in particular face several concerns, including the relatively unstable governments which may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and which may have less protection of property rights than more developed countries. These economies may also be based on only a few industries, be highly vulnerable to changes in local and global trade conditions and may suffer from extreme and volatile debt burdens or inflation rates. In addition, local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. The risks of the economies of emerging market countries are relevant for Notes where the securities comprising or held by an Index are based or traded in one or more emerging market countries.

The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors.

- **TIME DIFFERENCES BETWEEN THE DOMESTIC AND FOREIGN MARKETS AND NEW YORK CITY MAY CREATE DISCREPANCIES IN THE TRADING LEVEL OR PRICE OF THE NOTES —** Time differences between the domestic and foreign markets may result in discrepancies between the level of the underlying stocks tracked by an Index and the value of the Notes. To the extent that U.S. markets are closed while markets for the underlying stocks tracked by an Index remain open, significant price or rate movements of these underlying stocks may take place that will not be reflected immediately in the value of the Notes. In addition, there may be periods when the relevant foreign markets are closed for trading, causing the level of the Index to remain unchanged for multiple trading days in New York City.

If the Reference Asset is or includes the EURO STOXX 50® Index, the FTSE® 100 Index, the Hang Seng® Index, the Hang Seng China Enterprises Index, the KOSPI 200 Index, the MSCI Singapore Free Index℠, the MSCI Taiwan Index℠, the Nikkei 225 Index or the TOPIX® Index or otherwise includes an Index that tracks foreign securities that is not adjusted for exchange rate changes:

- **THE NOTES WILL NOT BE ADJUSTED FOR CHANGES IN EXCHANGE RATES** — Although the equity securities that comprise the relevant Index are traded in the foreign currencies, and your Notes are denominated in U.S. dollars, such Index and the amount payable on the Notes will not be adjusted for changes in the exchange rates between the U.S. dollar and the foreign currencies. Changes in exchange rates, however, may also reflect changes in the foreign economies that in turn may affect the level of such Index, and therefore the return on your Notes. The amount we will pay in respect of your Notes will be determined solely in accordance with the procedures described in the applicable free writing prospectus or pricing supplement.

If the Reference Asset is or includes the DAX® Index, the MSCI EAFE® Index, the MSCI Emerging Markets Index, the MSCI Europe Index or the S&P BRIC 40 Index or otherwise includes an Index that tracks foreign securities that is adjusted for exchange rate changes:

- **THE NOTES ARE SUBJECT TO CURRENCY EXCHANGE RISK** — Unless otherwise specified in the applicable free writing prospectus or pricing supplement, the prices of the securities included in the relevant Index are converted into U.S. dollars for purposes of calculating the level of such Index. As a result, your Notes will be exposed to currency exchange rate risk with respect to each of the currencies in which the equity securities included in such Index trade. Your net exposure will depend on the extent to which such currencies strengthen or weaken against the U.S. dollar and the relative weight of the equity securities included in such Index denominated in each such currency. If, taking into account such weighting, the U.S. dollar strengthens against such currencies, the level of such Index will be adversely affected and, depending on the terms of your Notes, the return on the Notes, if any, may be reduced.

  Of particular importance to potential currency exchange risk are:

  - the volatility of the exchange rate between the U.S. dollar and relevant currencies in which the stocks or other securities that make up the relevant Index are denominated;
  - existing and expected rates of inflation;
  - existing and expected interest rate levels;
  - the balance of payments in the relative countries and between each country and its major trading partners; and
  - the extent of governmental surpluses or deficits in the component countries and the United States.

  All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of various component countries and the United States and other countries important to international trade and finance.

If the Reference Asset is or includes the PHLX Housing Sector^{SM} Index or otherwise includes an Index that tracks securities related to the real estate industry:

- **THERE ARE RISKS ASSOCIATED WITH THE U.S. HOUSING CONSTRUCTION MARKET THAT WILL AFFECT THE VALUE OF THE NOTES** — The U.S. housing construction market is significantly affected by national and international factors in general and local economic conditions and real estate markets as well as by weather conditions, natural disasters and geopolitical events, any of which could affect the ability of the companies the stocks of which are included in the PHLX Housing Sector^{SM} Index to conduct their businesses profitably. The U.S. housing construction market is cyclical and has from time to time experienced significant difficulties. The prices of the stocks or other securities included in the PHLX Housing Sector^{SM} Index and, in turn, the level of the PHLX Housing Sector^{SM} Index, will be affected by a number of factors that may either offset or magnify each other, including:

    - a decline in the value of real estate;
    - employment levels and job growth;
    - the availability of financing for home buyers;
    - interest rates;
    - consumer confidence;
    - housing demand;
    - the availability of suitable undeveloped land;
    - raw material and labor shortages and price fluctuations;
    - federal, state and local laws and regulations concerning the development of land, homebuilding, home sales, consumer financing and environmental protection;
    - competition among companies which engage in the homebuilding business; and
    - the supply of homes and other housing alternatives.

    In addition, weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, floods and fires can harm the homebuilding business. In addition, geopolitical events, such as the outbreak or aftermath of war, and related market disruptions could also have a significant impact on the U.S. housing construction market.

    The difficulties described above could affect the U.S. housing industry generally or regionally and could cause the price of the stocks or other securities included in the PHLX Housing Sector^{SM} Index, and thus the level of the PHLX Housing Sector^{SM} Index, to decline or remain flat during the term of the Notes.

- **THERE WILL BE NO DIRECT CORRELATION BETWEEN THE VALUE OF THE NOTES OR THE LEVEL OF THE PHLX HOUSING SECTOR^{SM} INDEX AND RESIDENTIAL HOUSING PRICES** — There is no direct linkage between the level of the PHLX Housing Sector^{SM} Index and residential housing prices in specific regions or residential housing prices in general. While residential housing prices may be one factor that could affect the prices of the stocks or other securities included in the PHLX Housing Sector^{SM} Index, and consequently the level of the PHLX Housing Sector^{SM} Index, neither the level of the PHLX Housing Sector^{SM} Index nor the Notes are directly linked to movements of residential housing prices and may be affected by factors unrelated to such movements.

- **THERE ARE RISKS ASSOCIATED WITH AN INVESTMENT IN A CONCENTRATED INDUSTRY —** The securities included in the PHLX Housing Sector^{SM} Index are issued by companies that are in the U.S. housing construction industry. Therefore, an investment in the Notes may carry risks similar to a concentrated securities investment in a single industry. The PHLX Housing Sector^{SM} Index lacks diversification and does not have the benefit of other offsetting components which may increase when other components are decreasing. Accordingly, a decline in value of stock prices of companies in the U.S. house construction industry would adversely affect the performance of the PHLX Housing Sector^{SM} Index and, consequently, the value of the Notes.

If the Reference Asset is or includes the Hang Seng® Index, the Hang Seng China Enterprises Index, the KOSPI 200 Index, the MSCI Emerging Markets Index, the MSCI Taiwan Index^{SM} or the S&P BRIC 40 Index or otherwise includes an Index that tracks foreign securities in emerging markets:

- **THERE ARE RISKS ASSOCIATED WITH EMERGING MARKETS** — An investment in the Notes will involve risks not generally associated with investments that have no emerging market component. In particular, many emerging nations are undergoing rapid change, involving the restructuring of economic, political, financial and legal systems. Regulatory and tax environments may be subject to change without review or appeal. Many emerging markets suffer from underdevelopment of capital markets and tax regulation. The risk of expropriation and nationalization remains a threat. Guarding against such risks is made more difficult by low levels of corporate disclosure and the unreliability of economic and financial data.

If the Reference Asset is or includes the FTSE® 100 Index, the MSCI EAFE® Index or the MSCI Europe Index or otherwise includes an Index that tracks our or our affiliates' securities:

- **EVEN IF OUR OR OUR AFFILIATES' SECURITIES ARE TRACKED BY AN EQUITY INDEX, WE OR OUR AFFILIATES WILL NOT HAVE ANY OBLIGATION TO CONSIDER YOUR INTERESTS —** Our parent HSBC Holdings plc is currently one of the companies included in the MSCI EAFE® Index, the MSCI Europe Index and the FTSE® 100 Index. We will not have any obligation to consider your interests as a holder of the Notes in taking any corporate action that might affect the level of the MSCI EAFE® Index, the MSCI Europe Index, the FTSE® 100 Index, or any other Index that tracks or may track our or our affiliates' securities.

THE DAX® INDEX

The disclosure relating to the DAX® Index (the "DAX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the DAX.

Deutsche Börse AG Publishes the DAX

The DAX measures the composite price performance of selected German stocks. The DAX uses only freely available and tradable ("free-float") shares in the index calculation, which excludes shares held by 5% shareholders (other than (1) asset managers and trust companies, (2) investment funds and pension funds and (3) capital investment companies or foreign investment companies, in each case, pursuing short-term investment strategies and whose shareholding does not exceed 25% of a company's share capital) and certain other shares that may be limited in their liquidity. As of the date of this underlying supplement, the DAX is composed of stocks representing the 30 largest and most actively traded companies listed on the FWB® Frankfurt Stock Exchange (the "FWB"). The DAX has a base level of 1,000 as of December 30, 1987.

To be included or to remain in the DAX, companies must satisfy certain criteria. All classes of shares must:

- be listed in the "prime standard" segment of the FWB;
- be traded continuously on FWB's electronic trading system, Xetra®; and
- have a free float of at least 10% of the outstanding shares.

Moreover, the companies included in the DAX must have their registered office or operational headquarters in Germany. A company's operating headquarters is defined as the location of management or company administration, in part or in full. Alternatively, a company must have the major share of its stock exchange turnover on the FWB and its juristic headquarters in the European Union or in a European Free Trade Association state.

If a company has its operating headquarters in Germany, but not its registered office, this must be publicly identified by the company. The primary trading turnover requirement is met if at least 33% of aggregate turnover for each of the last three months took place on the FWB, including Xetra®.

With the respective prerequisites being satisfied, component stocks are selected for the DAX according to the following criteria:

- order book turnover on Xetra® and in the FWB's floor trading (within the preceding 12 months); and
- free-float market capitalization as at a certain reporting date (last trading day of each month).

The market capitalization of a class of shares is determined using the average of the volume-weighted average price ("VWAP") of the last 20 trading days prior to the last day of the month.

Taking all these criteria into account, the working committee for equity indices of Deutsche Börse AG ("DBAG") submits proposals to the management board of DBAG to leave the current index composition unchanged, or to effect changes, as applicable. The final decision as to whether or not to replace an index component is taken by the management board of DBAG. In the case of the DAX, such decisions are directly reflected by the respective rankings. Any replacements are publicly announced by DBAG.

An underlying stock may be deleted or added by DBAG, which reviews and adjusts the index composition based upon exchange turnover and market capitalization, every three months. Adjustments to the index composition are also made upon the occurrence of specified extraordinary circumstances, such as insolvency. In addition, a company can be removed immediately if its index weight based on the actual market capitalization exceeds 10% and its annualized 30-day volatility exceeds 250%. The relevant figures are published by DBAG on a daily basis. The management board, in agreement with the working committee, may decide on the removal and may replace the company two full trading days after the announcement.

Calculation of the DAX

The DAX is weighted by market capitalization; however, only free-float shares are taken into account. The level of the DAX is based on share prices reported in the Xetra® system. The level of the DAX is calculated according to the Laspeyres formula, which measures the aggregate price changes in the component stocks against the initial December 30, 1987 level of 1,000. The weight of any single company in the DAX is limited to 10% of the index capitalization, adjusted on a quarterly basis.

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THE DOW JONES INDUSTRIAL AVERAGE[SM]

The disclosure relating to the Dow Jones Industrial Average[SM] (the "INDU") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the INDU.

S&P Dow Jones Indices Publishes the INDU

The INDU is a price-weighted index of 30 blue-chip stocks, which represent nine economic sectors including financials, technology, consumer goods, industrials, telecommunications, consumer services, oil & gas, basic materials and health care.

According to S&P Dow Jones Indices LLC ("S&P") the composition of the INDU is determined by the Averages Committee, which is composed of two representatives of *The Wall Street Journal* and three representatives of S&P. There are no pre-determined criteria for selection of a component stock, except that components should be established U.S. companies that are leaders in their respective industries. While stock selection is not governed by quantitative rules, a stock typically is added to the index only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large number of investors. Maintaining adequate sector representation within the index is also a consideration in the selection process. The inclusion of any particular company in the INDU does not constitute a prediction as to the company's future results of operations or stock market performance. For the sake of continuity, changes to the composition of the INDU are rare, and typically occur following corporate acquisitions or other significant changes in a component company's core business. When such an event necessitates that one component be replaced, the entire INDU is reviewed by the representatives of *The Wall Street Journal* and S&P. As a result, multiple component changes are often implemented simultaneously.

The distributing methodology couples the performance of the INDU with a theoretical cash component that is designed to reflect the dividends paid by its constituents in a given six-month period.

Computation of the INDU

The INDU is a price-weighted index rather than a market capitalization-weighted index. In essence, the INDU consists of one share of each of the 30 stocks included in the INDU. Thus, the weightings of the components of the INDU are affected only by changes in their prices, while the weightings of stocks in other indices are affected by price changes and changes in shares outstanding.

The INDU is calculated by adding up the prices of the 30 constituent stocks and dividing the total by a divisor. The divisor is adjusted to ensure the continuity of the INDU. The divisor is now an arbitrary number that reflects adjustments over time resulting from spin-offs, rights offerings, stock splits, stock dividends and other corporate actions, as well as additions to and deletions from the INDU. Accordingly, the divisor is no longer equal to the number of components in the INDU.

The formula for calculating a divisor change is as follows:

$$D_{t+1} = D_t * \Sigma C^a_t / \Sigma C_t$$

Where:

D_{t+1} is the divisor to be effective on trading session t+1

D_t is the divisor on trading session t

C^a_t is the components' adjusted closing prices for stock dividends, splits, spin-offs and other applicable corporate actions on trading session t

C_t is the components' closing prices on trading session t

While S&P currently employs the above methodology to calculate the INDU, no assurance can be given that S&P will not modify or change this methodology in a manner that may affect the performance of the INDU.

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THE EURO STOXX 50® INDEX

The disclosure relating to the EURO STOXX 50® Index (the "SX5E") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the SX5E.

STOXX Limited Publishes the SX5E

The SX5E was created by STOXX Limited, which is owned by Deutsche Börse AG. Publication of the SX5E began on February 28, 1998, based on an initial index value of 1,000 at December 31, 1991. The SX5E is reported daily on the Bloomberg Professional® service under the symbol "SX5E" and on the STOXX Limited website. Information contained in the STOXX Limited website is not incorporated by reference in, and should not be considered a part of, this underlying supplement.

SX5E Composition and Maintenance

The SX5E is composed of 50 stocks from 12 Eurozone countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) of the STOXX Europe 600 Supersector indices. The STOXX 600 Supersector indices contain the 600 largest stocks traded on the major exchanges of 18 European countries and are organized into the following 19 Supersectors: automobiles & parts; banks; basic resources; chemicals; construction & materials; financial services; food & beverage; health care; industrial goods & services; insurance; media; oil & gas; personal & household goods; real estate; retail; technology; telecommunications; travel & leisure and utilities.

The SX5E is weighted by free float market capitalization. Each component's weight is capped at 10% of the SX5E's total free float market capitalization. Free float weights are reviewed quarterly and the SX5E's composition is reviewed annually in September. The review cut-off date is the last trading day of August.

Within each of the 19 EURO STOXX Supersector indices, the component stocks are ranked by free float market capitalization. The largest stocks are added to the selection list until the coverage is close to, but still less than, 60% of the free float market capitalization of the corresponding EURO STOXX Total Market Index Supersector index. If the next-ranked stock brings the coverage closer to 60% in absolute terms, then it is also added to the selection list. All current component stocks are then added to the selection list. The stocks on the selection list are ranked by free float market capitalization. In exceptional cases, the STOXX Limited Supervisory Board may make additions and deletions to the selection list.

The 40 largest stocks on the selection list are chosen as components. The remaining 10 stocks are selected from the largest remaining current components of the SX5E that are ranked between 41 and 60. If the component number is still below 50, then the largest remaining stocks on the selection list are added until the SX5E contains 50 stocks.

SX5E Calculation

The SX5E is calculated with the "Laspeyres formula," which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The formula for calculating the index value can be expressed as follows:

$$\text{Index} = \frac{\text{free float market capitalization of the index}}{\text{divisor of the index}}$$

The "free float market capitalization of the index" is equal to the sum of the product of the price, number of shares, free float factor and weighting cap factor for each component stock as of the time the SX5E is being calculated.

The SX5E is also subject to a divisor, which is adjusted to maintain the continuity of SX5E values despite changes due to corporate actions.

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THE FTSE® 100 INDEX

The disclosure relating to the FTSE™ 100 Index (the "UKX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the UKX.

FTSE Group Publishes the UKX

The UKX is a market-capitalization weighted index calculated, published and disseminated by FTSE Group ("FTSE"), an independent company wholly owned by the London Stock Exchange Group (the "LSE"). The UKX is designed to measure the composite performance of the 100 largest UK domiciled blue chip companies that pass screening for size and liquidity traded on the LSE. The UKX was launched on January 3, 1984 and has a base date of December 30, 1983. The UKX is reported by Bloomberg under the ticker symbol "UKX."

The UKX is calculated by (i) multiplying the per share price of each stock included in the UKX by the number of outstanding shares and by the free float factor applicable to such stock, (ii) calculating the sum of all these products (such sum referred to hereinafter as the "FTSE Aggregate Market Value") as of the starting date of the UKX and (iii) dividing the FTSE Aggregate Market Value by a divisor which represents the total issued share capital of the UKX on the base date and which can be adjusted to allow changes in the issued share capital of individual underlying stocks (including the deletion and addition of stocks, the substitution of stocks, stock dividends and stock splits) to be made without distorting the UKX. Because of such capitalization weighting, movements in share prices of companies with relatively larger market capitalization will have a greater effect on the level of the entire UKX than will movements in share prices of companies with relatively smaller market capitalization.

The 100 stocks included in the UKX (the "UKX Underlying Stocks") were selected from a reference group of stocks trading on the LSE which were selected by excluding certain stocks that have low liquidity based on public float, accuracy and reliability of prices, size and number of trading days. The UKX Underlying Stocks were selected from this reference group by selecting 100 stocks with the largest market value. A list of the issuers of the UKX Underlying Stocks is available from FTSE. The UKX is reviewed quarterly by the FTSE Europe/Middle East/Africa Regional Committee (the "Committee") in order to maintain continuity in the level. The UKX Underlying Stocks may be replaced, if necessary, in accordance with deletion/addition rules which provide generally for the removal and replacement of a stock from the UKX if such stock is delisted or its issuer is subject to a takeover offer that has been declared unconditional or it has ceased to be a viable component of the UKX. To maintain continuity, a stock will be added at the quarterly review if it has risen to 90th place or above and a stock will be deleted if at the quarterly review it has fallen to 111th place or below, in each case ranked on the basis of market value.

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THE HANG SENG® INDEX

The disclosure relating to the Hang Seng® Index (the "HSI") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the HSI.

Hang Seng Indexes Company Limited Publishes the HSI

The HSI is calculated, maintained and published by Hang Seng Indexes Company Limited ("HSIL"), a wholly owned subsidiary of Hang Seng Bank, in concert with the HSI Advisory Committee and was first developed, calculated and published on November 24, 1969. The HSI is a free float-adjusted market capitalization weighted stock market index that is designed to reflect the performance of the Hong Kong stock market.

Only companies with a primary listing on the main board of the Stock Exchange of Hong Kong ("SEHK") are eligible as constituents of the HSI. Mainland China enterprises that have an H-share listing in Hong Kong will not be eligible for inclusion in the HSI unless the company has no unlisted share capital. In addition, to be eligible for selection, a company: (1) must be among those that constitute the top 90% of the total market value of all primary listed shares on the SEHK (the market value of a company refers to the average of its month-end market capitalizations for the past 12 months); (2) must be among those that constitute the top 90% of the total turnover of all primary listed shares on the SEHK in a sufficient number of measurement sub-periods (turnover is assessed over the last eight quarterly sub-periods: if a company was in the top 90% in any of the most recent four sub-periods, it receives two points; if it was in the top 90% in any of the latter four sub-periods, it receives one point. A company must attain a "score" of eight points to meet the turnover requirement); and (3) should normally have a listing history of 24 months (there are exceptions for companies that have shorter listing histories but large market values and/or high turnover scores). From the many eligible candidates, final selections are based on the following: (1) the market value and turnover rankings of the companies; (2) the representation of the sub-sectors within the HSI directly reflecting that of the market; and (3) the financial performance of the companies.

Calculation of the HSI

The calculation methodology of the HSI is a free float-adjusted market capitalization weighting with a 15% cap on individual stocks. Under this calculation methodology, shares held by any entities (excluding custodians, trustees, mutual funds and investment companies) which control more than 5% of shares are excluded for index calculation:

- *Strategic holdings* (governments and affiliated entities or any other entities which hold substantial shares in the company would be considered as non-freefloat unless otherwise proved);
- *Directors' and management holdings* (directors, members of the board committee, principal officers or founding members);
- *Corporate cross holdings* (publicly traded companies or private firms / institutions); and
- *Lock-up shares* (shareholdings with a publicly disclosed lock-up arrangement).

A free float-adjusted factor representing the proportion of shares that is free floated as a percentage of the issued shares, is rounded up to the nearest multiple of 5% for the calculation of the Hang Seng Index and is updated quarterly.

A cap of 15% on individual stock weightings is applied. A cap factor is calculated quarterly to coincide with the regular update of the free float-adjusted factor. Additional re-capping is performed upon constituent changes.

The formula for the index calculation is as follows:

$$\frac{\sum(P_t \times IS \times FAF \times CF)}{\sum(P_{t-1} \times IS \times FAF \times CF} \times Yesterday's\ Closing\ Index$$

Current Index =

where:

P_t : *current price at day t;*

P_{t-1} : *closing price at day t-1;*

IS : *number of issued shares;*

FAF : *freefloat-adjusted factor, which is between 0 and 1; and*

CF : *capping factor, which is between 0 and 1.*

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THE HANG SENG® CHINA ENTERPRISES INDEX

The disclosure relating to the Hang Seng China Enterprises Index (the "HSCEI") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the HSCEI.

Hang Seng Indexes Company Limited Publishes the HSCEI

The HSCEI is compiled, published and managed by HSIL, a wholly owned subsidiary of Hang Seng Bank, in concert with the HSI Advisory Committee. HSCEI is a free float-adjusted market capitalization weighted index with a 10% cap on individual constituent weightings. Launched on August 8, 1994, the HSCEI is comprised of H-shares, which are Hong Kong listed shares of companies incorporated in mainland China ("H-share companies"). The HSCEI had a base value of 1,000 at launch, but was re-based as of January 3, 2000 with a value of 2,000 to align with the Hang Seng Composite Index Series, which launched on October 3, 2001.

The HSCEI is calculated and published in Hong Kong dollars. The HSCEI is reviewed quarterly with data cut-off dates as of the end of each March, June, September and December.

Only H-share companies with a primary listing on the main board of the stock exchange of Hong Kong are eligible as constituents of the HSCEI, excluding stocks that are secondary listings, preference shares, REITs, debt securities, mutual funds and other derivatives. A component stock is selected or removed from the HSCEI in the quarterly review process based on the following selection criteria:

- *Listing history requirement*. Stocks should be listed for at least one month prior to the review cut-off date.

- *Turnover screening.* Stocks must have 0.1% turnover velocity for at least ten out of the latest twelve months to maintain their inclusion or to be newly included in the HSCEI. New entrants must also have 0.1% turnover velocity in each of the latest three months. Stocks with a trading history of less than six months must have at least 0.1% turnover velocity in all trading months. Stocks with a trading history of between six and twelve months cannot have more than one month in which they failed to attain a turnover velocity of at least 0.1% and must have attained a turnover velocity of at least 0.1% for each of the latest three months if it is not an existing constituent.

  Turnover velocity for a given month is calculated as the median of shares traded daily over that month divided by the total free float-adjusted issued shares at month end.
- *Ranking by combined market capitalization*. Of the stocks satisfying the listing history requirement and turnover screening test, the 40 eligible stocks with the highest combined market capitalization will be selected as constituents of the HSCEI. Combined market value is calculated for each stock by adding 50% of full market value to 50% of free float-adjusted market value. In the event of two constituents have identical combined market value, the constituent with the higher full market value will be assigned a higher rank.

Calculation Methodology

The HSCEI is calculated using a free float-adjusted market capitalization weighting. Under this calculation methodology, shares held by any entities (excluding custodians, trustees, mutual funds and investment companies) which control more than 5% of shares are excluded for index calculation:

- *Strategic holdings* (governments and affiliated entities or any other entities which hold substantial shares in the company would be considered as non-freefloat unless otherwise proved);
- *Directors' and management holdings* (directors, members of the board committee, principal officers or founding members);
- *Corporate cross holdings* (publicly traded companies or private firms / institutions); and
- *Lock-up shares* (shareholdings with a publicly disclosed lock-up arrangement).

A free float-adjusted factor for each constituent, representing the proportion of shares that is free floated as a percentage of the issued shares, is rounded up to the nearest 1% where the free float is below 10% and otherwise rounded up to the nearest 5% for the calculation of the HSCEI, and is updated quarterly.

A cap of 10% on individual stock weightings is applied and a cap factor is calculated quarterly to ensure no that individual constituent is weighted in excess of the cap on a given index capping date.

The formula of the HSCEI is as follows:

$$\frac{\Sigma(P_t \times IS \times FAF \times CF)}{\Sigma(P_{t-1} \times IS \times FAF \times CF} \times Yesterday's\ Closing\ Index \textit{Current Index} =$$

where:

P_t : Current price at Day t
P_{t-1} : Current Price at Day t-1
IS : Issued Shares
FAF : Freefloat Adjusted Factor, which is between 0 and 1
CF : Capping Factor, which is between 0 and 1

Rebalancing. There will be a quarterly adjustment of the free float-adjusted factors (FAFs), calculation of the Cap Factors ("CFs") and update of issued shares ("IS"). The rebalancing usually will be implemented after the close of market on the first Friday in March, June, September and December and will be effective on the next trading day. In the event of corporate actions such as bonus issue, rights issue, stock splits and stock consolidations, the IS will be updated simultaneously with the index adjustment. Such ad hoc rebalancing will be conducted if a constituent's IS and/or FAF is substantially different from the production data. The index will also be recapped in the event of constituent changes if the newly added component weighs higher than the index cap level. A minimum of two trading days' notice will be given to subscribers of data products issued by HSIL for any ad hoc rebalancing.

Reserve list. The five non-constituent stocks with the highest combined market capitalization rank will be on the reserve list and will be used to replace any constituent that is removed due to stock suspension or delisting in between the regular reviews.

Stock suspension. A constituent will be removed from the HSCEI and replaced by the stock with the highest combined market capitalization rank on the latest reserve list if such constituent has been suspended from trading for one month. In exceptional circumstances where it is believed that the constituent shares are highly likely to resume trading in the near future, such constituent may be retained in the index even after one month.

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THE KOSPI 200 INDEX

The disclosure relating to the KOSPI 200 Index (the "KOSPI2") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the KOSPI2.

The Korea Stock Exchange Publishes the KOSPI2

The KOSPI2 is a capitalization-weighted index of 200 Korean blue-chip stocks listed on the KOSPI (Korea Composite Stock Price Index) Market and covers approximately 90% of the KOSPI market. The KOSPI2 is calculated, maintained and published by the Korea Exchange ("KRX"). The constituent stocks are selected on the basis of their market value, liquidity and representativeness of the respective market and industry groups. The KOSPI2 was developed with a base value of 100 as of January 3, 1990. The KOSPI2 is reported by Bloomberg under the ticker symbol "KOSPI2."

Selection Criteria

All domestic common stocks listed on the KOSPI Market as of the periodic realignment date will be included in the selection process, except for the equity securities which fall into one of the following categories:

- new issues listed less than 1 year, subject to certain exceptions;
- stocks issued by real estate investment companies, ship investment companies and investment & financing companies;
- stocks designated as administrative issues or issues scheduled to be delisted as of the regular realignment date; and
- issues with a free float rate under 10%.

Issues eligible for inclusion in the KOSPI2 are classified into nine sectors: (i) energy, (ii) materials, (iii) industrials, (iv) customer discretionary, (v) customer staples, (vi) health care, (vii) financials and real estate, (viii) information technology and telecommunication services, and (ix) utilities.

The selection process is devised to maximize the market cap coverage of KOSPI2 to the KOSPI Market. The minimum target market cap coverage is about 80% of the KOSPI Market.

New constituents are selected in a 3-step process:

1. *Size screen*. Issues in each sector are sorted by one-year averaged market capitalization and shortlisted as sector constituents until the cumulative sum of their market capitalization exceeds 80% of the sector's total market capitalization.
2. *Liquidity screen*. Shortlisted issues must meet the liquidity requirement in order to be selected for inclusion in the KOSPI1: if the one-year average trading value of an issue is less than the lower 15^{th} percentile of the one-year average trading value of all issues in the sector, then the issue is removed from the shortlist and replaced with the an issue meeting the liquidity condition with the next highest market capitalization in the sector.
3. *Buffer rules*. In order to manage the turnover ratio of the KOSPI2 constituents, buffer rules are applied to the selection process of each sector in the following order:
    - An issue that is an existing constituent remains a constituent if the issue satisfies the liquidity requirement and its market capitalization rank is less than or equal to 110% of the number of the existing constituents in the sector;
    - An issue that is not an existing constituent is designated as a new constituent if the issues is a member of the shortlist and its market capitalization rank is less than or equal to 90% of the number of the existing constituents in the sector; and
    - If the number of the selected issues is more or less than 200 after applying of the two buffer rules stated above, KRX adds or excludes issues up to 200 using the following method:
        - Less than 200 issues: issues are added in descending order of market capitalization among unselected issues on the shortlist that meet the liquidity requirement irrespective of sector classification.
        - More than 200 issues: issues are excluded in ascending order of market capitalization among selected issues unless the number of constituents of each sector is less than 90% of current constituents of each sector.

Special rule. If an issue with a rank of the last 15 trading days' market capitalization as of the base date higher than or equal to 50th in the whole KOSPI Market is not selected, the issue will be chosen as a new constituent and the lowest market capitalization constituent will be disqualified.

Reserved issues. KRX selects 10 issues from each sector in order of market capitalization among the unselected issues as reserve issues to be added if any constituent happens to be removed due to corporate events.

Index Calculation

The KOSPI2 is calculated using a free float adjusted market capitalization weighted methodology. The KOSPI2 is computed by multiplying (i) the market capitalization as of the calculation time divided by the market capitalization as of the base date, by (ii) 100. Market capitalization is obtained by multiplying the number of listed common shares of the constituents by the price of the applicable common share.

Index Maintenance

Annual index rebalancing. KRX reviews the KOSPI2 annually in May. An index committee, consisting of independent professionals in the financial industry and academia, reviews the KOSPI2 constituents. The constituent list is announced in early June and the effective date of the rebalancing is the trading day following the last trading day of June contracts in the KOSPI2 index futures and index options.

Ongoing event-related changes. A constituent is deleted from the KOSPI2 when it is delisted from the market, designated as an administrative issue, or merged with another issues. Otherwise KRX can remove constituents from the KOSPI2 if the issue does not meet the eligibility requirements. At the same time, a reserved issue in the corresponding sector is added to the KOSPI2. Additionally, special entry rules apply to spin-offs and new listings.

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THE MSCI INDICES

The disclosure relating to the MSCI Indices (as defined below) contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes a MSCI Index.

MSCI, Inc. Publishes the MSCI Indices

MSCI, Inc. ("MSCI") calculates and maintains indices that are part of the "MSCI Global Investable Market Indexes" (the "MSCI Indices"), including the MSCI EAFE® Index, the MSCI Emerging Markets Index (the "MSCI EM Index"), the MSCI Europe Index, the MSCI Singapore Free Index℠ and the MSCI Taiwan Index℠.

The MSCI Indices were founded in 1969 by Capital Group International as the first international performance benchmarks constructed to facilitate accurate comparison of world markets. Morgan Stanley acquired the rights to license the MSCI Indices in 1986. In November 1998, Morgan Stanley transferred all rights to the MSCI Indices to MSCI, a Delaware corporation formed and operated jointly by Morgan Stanley and Capital Group International. In 2004, MSCI acquired Barra, Inc., a provider of risk analytics, and firm-wide investment risk management systems and services and merged this with MSCI. In 2007, MSCI completed an initial public offering and was listed on the New York Stock Exchange, with Morgan Stanley retaining a controlling interest. In 2009, MSCI and Morgan Stanley fully separated. The MSCI single country standard equity indices have covered the world's developed markets since 1969, and in 1988, MSCI commenced coverage of the emerging markets.

Description of the MSCI Indices

The MSCI EAFE® Index

The MSCI EAFE® Index offers a representation of developed markets in Europe, Australasia and the Far East including the following countries as of the date of this document: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI EAFE® Index aims to capture 85% of the free float adjusted market capitalization of each country. It is based on the MSCI Global Investable Market Indexes methodology, which emphasizes index liquidity, investability and replicability. The MSCI EAFE® Index has a base value of 100 and a base date of December 31, 1969.

The MSCI EAFE® Price Index in USD is reported by Bloomberg under the ticker symbol "MXEA <Index>."

The MSCI EM Index

The MSCI EM Index offers a representation of emerging markets based on the following countries as of the date of this document: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, South Korea, Taiwan, Thailand, Turkey and the United Arab Emirates. The MSCI EM Index aims to capture 85% of the free float-adjusted market capitalization in each country. It is based on the MSCI Global Investable Market Indexes methodology, which emphasizes index liquidity, investability and replicability. The MSCI EM Index has a base value of 100.00 and a base date of December 31, 1987.

The MSCI Europe Index

The MSCI Europe Index offers a representation of developed markets in Europe including the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Europe Index aims to capture 85% of the free float adjusted market capitalization of each country. It is based on the MSCI Global Investable Market Indexes methodology, which emphasizes index liquidity, investability and replicability. The MSCI Europe Index has a base value of 100 and a base date of December 31, 1969.

The MSCI Europe Price Index in USD is reported by Bloomberg under the ticker symbol "MXEU <Index>."

The MSCI Singapore Free Index℠

The MSCI Singapore Free Index℠ offers a representation of the Singaporean market. The MSCI Singapore Free Index℠ is a free-float adjusted capitalization weighted and aims to capture 85% of the publically available market capitalization of the Singaporean investable equity universe; companies are subject to a global minimum size requirement. It is based on the MSCI Global Investable Market Indexes methodology. The MSCI Singapore Free Index℠ has a base of 100 and a base date of December 31, 1969.

The MSCI Singapore Free Price Index℠ in SGD is reported by Bloomberg under the ticker symbol "SIMSCI <Index>."

The MSCI Taiwan Index^{SM}

The MSCI Taiwan Index^{SM} is a free-float adjusted market capitalization weighted index that is designed to track the equity market performance of Taiwanese securities listed on the Taiwan Stock Exchange and the GreTai Securities Market. The MSCI Taiwan Index^{SM} aims to capture 85% of the free-float adjusted market capitalization of Taiwan, subject to a global minimum size requirement. It is based on the MSCI Global Investable Market Indexes methodology. The MSCI Taiwan Price Index^{SM} in TWD is reported by Bloomberg under the ticker symbol "TAMSCI <Index>." The MSCI Taiwan Index^{SM} has a base of 100 and a base date of December 31, 1987.

The MSCI EM Price Index in USD is reported by Bloomberg under the ticker symbol "MXEF <Index>."

The Country Indices

The MSCI Singapore Free Index^{SM}, MSCI Taiwan Index^{SM}, each MSCI EAFE Constituent Country Index and each MSCI EM Constituent Country Index are referred to individually as a "Country Index" and collectively as the "Country Indices." Under the MSCI methodology, each Country Index is an "MSCI Global Standard Index."

The components of each Country Index used to be selected by MSCI from among the universe of securities eligible for inclusion in the Country Index so as to target an 85% free float-adjusted market representation level within each of a number of industry groups, subject to adjustments to (i) provide for sufficient liquidity, (ii) reflect foreign investment restrictions (only those securities that can be held by non-residents of the country corresponding to the relevant Country Index are included) and (iii) meet certain other investability criteria. Following a change in MSCI's methodology implemented in May 2008, the 85% target is now measured at the level of the country universe of eligible securities rather than the industry group level—so each Country Index will seek to include the securities that represent 85% of the free float-adjusted market capitalization of all securities eligible for inclusion — but will still be subject to liquidity, foreign investment restrictions and other investability adjustments. MSCI defines "free float" as total shares excluding shares held by strategic investors, such as governments, corporations, controlling shareholders and management, and shares subject to foreign ownership restrictions.

Calculation of the MSCI Indices

Calculation of the Country Indices

Each Country Index is a free float-adjusted market capitalization index that is designed to measure the market performance, including price performance, of the equity securities in that country (such equity securities are referred to individually as an "Index Component" and collectively as "Index Components"). Each Country Index is calculated in the relevant local currency as well as in U.S. dollars, with price, gross and net returns.

MSCI's "price indices" measure market performance, including price performance, whereas MSCI's "total return indices" measure market performance, including price performance, as well as income from dividend payments.

Each Index Component is included in the relevant Country Index at a weight that reflects the ratio of its free float-adjusted market capitalization (*i.e.*, free public float multiplied by price) to the free float-adjusted market capitalization of all the Index Components in that Country Index. MSCI defines the free float of a security as the proportion of shares outstanding that is deemed to be available for purchase in the public equity markets by international investors.

Calculation of the MSCI EAFE® Index and the MSCI EM Index

The performance of the MSCI EAFE® Index on any given day represents the weighted performance of all of the Index Components included in all of the MSCI EAFE® Constituent Country Indices. Each Index Component in the MSCI EAFE® Index is included at a weight that reflects the ratio of its free float-adjusted market capitalization (i.e., free public float multiplied by price) to the free float-adjusted market capitalization of all the Index Components included in all of the MSCI EAFE® Constituent Country Indices.

Similarly, the performance of the MSCI EM Index on any given day represents the weighted performance of all of the Index Components included in all of the MSCI EM Constituent Country Indices. Each Index Component in the MSCI EM Index is included at a weight that reflects the ratio of its free float-adjusted market capitalization (i.e., free public float multiplied by price) to the free float-adjusted market capitalization of all the Index Components included in all of the MSCI EM Constituent Country Indices.

Maintenance of and Changes to the MSCI Indices

MSCI maintains the MSCI Indices with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets and segments. In maintaining the MSCI Indices, emphasis is also placed on continuity, continuous investability of constituents, replicability, index stability and low turnover.

As part of the changes to MSCI's methodology which became effective in May 2008, maintenance of the indices falls into three broad categories:

- semi-annual reviews, which will occur each May and November and will involve a comprehensive reevaluation of the market, the universe of eligible securities and other factors involved in composing the indices;
- quarterly reviews, which will occur each February and August and will focus on significant changes in the market since the last semi-annual review and on including significant new eligible securities (such as IPOs, which were not eligible for earlier inclusion in the indices); and
- ongoing event-related changes, which will generally be reflected in the indices at the time of the event and will include changes resulting from mergers, acquisitions, spin-offs, bankruptcies, reorganizations, and other similar corporate events.

Based on these reviews, additional components may be added, and current components may be removed, at any time. MSCI generally announces all changes resulting from semi-annual reviews, quarterly reviews and ongoing events in advance of their implementation, although in exceptional cases they may be announced during market hours for same or next day implementation.

Prices and Exchange Rates

Prices

The prices used to calculate the MSCI Indices are the official exchange closing prices or those figures accepted as such. MSCI reserves the right to use an alternative pricing source on any given day.

Exchange rates

MSCI uses the closing spot rates published by WM / Reuters at 4:00 p.m., London time. MSCI uses WM / Reuters rates for all countries for which it provides indices.

In case WM/Reuters does not provide rates for specific markets on given days (for example Christmas Day and New Year Day), the previous business day's rates are normally used.

MSCI independently monitors the exchange rates on all its indices and may, under exceptional circumstances, elect to use an alternative exchange rate if the WM / Reuters rates are not available, or if MSCI determines that the WM / Reuters rates are not reflective of market circumstances for a given currency on a particular day. In such circumstances, an announcement would be sent to clients with the related information. If appropriate, MSCI may conduct a consultation with the investment community to gather feedback on the most relevant exchange rate.

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THE NASDAQ-100 INDEX®

The disclosure relating to the Nasdaq-100 Index® (the "NDX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the NDX.

The Nasdaq OMX Group, Inc. Publishes the NDX

The NDX is a modified market capitalization-weighted index of 100 of the largest stocks of non-financial companies listed on The Nasdaq Stock Market based on market capitalization. It does not contain securities of financial companies, including investment companies. The NDX, which includes companies across a variety of major industry groups, was launched on January 31, 1985, with a base index value of 250.00. On January 1, 1994, the base index value was reset to 125.00. Current information regarding the market value of the NDX is available from Nasdaq OMX Group, Inc. ("Nasdaq OMX") as well as numerous market information services. The NDX is reported by Bloomberg L.P. under the ticker symbol "NDX."

The share weights of the component securities of the NDX at any time are based upon the total shares outstanding in each of those securities and are additionally subject, in certain cases, to rebalancing. Accordingly, each underlying stock's influence on the level of the NDX is directly proportional to the value of its share weight.

Calculation of the NDX

At any moment in time, the level of the NDX equals the aggregate value of the then-current share weights of each of the component securities, which are based on the total shares outstanding of each such component security, multiplied by each such security's respective last sale price on The Nasdaq Stock Market (which may be the official closing price published by The Nasdaq Stock Market), and divided by a scaling factor (the "divisor"), which becomes the basis for the reported level of the NDX. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude, which is more desirable for reporting purposes.

Underlying Stock Eligibility Criteria and Annual Ranking Review

Initial Eligibility Criteria

To be eligible for initial inclusion in the NDX, a security must be listed on The Nasdaq Stock Market and meet the following criteria:

- the security's U.S. listing must be exclusively on the Nasdaq Global Select Market or the Nasdaq Global Market;
- the security must be issued by a non-financial company;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the security must generally be a common stock, ordinary share, American Depositary Receipt, or tracking stock (closed-end funds, convertible debentures, exchange traded funds, limited liability companies, limited partnership interests, preferred stocks, rights, shares or units of beneficial interests, warrants, units and other derivative securities are not included in the NDX, nor are the securities of investment companies);
- the security must have a three-month average daily trading volume of at least 200,000 shares;
- if the security is issued by an issuer organized under the laws of a jurisdiction outside the United States, it must have listed options on a recognized market in the United States or be eligible for listed-options trading on a recognized options market in the United States;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being eligible;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn; and
- the issuer of the security must have "seasoned" on the Nasdaq Stock Market or another recognized market (generally, a company is considered to be seasoned if it has been listed on a market for at least three full months, excluding the first month of initial listing).

Continued Eligibility Criteria

In addition, to be eligible for continued inclusion in the NDX the following criteria apply:

- the security's U.S. listing must be exclusively on the Nasdaq Global Select Market or the Nasdaq Global Market;

- the security must be issued by a non-financial company;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the security must have an average daily trading volume of at least 200,000 shares in the previous three-month trading period as measured annually during the ranking review process described below;
- if the issuer of the security is organized under the laws of a jurisdiction outside the United States, then such security must have listed options on a recognized market in the United States or be eligible for listed-options trading on a recognized options market in the United States, as measured annually during the ranking review process;
- the issuer of the security may not have entered into a definitive agreement or other arrangement that would likely result in the security no longer being eligible;
- the security must have an adjusted market capitalization equal to or exceeding 0.10% of the aggregate adjusted market capitalization of the NDX at each month-end. In the event that a company does not meet this criterion for two consecutive month-ends, it will be removed from the NDX effective after the close of trading on the third Friday of the following month; and
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

These eligibility criteria may be revised from time to time by Nasdaq OMX without regard to the Notes.

<u>Annual Ranking Review</u>

The component securities are evaluated on an annual basis (the “Ranking Review”), except under extraordinary circumstances, which may result in an interim evaluation, as follows. Securities that meet the applicable eligibility criteria are ranked by market value. eligible securities that are already in the NDX and that are ranked in the top 100 eligible securities (based on market capitalization) are retained in the NDX. A security that is ranked 101 to 125 is also retained, provided that such security was ranked in the top 100 eligible securities as of the previous Ranking Review or was added to the NDX subsequent to the previous Ranking Review. Securities not meeting such criteria are replaced. The replacement securities chosen are those eligible securities not currently in the NDX that have the largest market capitalization. The data used in the ranking includes end of October market data and is updated for total shares outstanding submitted in a publicly filed SEC document via EDGAR through the end of November.

Replacements are made effective after the close of trading on the third Friday in December. Moreover, if at any time during the year other than the Ranking Review, a component security is determined by Nasdaq OMX to become ineligible for continued inclusion in the NDX, the security will be replaced with the largest market capitalization security meeting the eligibility criteria listed above and not currently included in the NDX.

Index Maintenance

In addition to the Ranking Review, the securities in the NDX are monitored every day by Nasdaq OMX with respect to changes in total shares outstanding arising from corporate events, such as stock dividends, stock splits and certain spin-offs and rights issuances. Nasdaq OMX has adopted the following quarterly scheduled weight adjustment procedures with respect to those changes. If the change in total shares outstanding arising from a corporate action is greater than or equal to 10%, that change will be made to the NDX as soon as practical, normally within ten days of such corporate action. Otherwise, if the change in total shares outstanding is less than 10%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in each of March, June, September and December.

In either case, the share weights for those component securities are adjusted by the same percentage amount by which the total shares outstanding have changed in those securities. Ordinarily, whenever there is a change in the share weights, a change in a component security, or a change to the price of a component security due to spin-off, rights issuances or special cash dividends, Nasdaq OMX adjusts the divisor to ensure that there is no discontinuity in the level of the NDX that might otherwise be caused by any of those changes. All changes will be announced in advance.

Index Rebalancing

Under the methodology employed, on a quarterly basis coinciding with Nasdaq OMX’s quarterly scheduled weight adjustment procedures, the component securities are categorized as either “Large Stocks” or “Small Stocks” depending on whether their current percentage weights (after taking into account scheduled weight adjustments due to stock repurchases, secondary offerings or other corporate actions) are greater than, or less than or equal to, the average percentage weight in the NDX (*i.e.*, as a 100-stock index, the average percentage weight in the NDX is 1%).

This quarterly examination will result in an index rebalancing if it is determined that: (1) the current weight of the single largest market capitalization component security is greater than 24% or (2) the "collective weight" of those component securities, the individual current weights of which are in excess of 4.5%, when added together, exceed 48%. In addition, Nasdaq OMX may conduct a special rebalancing at any time if it is determined to be necessary to maintain the integrity of the NDX.

If either one or both of these weight distribution requirements are met upon quarterly review, or Nasdaq OMX determines that a special rebalancing is required, a weight rebalancing will be performed. First, relating to weight distribution requirement (1) above, if the current weight of the single largest component security exceeds 24%, then the weights of all Large Stocks will be scaled down proportionately towards 1% by enough amount for the adjusted weight of the single largest component security to be set to 20%. Second, relating to weight distribution requirement (2) above, for those component securities whose individual current weights or adjusted weights in accordance with the preceding step are in excess of 4.5%, if their "collective weight" exceeds 48%, then the weights of all Large Stocks will be scaled down proportionately towards 1% by just enough amount for the "collective weight," so adjusted, to be set to 40%.

The aggregate weight reduction among the Large Stocks resulting from either or both of the above rescalings will then be redistributed to the Small Stocks in the following iterative manner. In the first iteration, the weight of the largest Small Stock will be scaled upwards by a factor which sets it equal to the average Index weight of 1.0%. The weights of each of the smaller remaining Small Stocks will be scaled up by the same factor, reduced in relation to each stock's relative ranking among the Small Stocks, such that the smaller the component security in the ranking, the less the scale-up of its weight. This is intended to reduce the market impact of the weight rebalancing on the smallest component securities in the NDX.

In the second iteration, the weight of the second largest Small Stock, already adjusted in the first iteration, will be scaled upwards by a factor which sets it equal to the average index weight of 1%. The weights of each of the smaller remaining Small Stocks will be scaled up by this same factor, reduced in relation to each stock's relative ranking among the Small Stocks, such that, once again, the smaller the component stock in the ranking, the less the scale-up of its weight.

Additional iterations will be performed until the accumulated increase in weight among the Small Stocks exactly equals the aggregate weight reduction among the Large Stocks from rebalancing in accordance with weight distribution requirement (1) and/or weight distribution requirement (2).

Then, to complete the rebalancing procedure, once the final percent weights of each of the component securities are set, the share weights will be determined anew based upon the last sale prices and aggregate capitalization of the NDX at the close of trading on the last day in February, May, August and November. Changes to the share weights will be made effective after the close of trading on the third Friday in March, June, September and December, and an adjustment to the divisor will be made to ensure continuity of the NDX.

Ordinarily, new rebalanced weights will be determined by applying the above procedures to the current share weights. However, Nasdaq OMX may from time to time determine rebalanced weights, if necessary, by instead applying the above procedure to the actual current market capitalization of the component securities. In those instances, Nasdaq OMX would announce the different basis for rebalancing prior to its implementation.

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THE NIKKEI 225 INDEX

The disclosure relating to the Nikkei 225 Index (the "NKY") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the NKY.

Nikkei Digital Media, Inc. Publishes the NKY

The NKY was developed by Nikkei Inc. and is calculated, maintained and published by Nikkei Digital Media, Inc. a wholly owned subsidiary of Nikkei Inc. The Nikkei 225 is reported by Bloomberg L.P. under the symbol "NKY."

The NKY is a stock index that measures the composite price performance of selected Japanese stocks. The formal name of the NKY is the Nikkei Stock Average. The NKY is based on 225 underlying stocks (the "Nikkei Underlying Stocks") trading on the Tokyo Stock Exchange ("TSE") representing a broad cross-section of Japanese industries. All 225 Nikkei Underlying Stocks are stocks listed in the First Section of the TSE. Stocks listed in the First Section of the TSE are among the most actively traded stocks on the TSE. Nikkei Inc. rules require that the 75 most liquid issues (one-third of the component count of the NKY) be included in the NKY. Nikkei Inc. was first calculated and published the NKY in 1970; prior to 1970, the TSE calculated the NKY.

The 225 companies included in the NKY are divided into six sector categories: Technology, Financials, Consumer Goods, Materials, Capital Goods/Others and Transportation and Utilities. These six sector categories are further divided into 36 industrial classifications as follows:

- Technology — Pharmaceuticals, Electric Machinery, Automobiles and Auto Parts, Precision Instruments, Communications;
- Financials — Banking, Other Financial Services, Securities, Insurance;
- Consumer Goods — Fishery, Foods, Retail, Services;
- Materials — Mining, Textiles and Apparel, Paper and Pulp, Chemicals, Petroleum, Rubber, Glass and Ceramics, Steel, Nonferrous Metals, Trading Companies;
- Capital Goods/Others — Construction, Machinery, Shipbuilding, Transportation Equipment, Other Manufacturing, Real Estate; and
- Transportation and Utilities — Railway and Bus, Land Transport, Marine Transport, Air Transport, Warehousing, Electric Power, Gas.

Calculation of the NKY

The NKY is a modified, price-weighted index (*i.e.*, a Nikkei Underlying Stock's weight in the NKY is based on its price per share rather than the total market capitalization of the issuer) which is calculated by (i) multiplying the per share price of each Nikkei Underlying Stock by the corresponding weighting factor for such Nikkei Underlying Stock (a "Weight Factor"), (ii) calculating the sum of all these products and (iii) dividing such sum by a divisor (the "Divisor"). The Divisor was initially set at 225 for the date of May 16, 1949 (the date on which the TSE was reopened after World War II) using historical numbers from that date. The Divisor is subject to periodic adjustments as set forth below. Each Weight Factor is computed by dividing ¥50 by the presumed par value of the relevant Nikkei Underlying Stock, so that the share price of each Nikkei Underlying Stock when multiplied by its Weight Factor corresponds to a share price based on a uniform par value of ¥50. The stock prices used in the calculation of the NKY are those reported by a primary market for the Nikkei Underlying Stocks (currently the TSE). The level of the NKY is calculated once every 15 seconds during TSE trading hours.

In order to maintain continuity in the NKY in the event of certain changes due to non-market factors affecting the Nikkei Underlying Stocks, such as the addition or deletion of stocks, substitution of stocks, stock splits or distributions of assets to stockholders, the Divisor used in calculating the NKY is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the NKY. Thereafter, the Divisor remains at the new value until a further adjustment is necessary as the result of another change. As a result of such change affecting any Nikkei Underlying Stock, the Divisor is adjusted in such a way that the sum of all share prices immediately after such change multiplied by the applicable Weight Factor and divided by the new Divisor (*i.e.*, the level of the NKY immediately after such change) will equal the level of the NKY immediately prior to the change.

Standards for Listing and Maintenance

A Nikkei Underlying Stock may be deleted or added by Nikkei Inc. Any stock becoming ineligible for listing in the First Section of the TSE due to any of the following reasons will be deleted from the Nikkei Underlying Stocks: (i) bankruptcy of the issuer, (ii) merger of the issuer with, or acquisition of the issuer by, another company, (iii) delisting of such stock, (iv) transfer of such stock to the "Seiri-Post" because of excess debt of the issuer or because of any other reason or (v) transfer of such stock to the Second Section. In addition, a component stock transferred to the “Kanri-Post” (Posts for stocks under supervision) becomes a candidate for deletion. Nikkei Underlying Stocks with relatively low liquidity, based on trading value and rate of price fluctuation over the past five years, may be deleted by Nikkei Inc. Upon deletion of a stock from the Nikkei Underlying Stocks, Nikkei Inc. will select a replacement for such deleted Nikkei Underlying Stock in accordance with certain criteria. In an exceptional case, a newly listed stock in the First Section of the TSE that is recognized by Nikkei Inc. to be representative of a market may be added to the Nikkei Underlying Stocks. In such a case, an existing Nikkei Underlying Stock with low trading volume and deemed not to be representative of a market will be deleted by Nikkei Inc.

A list of the issuers of the Nikkei Underlying Stocks constituting the NKY is available from the Nikkei Economic Electronic Databank System and from the Stock Market Indices Data Book published by Nikkei Inc. Nikkei Inc. may delete, add or substitute any stock underlying the NKY.

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THE PHLX HOUSING SECTOR[SM] INDEX

The disclosure relating to the PHLX Housing Sector[SM] Index (the "HGX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the HGX.

The Nasdaq OMX Group, Inc. Publishes the HGX

The HGX is designed to measure the performance of a set of companies whose primary lines of business are directly associated with the U.S. housing construction market (the "PHLX Component Securities"). The HGX was set to an initial value of 250 on January 2, 2002.

The HGX is monitored or benchmarked against the value at which it was initially set. The HGX will reflect the U.S. housing construction industry only to the extent that the underlying issuers are representative of the industry. Nasdaq OMX will adjust the composition of the HGX due to mergers of component issuers, because issuers no longer reflect the particular index group, or to improve the HGX's correlation to the U.S. housing construction industry, as described in more detail below.

Index Composition and Maintenance

The HGX is a modified market capitalization-weighted index, in which the value of the HGX equals the aggregate value of the index share weights (also known as the Index Shares) of each of the PHLX Component Securities multiplied by each such security's last sale price,[1] and divided by the divisor of the HGX. The divisor serves the purpose of scaling the aggregate index value to a lower order of magnitude, which is more desirable for reporting purposes. If trading in a PHLX Component Security is halted while the applicable market is open, the most recent last sale price for that security is used for all HGX computations until trading resumes. If trading is halted before the market is open, the previous day's last sale price is used.

The formula for HGX value is:

$$\frac{\text{Aggregate Adjusted Market Value}}{\text{Divisor}}$$

where the Divisor is (Market Value after Adjustments/Market Value before Adjustments) × Divisor before Adjustments.

The HGX is calculated as a price return index (Nasdaq: HGX), which is ordinarily calculated without regard to cash dividends on the PHLX Component Securities. The HGX is also calculated as a total return index (Nasdaq: XHGX) which reinvested cash dividends on the ex-date. The total return index was synchronized to the value of the price return index at the close on June 30, 2011.

The HGX is calculated during the trading day and is disseminated once per second from 09:30:01 to 17:16:00 Easter Time (ET). The closing value of the HGX may change up until 17:15:00 ET due to corrections to the last sale price of the PHLX Component Securities.

Eligibility

HGX eligibility is limited to specific types of securities. The security types eligible for the HGX include domestic or foreign common stocks, ordinary shares, shares of beneficial interest or limited partnership interests, and tracking stocks. Security types not included in the HGX are American Depositary Receipts, closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities.

<u>Initial Security Eligibility Criteria</u>

To be included in the HGX, a security must meet the following criteria:

- a security must be listed on the Nasdaq Stock Market®, the New York Stock Exchange, or NYSE Amex;
- the issuer of the security must be classified, as reasonably determined by Nasdaq OMX, as a company whose primary business is associated with the U.S. housing construction market under certain Industry Classification Benchmark codes, which are products of FTSE International Limited and are licensed for use by the index sponsor;
- only one class of security per issuer is allowed;

[1] For securities listed on Nasdaq, the last sale price is the last sale price on Nasdaq, which normally would be the Nasdaq Official Closing Price when Nasdaq is closed. For any NYSE-listed or NYSE AMEX-listed security, it is the last regular way trade reported on such security's primary U.S. listing market. If a security does not trade on its primary listing market on a given day, the most recent last sale price from the primary listing market (adjusted for corporate actions, if any) is used.

- the security must have a market capitalization of at least $100 million;
- the security must have traded at least 1.5 million shares in each of the last six months;
- the security must have listed options on a recognized options market in the U.S. or be eligible for listed-options trading on a recognized options market in the U.S.;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being eligible for the index;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn; and
- the issuer of the security must have "seasoned" on a recognized market for at least six months; in the case of spin-offs, the operating history of the spin-off will be considered.

Component Replacement Criteria

In the event that a security no longer meets the continued security eligibility criteria described below, it will be replaced with a security that meets all of the initial security eligibility criteria and additional criteria which follow. Securities eligible for inclusion will be ranked ascending by market value, current price and percentage price change over the previous six months. The security with the highest overall ranking will be added to the HGX (if multiple securities have the same rank, the security with the largest market capitalization will rank higher) provided that the HGX then meets the following criteria:

- no single PHLX Component Security is greater than 20% of the weight of the HGX and the top five PHLX Component Securities are not greater than 55% of the weight of the HGX; and
- no more than 15% of the weight of the HGX is composed of non-U.S. component securities that are not subject to comprehensive surveillance agreements.

In the event that the highest-ranking security does not permit the HGX to meet the above criteria, the next highest-ranking security will be selected and the HGX criteria will again be applied to determine eligibility. The process will continue until a qualifying replacement security is selected.

Continued Security Eligibility Criteria

To be eligible for continued inclusion in the HGX, a PHLX Component Security must meet the following criteria:

- the security must be listed on the Nasdaq Stock Market, the New York Stock Exchange, or NYSE Amex;
- the issuer of the security must be classified, as reasonably determined by Nasdaq OMX, as a company whose primary business is associated with the U.S. housing sector;
- the security must have a market capitalization of at least $60 million;
- the security may not be issued by an issuer currently in bankruptcy proceedings; and
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn.

Continued Index Eligibility Criteria

In addition to the security eligibility criteria, the HGX as a whole must meet the following criteria on a continual basis unless otherwise noted:

- no single PHLX Component Security is greater than 25% of the weight of the HGX and the top five PHLX Component Securities do not constitute more than 60% of the weight of the HGX (measured semi-annually on the first trading day in January and July);
- no more than 18% of the weight of the index is composed of non-U.S. PHLX Component Securities that are not subject to comprehensive surveillance agreements;
- the total number of PHLX Component Securities has not increased or decreased by 33.33% of the HGX and in no event will be less than nine;
- PHLX Component Securities representing at least 95% of the weight of the HGX have a market capitalization of at least $75 million;

- PHLX Component Securities representing at least 92% of the weight of the HGX and at least 82% of the total number of PHLX Component Securities meet the security options eligibility rules;
- PHLX Component Securities must have trading volume of at least 600,000 shares for each of the last six months, except that for each of the lowest weighted PHLX Component Securities that in the aggregate account for no more than 5% of the weight of the HGX, trading volume must be at least 500,000 shares for each of the last six months; and
- the lesser of the five highest weighted PHLX Component Securities or the highest weighted PHLX Component Securities that in the aggregate represent at least 30% of the total number of PHLX Component Securities each have had an average monthly trading volume of at least 1,250,000 shares over the past six months.

In the event the HGX does not meet the criteria, the HGX composition will be adjusted to ensure that the index meets the criteria. PHLX Component Securities that contribute to the HGX not meeting the eligibility criteria may be removed. PHLX Component Securities may be added and/or replaced according to the component replacement rules to ensure compliance with these criteria. If removed, the security will, in ordinary circumstances, be removed at its last sale price. If the security is halted from trading on its primary listing market, however, and the official closing price cannot be readily determined, Nasdaq OMX may, at its discretion, remove the security at a zero price. If the security is removed at a zero price, it will be applied to the HGX after the close of market but before the dissemination of the official closing value of the HGX (ordinarily at 17:16:00 ET).

Index Maintenance

If a corporate event occurs as to any PHLX Component Security, such as a stock dividend, stock split, spin-off or rights issuance, the Index Shares and/or the price of the PHLX Component Security will be adjusted on the ex-date. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10%, the adjustment in the Index Shares and/or the price of the PHLX Component Security will be made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10%, then all such changes are accumulated and made effective on a quarterly basis after the close of trading on the third Friday in each of March, June, September, and December. The Index Shares are derived from the PHLX Component Security's total shares outstanding. The Index Shares are adjusted by the same percentage amount by which the total shares outstanding have changed.

In the event of a special cash dividend, Nasdaq OMX will determine on an individual basis whether to make a change to the price of a PHLX Component Security in accordance with its Index dividend policy. If Nasdaq OMX determines that a change will be made, it will become effective on the ex-date, and advance notification will be made.

In the event of a change in the Index Shares, a change in a PHLX Component Security, or a change to the price of a PHLX Component Security due to spin-offs, rights issuances, or special cash dividends, the divisor is ordinarily adjusted to ensure that there is no discontinuity in the value of the HGX, which might otherwise be caused by any such change. All changes are announced in advance and will be reflected in the HGX prior to market open on the applicable effective date.

Index Rebalancing

The HGX employs a modified market capitalization-weighting methodology. Each quarter, the HGX is rebalanced such that the maximum weight of any PHLX Component Security will not exceed 15% and no more than two securities will be at the cap. Any security then in excess of 8% will be capped at 8%. The aggregate amount by which all securities over 15% and 8% is reduced will be redistributed proportionally across the remaining PHLX Component Securities. After redistribution, if any other PHLX Component Security then exceeds 8%, the PHLX Component Security is set to 8% of the HGX and the redistribution is repeated to derive the final weights.

The modified market capitalization-weighted methodology is applied to the capitalization of each PHLX Component Security, using the last sale price of the security at the close of trading on the first Friday in March, June, September, and December and after applying quarterly changes to the total shares outstanding. Index Shares are then calculated by multiplying the weight of the security by the new market value of the HGX and dividing the modified market capitalization for each PHLX Component Security by its corresponding last sale price. The changes become effective after trading on the third Friday in March, June, September, and December.

In administering the HGX, Nasdaq OMX will exercise reasonable discretion as it deems appropriate.

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THE RUSSELL 2000® INDEX

The disclosure relating to the Russell 2000® Index (the "RTY") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the Russell 2000® Index.

FTSE Russell Publishes the RTY

The RTY is an index calculated, published, and disseminated by FTSE Russell ("FTSE Russell"), and measures the composite price performance of stocks of 2,000 companies determined by FTSE Russell to be part of the U.S. equity market. All 2,000 stocks are traded on a major U.S. exchange, and form a part of the Russell 3000® Index. The Russell 3000® Index is composed of the 3,000 largest U.S. companies as determined by market capitalization.

The RTY consists of the smallest 2,000 companies, by market capitalization, included in the Russell 3000® Index. The RTY is designed to track the performance of the small capitalization segment of the U.S. equity market. The inception date of the RTY is January 1, 1984. Members of the RTY are determined each year during annual reconstitution and enhanced quarterly with the addition of initial public offerings (IPOs). The RTY is a subset of the Russell U.S. indices.

Defining Eligible Securities

All companies that are determined to be part of the U.S. equity market under FTSE Russell's country-assignment methodology are included in the Russell U.S. indices. If a company is incorporated in, has a stated headquarters location in, and also trades in the same country (American Depositary Receipts and American Depositary Shares are not eligible), the company is assigned to the equity market of its country of incorporation. If any of the three do not match, FTSE Russell then defines three Home Country Indicators ("HCI"): country of incorporation, country of headquarters, and country of the most liquid exchange as defined by two-year average daily dollar trading volume from all exchanges within a country. Using the HCIs, FTSE Russell cross-compares the primary location of the company's assets with the three HCIs. If the primary location of the company's assets matches any of the HCIs, then the company is assigned to its primary asset location. If there is insufficient information to determine the country in which the company's assets are primarily located, FTSE Russell will use the primary location of the company's revenues for the same cross-comparison and will assign the company to the appropriate country in a similar fashion. FTSE Russell uses an average of two years of assets or revenue data for analysis to reduce potential turnover. If conclusive country details cannot be derived from assets or revenue, FTSE Russell assigns the company to the country where its headquarters are located unless the country is a Benefit Driven Incorporation ("BDI") country; in which case, the company will be assigned to the country of its most liquid stock exchange. Russell lists the following countries as BDIs: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Channel Islands, Cook Islands, Curacao, Faroe Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Liberia, Marshall Islands, Panama, Saba, Saint Eustatius, Saint Maarten, and Turks and Caicos Islands. For any companies incorporated or headquartered in a U.S. territory, including countries such as Puerto Rico, Guam, and U.S. Virgin Islands, a U.S. HCI is assigned. If a company is designated as a Chinese "N Share," it will not be considered for inclusion within the Russell U.S. indices. An "N Share" company is controlled by mainland Chinese entities, companies or individuals. It must be incorporated outside of China and traded on the New York Stock Exchange, the Nasdaq exchange or the NYSE American with a majority of its revenues or assets derived from the People's Republic of China.

All securities eligible for inclusion in Russell U.S. indices must trade on an eligible U.S. exchange. The eligible U.S. exchanges are: BATS, IEX, NYSE, NYSE American, Nasdaq and ARCA. Bulletin board, pink-sheets, and over-the-counter ("OTC") traded securities are not eligible for inclusion, including securities for which prices are displayed on the FINRA ADF.

Preferred and convertible preferred stock, redeemable shares, participating preferred stock, warrants, rights, installment receipts and trust receipts are not eligible for inclusion in the Russell U.S. indices. Royalty trusts, U.S. limited liability companies, closed-end investment companies, blank check companies, special-purpose acquisition companies, and limited partnerships are also not eligible for inclusion in the Russell U.S. indices. Business development companies, exchange traded funds and mutual funds are also excluded.

If an eligible company trades multiple share classes, FTSE Russell will review each share class independently for U.S. index inclusion. Stocks must trade at or above $1.00 (on its primary exchange) on the rank day in May of each year to be eligible for inclusion during annual reconstitution. However, in order to reduce unnecessary turnover, if an existing index member's closing price is less than $1.00 on the last day of May, it will be considered eligible if the average of the daily closing prices (from its primary exchange) during the 30 days prior to the rank date is equal to or greater than $1.00. If an existing index member does not trade on the rank day in May, it must price at $1.00 or above on another eligible U.S. exchange to remain eligible. An initial public offering added during the quarterly IPO process is considered a new index addition and therefore must have a closing price on its primary exchange at or above $1.00 on the last day of the IPO eligibility period in order to qualify for index inclusion. Companies with a total market capitalization of less than $30 million are not eligible for inclusion in the Russell U.S. indices. Similarly, companies with only 5% or less of their shares available in the marketplace are not eligible for the Russell U.S. indices.

Annual Reconstitution

Annual reconstitution is the process by which all Russell indices are completely rebuilt. Reconstitution is a vital part of the creation of a benchmark which accurately represents a particular market segment. Companies may get bigger or smaller over time, or periodically undergo changes in their style characteristics. Reconstitution ensures that the companies continue to be correctly represented in the appropriate Russell indices.

On the rank day in May each year (timetable is announced each spring), all eligible securities are ranked by their total market capitalization. Total market capitalization is determined by multiplying total outstanding shares by the last price traded on the primary exchange on the rank day in May. All share classes for a company, including unlisted shares, are aggregated and considered total shares outstanding.

Reconstitution occurs on the last Friday in June. However, at times this date is too proximal to exchange closures and abbreviated exchange trading schedules when market liquidity is exceptionally low. In order to ensure proper liquidity in the markets, when the last Friday in June falls on the 29th or 30th, reconstitution will occur on the preceding Friday.

Eligible IPOs are added to the Russell U.S. indices quarterly to ensure that new additions to the institutional investing opportunity set are reflected in the representative indices. FTSE Russell focuses on IPOs each quarter because it is important to reflect market additions between reconstitution periods. Companies filing an initial public offering registration statement (or the local equivalent when outside the United States) and listing with the same quarter on an eligible U.S. exchange are reviewed for eligibility regardless of previous trading activity (exceptional or unique events may induce extraordinary treatment which will be communicated appropriately); a one month window is used to ensure that companies submitting the requisite filings just outside of the quarter are not excluded from eligibility. Companies currently trading on foreign exchanges or OTC markets will be reviewed for eligibility if: (1) the company files an initial public offering statement for an eligible U.S. exchange; (2) the offering is announced to the market and confirmed by FTSE Russell's vendors as an IPO; and (3) the security is not currently a member of the Russell Global Index (eligibility and country assignment are reviewed at reconstitution).

Capitalization Adjustments

After membership is determined, a security's shares are adjusted to include only those shares available to the public, which is often referred to as "free float." The purpose of this adjustment is to exclude from market calculations the capitalization that is not available for purchase and is not part of the investable opportunity set. Stocks are weighted in the Russell U.S. indices by their available (also called "float-adjusted") market capitalization, which is calculated by multiplying the primary closing price by the available shares. Adjustments to shares are reviewed at reconstitution, during quarterly update cycles and for corporate actions such as mergers.

Certain types of shares are considered restricted and removed from total market capitalization to arrive at free float or available market capitalization, such as shares directly owned by State, Regional, Municipal and Local governments (excluding shares held by independently managed pension schemes for governments), shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated, and shares with high shareholding concentration, etc.

Corporate Action-Driven Changes

FTSE Russell defines a corporate action as an action on shareholders with a prescribed ex-date (e.g., rights issue, special dividend, stock split). The share price and indexes in which the company is included will be subject to an adjustment on the ex-date. This is a mandatory event. FTSE Russell defines a corporate event as a reaction to company news (event) that might impact the index depending on the index rules. FTSE Russell applies corporate actions and events to its indexes on a daily basis. Depending upon the time an action is determined to be final, FTSE Russell will either (1) apply the action before the open on the ex-date, or (2) apply the action providing appropriate notice, referred to as "delayed action."

For merger and spin-off transactions that are effective between rank day in May and the Friday prior to annual reconstitution in June, the market capitalizations of the impacted securities are recalculated and membership is reevaluated as of the effective date of the corporate action. For corporate events that occur during the final week of reconstitution (during which reconstitution is finalized Friday after U.S. market close), market capitalizations and memberships will not be reevaluated. Non index members that have been considered ineligible as of rank day will not be reevaluated in the event of a subsequent corporate action that occurs between rank day and the reconstitution effective date.

If a company distributes shares of an additional share class to its existing shareholders through a mandatory corporate action, FTSE Russell evaluates the additional share class for separate index membership. The new share class will be deemed eligible if the market capitalization of the distributed shares meets minimum size requirement (above the minimum market capitalization breakpoint defined as the smallest member of the Russell 3000E Index from previous rebalance, adjusted for performance to date.) Index membership of additional share classes that are added due to corporate actions will mirror that of the pricing vehicle, as will style and stability probabilities. If the distributed shares of an additional share class do not meet eligibility requirements, they will not be added to the index (the distributed shares may be added to the index temporarily until they are settled and listed to enable index replication).

"No Replacement" Rule: Securities that leave a Russell U.S. index for any reason (e.g., mergers, acquisitions or other similar corporate activity) are not replaced. Thus, the number of securities in a Russell U.S. index over the year will fluctuate according to corporate activity.

To maintain representativeness and maximize the available investment opportunity for index managers, the Russell U.S. indices are reviewed quarterly for updates to shares outstanding and to free floats used within the index calculation. The changes are implemented quarterly, on the third Friday of the month (after the close). The June reconstitution will continue to be implemented on the last Friday of June (unless the last Friday occurs on the 29th or 30th, when reconstitution will occur on the Friday prior).

License Agreement with Russell

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THE S&P 100® INDEX

The disclosure relating to the S&P 100® Index (the "OEX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the OEX.

S&P Publishes the OEX

The OEX is published by S&P and is a subset of the S&P 500® Index (the "SPX"). Index options on the OEX are traded with the ticker symbol "OEX." The OEX was originally developed by the Chicago Board Options Exchange, which later transferred the OEX to S&P for management. S&P's U.S. Index Committee, which oversees the SPX and other S&P U.S. equity indices, also maintains the OEX.

The OEX was introduced in 1983 and comprises approximately 100 leading U.S. stocks with exchange-listed options. Constituents of the OEX are generally among the largest and most established companies in the SPX. To be included in the OEX, a company must maintain exchange-listed options, be a U.S. company (determined by reference to location of operations, corporate structure, accounting standards and exchange listings) and have a market capitalization in excess of $6.1 billion, public float of at least 50%, positive as-reported earnings over the most recent quarter as well as over the most recent four quarters (summed together), and have highly tradable common stock with active and deep markets. Continued inclusion is not necessarily subject to these guidelines, as S&P strives to minimize unnecessary turnover in membership in the OEX and each removal is determined on a case-by-case basis. The sector balance of the OEX is maintained in line with the sector composition of the SPX. S&P calculates the OEX by reference to the prices of the constituent stocks of the OEX without taking account of the value of dividends paid on those stocks.

S&P Publishes the SPX

The SPX is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the SPX, discussed below in further detail, is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

The SPX does not reflect the payment of dividends on the stocks included in the SPX and therefore the payment on the Notes will not produce the same return you would receive if you were able to purchase such underlying stocks.

Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. Eleven main industry groups comprise the SPX: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication Services and Utilities. Changes in the SPX are reported daily in the financial pages of many major newspapers, on Bloomberg Professional® service under the symbol "SPX" and on the S&P website. Information contained in the S&P website is not incorporated by reference in, and should not be considered a part of, this document.

Computation of the SPX

Prior to March 2005, the Market Value of a component stock was calculated as the product of the market price per share and the total number of outstanding shares of the component stock. In March 2004, S&P announced that it would transition the SPX to float adjusted market capitalization weights. The transition began in March 2005 and was completed in September 2005. S&P's criteria for selecting stock for the SPX were not changed by the shift to float adjustment. However, the adjustment affects each company's weight in the SPX (i.e., its Market Value). Currently, S&P calculates the SPX based on the total float-adjusted market capitalization of each component stock, where each stock's weight in the SPX is proportional to its float-adjusted Market Value.

Under the float adjustment, the share counts used in calculating the SPX reflect only those shares that are available to investors, not all of a company's outstanding shares. The float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

All shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," are removed from the float for purposes of calculating the SPX. Generally, these "control shareholders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float. Treasury stock, stock options, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares of a U.S. company traded in Canada as “exchangeable shares” are normally part of the float unless those shares form a control block. All multiple share class companies that have listed share class lines will be adjusted for shares and float such that each share class line will only represent that line’s shares and float. The decision to include each publicly listed line is evaluated individually. All multiple share class companies that have an unlisted class line will also be adjusted.

For each stock, an investable weight factor (“IWF”) is calculated by dividing the available float shares by the total shares outstanding. As of September 21, 2012, available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company’s officers and directors hold 3% of the company’s shares, and no other control group holds 5% of the company’s shares, S&P would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company’s officers and directors hold 3% of the company’s shares and another control group holds 20% of the company’s shares, S&P would assign an IWF of 0.77, reflecting the fact that 23% of the company’s outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the SPX. Constituents of the Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the Index. If a constituent company of the Index reorganizes into a multiple share class line structure, that company will remain in the Index at the discretion of the S&P Index Committee in order to minimize turnover. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The SPX is also calculated using a base-weighted aggregate methodology: the level of the SPX reflects the total Market Value of all the component stocks relative to the SPX base period of 1941-43. The daily index value of the SPX is the quotient of the total float-adjusted market capitalization of the index’s constituents and its index divisor (the “Divisor.”)

Ongoing maintenance of the SPX includes monitoring and completing the adjustments for additions and deletions of the constituent companies, share changes, stock splits, stock dividends and stock price adjustments due to company restructurings or spin-offs. Continuity in the level of the SPX is maintained by adjusting the Divisor for all changes in the SPX constituents’ share capital after the base date. Some corporate actions, such as stock splits and stock dividends do not require Divisor adjustments because following a stock split or stock dividend, both the stock price and number of shares outstanding are adjusted by S&P so that there is no change in the Market Value of the component stock. Corporate actions (such as stock splits, stock dividends, non-zero price spin-offs and rights offerings) are applied after the close of trading on the day before the ex-date.

To prevent the level of the SPX from changing due to corporate actions, all corporate actions which affect the total Market Value of the SPX also require a Divisor adjustment. By adjusting the Divisor for the change in total Market Value, the level of the SPX remains constant. This helps maintain the level of the SPX as an accurate barometer of stock market performance and ensures that the movement of the SPX does not reflect the corporate actions of individual companies in the SPX. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change. As noted in the preceding paragraph, some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the SPX and do not require Divisor adjustments.

Index maintenance adjustments will be made to account for certain corporate actions, such as addition/deletion of companies, change in shares outstanding, stock split, spin-off, change in IWF, special dividend, and rights offering. For certain index maintenance adjustments, the divisor will be adjusted and a new divisor will be calculated to account for the altered Market Value of the SPX.

Another large part of the SPX maintenance process involves tracking the changes in the number of shares outstanding of each of the companies whose stocks are included in the SPX. To prevent the level of the Index from changing due to corporate actions, corporate actions which affect the total Market Value of the Index require a Divisor adjustment. By adjusting the Divisor for the change in Market Value, the level of the Index remains constant and does not reflect the corporate actions of individual companies in the Index. Divisor adjustments are made after the close of trading and after the calculation of the Index closing level.

Changes in a company’s shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At S&P’s discretion, de minimis merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

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THE S&P 500® INDEX

The disclosure relating to the S&P 500® Index (the "SPX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the SPX.

S&P Publishes the SPX

The SPX is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the SPX, discussed below in further detail, is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

The SPX does not reflect the payment of dividends on the stocks included in the SPX and therefore the payment on the Notes will not produce the same return you would receive if you were able to purchase such underlying stocks.

Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. Eleven main industry groups comprise the SPX: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication Services and Utilities. Changes in the SPX are reported daily in the financial pages of many major newspapers, on Bloomberg Professional® service under the symbol "SPX" and on the S&P website. Information contained in the S&P website is not incorporated by reference in, and should not be considered a part of, this document.

Computation of the SPX

Prior to March 2005, the Market Value of a component stock was calculated as the product of the market price per share and the total number of outstanding shares of the component stock. In March 2004, S&P announced that it would transition the SPX to float adjusted market capitalization weights. The transition began in March 2005 and was completed in September 2005. S&P's criteria for selecting stock for the SPX were not changed by the shift to float adjustment. However, the adjustment affects each company's weight in the SPX (i.e., its Market Value). Currently, S&P calculates the SPX based on the total float-adjusted market capitalization of each component stock, where each stock's weight in the SPX is proportional to its float-adjusted Market Value.

Under the float adjustment, the share counts used in calculating the SPX reflect only those shares that are available to investors, not all of a company's outstanding shares. The float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

All shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," are removed from the float for purposes of calculating the SPX. Generally, these "control shareholders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float. Treasury stock, stock options, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares of a U.S. company traded in Canada as "exchangeable shares" are normally part of the float unless those shares form a control block. All multiple share class companies that have listed share class lines will be adjusted for shares and float such that each share class line will only represent that line's shares and float. The decision to include each publicly listed line is evaluated individually. All multiple share class companies that have an unlisted class line will also be adjusted.

For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares by the total shares outstanding. As of September 21, 2012, available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company's officers and directors hold 3% of the company's shares, and no other control group holds 5% of the company's shares, S&P would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company's officers and directors hold 3% of the company's shares and another control group holds 20% of the company's shares, S&P would assign an IWF of 0.77, reflecting the fact that 23% of the company's outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the SPX. Constituents of the SPX prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the SPX. If a constituent company of the SPX reorganizes into a multiple share class line structure, that company will remain in the SPX at the discretion of the S&P Index Committee in order to minimize turnover. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The SPX is also calculated using a base-weighted aggregate methodology: the level of the SPX reflects the total Market Value of all the component stocks relative to the SPX base period of 1941-43. The daily index value of the SPX is the quotient of the total float-adjusted market capitalization of the SPX's constituents and its index divisor (the "Divisor.")

Ongoing maintenance of the SPX includes monitoring and completing the adjustments for additions and deletions of the constituent companies, share changes, stock splits, stock dividends and stock price adjustments due to company restructurings or spin-offs. Continuity in the level of the SPX is maintained by adjusting the Divisor for all changes in the SPX constituents' share capital after the base date. Some corporate actions, such as stock splits and stock dividends do not require Divisor adjustments because following a stock split or stock dividend, both the stock price and number of shares outstanding are adjusted by S&P so that there is no change in the Market Value of the component stock. Corporate actions (such as stock splits, stock dividends, non-zero price spin-offs and rights offerings) are applied after the close of trading on the day before the ex-date.

To prevent the level of the SPX from changing due to corporate actions, all corporate actions which affect the total Market Value of the SPX also require a Divisor adjustment. By adjusting the Divisor for the change in total Market Value, the level of the SPX remains constant. This helps maintain the level of the SPX as an accurate barometer of stock market performance and ensures that the movement of the SPX does not reflect the corporate actions of individual companies in the SPX. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change. As noted in the preceding paragraph, some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the SPX and do not require Divisor adjustments.

Index maintenance adjustments will be made to account for certain corporate actions, such as addition/deletion of companies, change in shares outstanding, stock split, spin-off, change in IWF, special dividend, and rights offering. For certain index maintenance adjustments, the divisor will be adjusted and a new divisor will be calculated to account for the altered Market Value of the SPX.

Another large part of the SPX maintenance process involves tracking the changes in the number of shares outstanding of each of the companies whose stocks are included in the SPX. To prevent the level of the SPX from changing due to corporate actions, corporate actions which affect the total Market Value of the SPX require a Divisor adjustment. By adjusting the Divisor for the change in Market Value, the level of the SPX remains constant and does not reflect the corporate actions of individual companies in the SPX. Divisor adjustments are made after the close of trading and after the calculation of the SPX closing level.

Changes in a company's shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At S&P's discretion, de minimis merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

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THE S&P 500® LOW VOLATILITY INDEX

The disclosure relating to the S&P 500® Low Volatility Index (the "SPLV") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the SPLV.

S&P Publishes the SPLV

The SPLV has been calculated since April 20, 2011 and measures the performance of the 100 least volatile stocks in the SPX. Volatility is defined as the standard deviation of the stock's daily price returns in local currency over the past year. Constituents are weighted relative to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights. The SPLV is designed to serve as a benchmark for low volatility or low variance strategies in the U.S. stock market and S&P may from time to time, in its sole discretion, add companies to or delete companies from the SPLV to achieve these objectives.

Changes in the SPLV are reported daily in the financial pages of many major newspapers, on Bloomberg Professional® service under the symbol "SP5LVI" and on the S&P website. Information contained in the S&P website is not incorporated by reference in, and should not be considered a part of, this document.

The SPLV does not reflect the payment of dividends on the stocks included in the SPLV and therefore the payment on the Notes will not produce the same return you would receive if you were able to purchase such underlying stocks.

Construction of the SPLV

The methodology employs a volatility driven weighting scheme, using the divisor methodology used in all of S&P's equity indices. There are two steps in the creation of the SPLV. The first is the selection of the companies; the second is the weighting of the SPLV's constituents.

To be eligible for inclusion into the SPLV, stocks must first become constituents in the SPX. Relevant criteria employed by S&P for inclusion in the SPX include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. For information on the SPX please see "The S&P 500® Index" herein.

Additionally, to be eligible for the SPLV, constituents must have traded on all trading days in the 12 months leading up to the rebalancing reference date; however, index committee discretion may be used in situations where a stock was subject to a temporary trading halt during that period.

The selection of constituents included in the SPLV is done as follows:

1. Using available price return data for the trailing one year of trading days leading up to each index rebalancing reference date, the volatilities of the constituents within each eligible universe are calculated.
2. Constituents are, then, ranked in ascending order based on the inverse of the realized volatility. The top 100 securities with the least volatility form the SPLV.

At each rebalancing, the weight for each index constituent is set inversely proportional to its volatility. Volatility is defined as the standard deviation of the security's daily price returns in local currency over the past year. The SPLV is calculated by means of the divisor methodology used in all S&P's equity indices. The index value is simply the index market value divided by the Divisor. In order to maintain basket series continuity, S&P also adjusts the divisor at the rebalancing.

Maintenance of the SPLV

<u>Rebalancing</u>

The SPLV is rebalanced after the close on the third Friday of each February, May, August and November using market data as of the last trading day of every January, April, July and October, respectively. The constituents' shares are calculated using closing prices on the second Friday of the rebalancing month as the reference price. Index share amounts are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices one week prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Corporate Actions

Corporate Action	Adjustment made to the index	Divisor adjustment?
Spin-off	Spin off companies are not added to the SPLV. See below for more information.	See below
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Split	Index shares are multiplied by and the price is divided by the split factor.	No
Share Issuance or Share Repurchase	None. Actual shares outstanding of the company play no role in the daily index calculation.	No
Special Dividends	The price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Delisting, acquisition or any other corporate action resulting in the deletion of the stock from the underlying index.	The stock is dropped from the SPLV. This will cause the weights of the rest of the stocks in the index to change proportionately. Constituents removed from their respective benchmark index are also removed from their Low Volatility Index simultaneously. Except for spin-offs, there are no intra-rebalancing additions.	Yes

Spin-offs

The spun-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spun-off company is removed after at least one day of regular way trading (with a divisor adjustment).

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THE S&P BRIC 40 INDEX

The disclosure relating to the S&P BRIC 40 Index (the "SBR") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the SBR.

S&P Publishes the SBR

The SBR (Bloomberg, L.P. index symbol "SBR") is designed to provide exposure to 40 companies from the emerging markets of Brazil, Russia, India and China through liquid stocks trading on developed market exchanges (specifically, the Hong Kong Stock Exchange, the London Stock Exchange, Nasdaq and the NYSE Euronext). Publication of the SBR began on June 20, 2006, with a base value of 874.48 on February 2, 2004.

The SBR employs a modified market capitalization weighting scheme. All constituent companies must be members of the S&P/IFC Investable (S&P/IFCI) index series for Brazil, Russia, India and China (the "BRIC Countries"). The S&P/IFCI indices measure the returns of emerging market stocks that are legally and practically available to foreign investors. Constituents for the S&P/IFCI series are chosen based on size, liquidity, and their legal and practical availability to foreign institutional investors. The S&P/IFCI indices are calculated on a daily basis for each country.

All constituents of the S&P/IFCI country indices for the BRIC Countries comprise the initial selection universe. All companies that do not have a developed market listing are removed. Average three-month daily value traded ("liquidity") and float-adjusted market capitalization ("market cap"), as of the reference date, are measured. All stocks with a market cap of less than US$1 billion (the "Market Cap Threshold") and/or liquidity of less than US$5 million (the "Liquidity Threshold") are removed. If a company has multiple share classes, the share class with the lower liquidity is removed. The remaining stocks are sorted in decreasing order of their float-adjusted market capitalization, and the top 40 become SBR members.

The pricing of the SBR members is taken from the stocks included in the SBR—specifically their developed market listing. If a single stock is trading in multiple developed markets, only the listing from the market with most liquidity is considered. The price of each stock used in the daily SBR level computation is the closing price from its respective exchange. All calculations are made in U.S. dollars. The SBR is calculated in U.S. dollars, with Reuters/WM London closing fix being used to convert the local market prices to U.S. dollars. The SBR is also calculated in euros.

Index Calculation

Once the constituent companies are identified, S&P utilizes a modified market capitalization weighing scheme to determine the composition of the SBR. At rebalancing, the starting weight of each stock is proportional to its available market capitalization, which accounts for available float and investment restrictions for foreign investors. The methodology stipulates that, at rebalancing, no stock can have a weight of more than 10% in the SBR and the minimum initial portfolio size that can be turned over in a single day (based on recent trading volumes) cannot be lower than US$600 million. Modifications are made to market cap weights, if required, to reflect available float, reduce single stock concentration and enhance index basket liquidity.

Index Maintenance

The SBR is rebalanced once a year in December. The annual rebalancing of the SBR is effective after the market close on the third Friday of December. The reference date for the data used in the review is the third Friday of November. In addition to the annual rebalancing, there is a mid-year review. A semi-annual rebalancing occurs only if three of the biggest 30 stocks from the eligible universe are not in the SBR at the mid-year review. There is no semi-annual rebalancing in years when this condition is not satisfied. Generally, no companies are added between rebalancings, but a company can be deleted between rebalancings due to corporate events such as mergers, acquisitions, takeovers or delistings. The reference date for the data used in the mid-year review is the third Friday of May, with a mid-year rebalancing being made, if necessary, after the market close on the third Friday of June.

The Global Thematic & Strategy Index Committee (the "Committee") maintains the SBR and other S&P BRIC Indices, meeting regularly. The Committee members are full-time professional members of the S&P staff. At each meeting, the SBR Committee reviews pending corporate actions that may affect SBR constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the SBR Committee may revise the SBR policy covering rules for selecting companies, treatment of dividends, share counts or other matters. S&P considers information about changes to its indices and related matters to be potentially market-moving and material. Therefore, all SBR Committee discussions are confidential.

The table below summarizes the types of index maintenance adjustments and indicates whether or not a Divisor adjustment is required.

Type of Corporate Action	Comments	Divisor Adjustment
Spin-Off	In general, both the parent company and spin-off companies will remain in the index until the next index rebalancing, regardless of whether they conform to the theme of the index. When there is no market-determined price available for the spin, the spin is added to the index at zero price at the close of the day before the ex-date.	No
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index Shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Dividend, Stock Split, Reverse Stock Split	Index shares are multiplied by and price is divided by the split factor.	No
Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion	None.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per-share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	There are no intra-rebalancing additions.	-
	Deletions due to delistings, acquisition or any other corporate event resulting in the deletion of the stock from the SBR will cause the weights of the rest of the stocks in the index to change. Relative weights will stay the same.	Yes

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THE S&P MIDCAP 400® INDEX

The disclosure relating to the S&P MidCap 400® Index (the "MID") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the MID.

S&P Publishes the MID

The MID is comprised of 400 companies with mid-sized market capitalizations ranging from $1.6 billion to $6.8 billion. The calculation of the value of the MID (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 400 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 400 similar companies during the base period of June 28, 1991. Historically, the "Market Value" of any S&P component stock was calculated as the product of the market price per share and the number of the then-outstanding shares of such S&P component stock. As discussed below, during March 2005, S&P began to use a new methodology to calculate the Market Value of the S&P component stocks and S&P completed its transition to the new calculation methodology during September 2005.

Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company.

Computation of the MID

Prior to March 2005, the Market Value of a component stock was calculated as the product of the market price per share and the total number of outstanding shares of the component stock. In March 2004, S&P announced that it would transition the MID to float-adjusted market capitalization weights. The transition began in March 2005 and was completed in September 2005. S&P's criteria for selecting stock for the MID were not changed by the shift to float adjustment. However, the adjustment affects each company's weight in the MID (i.e., its Market Value). Currently, S&P calculates the MID based on the total float-adjusted market capitalization of each component stock, where each stock's weight in the MID is proportional to its float-adjusted Market Value.

Under the float adjustment, the share counts used in calculating the MID reflect only those shares that are available to investors, not all of a company's outstanding shares. The float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

All shareholdings representing more than 5% of a stock's outstanding shares, other than holdings by "block owners," are removed from the float for purposes of calculating the MID. Generally, these "control shareholders" will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float. Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares of a U.S. company traded in Canada as "exchangeable shares" are normally part of the float unless those shares form a control block. All multiple share class companies that have listed share class lines will be adjusted for shares and float such that each share class line will only represent that line's shares and float. The decision to include each publicly listed line is evaluated individually. All multiple share class companies that have an unlisted class line will also be adjusted.

For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares by the total shares outstanding. As of September 21, 2012, available float shares are defined as the total shares outstanding less shares held by control holders. This calculation is subject to a 5% minimum threshold for control blocks. For example, if a company's officers and directors hold 3% of the company's shares, and no other control group holds 5% of the company's shares, S&P would assign that company an IWF of 1.00, as no control group meets the 5% threshold. However, if a company's officers and directors hold 3% of the company's shares and another control group holds 20% of the company's shares, S&P would assign an IWF of 0.77, reflecting the fact that 23% of the company's outstanding shares are considered to be held for control. As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the MID. Constituents of the MID prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the MID. If a constituent company of the MID reorganizes into a multiple share class line structure, that company will remain in the MID at the discretion of the S&P Index Committee in order to minimize turnover. For companies with multiple classes of stock, S&P calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights.

The MID is also calculated using a base-weighted aggregate methodology: the level of the MID reflects the total Market Value of all the component stocks relative to the MID base date of June 28, 1991. The daily index value of the MID is the quotient of the total float-adjusted market capitalization of the MID's constituents and its index divisor (the "Divisor.")

Ongoing maintenance of the MID includes monitoring and completing the adjustments for additions and deletions of the constituent companies, share changes, stock splits, stock dividends and stock price adjustments due to company restructurings or spin-offs. Continuity in the level of the MID is maintained by adjusting the Divisor for all changes in the MID constituents' share capital after the base date. Some corporate actions, such as stock splits and stock dividends do not require Divisor adjustments because following a stock split or stock dividend, both the stock price and number of shares outstanding are adjusted by S&P so that there is no change in the Market Value of the component stock. Corporate actions (such as stock splits, stock dividends, non-zero price spin-offs and rights offerings) are applied after the close of trading on the day before the ex-date.

To prevent the level of the MID from changing due to corporate actions, all corporate actions which affect the total Market Value of the MID also require a Divisor adjustment. By adjusting the Divisor for the change in total Market Value, the level of the MID remains constant. This helps maintain the level of the MID as an accurate barometer of stock market performance and ensures that the movement of the MID does not reflect the corporate actions of individual companies in the MID. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change. As noted in the preceding paragraph, some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the MID and do not require Divisor adjustments.

Index maintenance adjustments will be made to account for certain corporate actions, such as addition/deletion of companies, change in shares outstanding, stock split, spin-off, change in IWF, special dividend, and rights offering. For certain index maintenance adjustments, the divisor will be adjusted and a new divisor will be calculated to account for the altered Market Value of the MID.

Another large part of the MID maintenance process involves tracking the changes in the number of shares outstanding of each of the companies whose stocks are included in the MID. To prevent the level of the MID from changing due to corporate actions, corporate actions which affect the total Market Value of the MID require a Divisor adjustment. By adjusting the Divisor for the change in Market Value, the level of the MID remains constant and does not reflect the corporate actions of individual companies in the MID. Divisor adjustments are made after the close of trading and after the calculation of the MID closing level.

Changes in a company's shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At S&P's discretion, de minimis merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.

License Agreement with S&P

HSBC has entered into a nonexclusive license agreement providing for the license to it, in exchange for a fee, of the right to use indices owned and published by S&P in connection with some products, including the Notes.

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THE TOPIX® INDEX

The disclosure relating to the TOPIX® Index (the "TPX") contained in this document relates only to the offering of Notes linked to a Reference Asset that is or includes the TPX.

The Tokyo Stock Exchange, Inc. Publishes the TPX

The TPX is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange, Inc. (the "TSE"). The TPX is supplemented by the subindices of the 33 industry sectors. These sectors include: Fishery; Agriculture & Forestry; Mining; Construction; Foods; Textiles & Apparels; Pulp & Paper; Chemicals; Pharmaceutical; Oil & Coal Products; Rubber Products; Glass & Ceramics Products; Iron & Steel; Nonferrous Metals; Metal Products; Machinery; Electric Appliances; Transportation Equipment; Precision Instruments; Other Products; Electric Power & Gas; Land Transportation; Marine Transportation; Air Transportation; Warehousing & Harbor Transportation Services; Information & Communication; Wholesale Trade; Retail Trade; Banks; Securities & Commodity Futures; Insurance; Other Financing Business; Real Estate; and Services. The index calculation excludes temporary issues and preferred stocks. The TPX is designed to measure the overall trend in the stock market in Japan, and is used as a benchmark for investment in Japanese stocks. Publication of the TPX began on July 1, 1969, with a base point of 100 as of the base date of January 4, 1968. The TPX is reported by Bloomberg under the ticker symbol "TPX."

Calculation of the TPX

The TPX is computed and published every second via TSE's market information system, and is reported to securities companies across Japan and is available worldwide through computerized information networks.

The component stocks of the TPX consist of all domestic common stocks listed on the First Section of the TSE. Additions to the component stocks can occur in multiple ways: 1) as a result of an assignment from the TSE Second Section to the First Section, or by alteration of listing markets from the Mothers Market of the TSE, with such changes taking effect one business day before the last business day of the month after such assignment or alteration, as applicable; (2) through the initial listing of a company (directly or via another stock exchange), with such changes taking effect one business day before the last business day of the month after such initial listing; or (3) through the initial listing of a new company created through, among other things, a stock swap, stock transfer or merger, with such changes taking effect one business day before the listing date. Deletions of constituents are conducted due to (1) de-listing because of a stock-swap or the like when the surviving company re-lists with the TSE, with such changes taking effect one business day before the initial listing date of the new company (normally two business days after the de-listing date); (2) de-listing of a company for reasons other than a stock-swap or the like, with such changes taking effect one business day before the de-listing date; (3) designation of securities to be de-listed, with such changes taking effect three business days after such designation; or (4) reassignment of the listing to the Second Section of the TSE from the First Section of the TSE, with such changes taking effect one business day before such reassignment.

The TPX is a free float-adjusted market capitalization-weighted index. The TPX is not expressed in Japanese Yen, but is presented in terms of points (as a decimal figure) rounded off to the nearest one-hundredth. The TPX is calculated by multiplying the base value of 100 by the figure obtained by dividing the current free-float adjusted market value (the current market price per share at the time of the index calculation multiplied by the number of free-float adjusted common shares listed on the First Section of the TSE at the same instance) (the "Current Market Value") by the base market value (i.e., the Current Market Value on the base date) (the "Base Market Value").

The calculation of the TPX can be represented by the following formula:

$$\text{Index Value} = \frac{\text{Current Market Value}}{\text{Base Market Value}} \times 100$$

In order to maintain continuity, the Base Market Value is adjusted from time to time to ensure that it reflects only price movements resulting from auction market activity, and to eliminate the effects of other factors and prevent any instantaneous change or discontinuity in the level of the TPX. Such factors include, without limitation: new listings, delistings and transfer of listed securities from the First Section to the Second Section of the TSE.

The formula for the adjustment is as follows:

$$\frac{\text{Adjusted Market Value on Adjustment Date}}{\text{Base Market Value before adjustment}} = \frac{(\text{Adjusted Market Value on Adjustment Date} \pm \text{Adjustment Amount})}{\text{Base Market Value after adjustment}}$$

Where Adjustment Amount is equal to the changes in the number of shares included in the calculation of the TPX multiplied by the price of those shares used for the purposes of the adjustment.

Therefore,

$$\text{New Base Market Value} = \frac{\text{Old Base Market Value x (Adjusted Market Value on Adjustment Date} \pm \text{Adjustment Amount)}}{\text{Adjusted Market Value on Adjustment Date}}$$

The Base Market Value remains at the new value until a further adjustment is necessary as a result of another change. As a result of such change affecting the Current Market Value or any stock underlying the TPX, the Base Market Value is adjusted in such a way that the new value of the TPX will equal the level of the TPX immediately prior to such change.

No adjustment is made to the Base Market Value, however, in the case of events such as stock splits or decreases in capital without compensation, which theoretically do not affect market value.

License Agreement with TSE:

HSBC or one of its affiliates has entered into a non-exclusive license agreement with the TSE whereby it, in exchange for a fee, is permitted to use the TPX in connection with certain securities, including the Notes. HSBC is not affiliated with the TSE; the only relationship between the TSE and HSBC is any licensing of the use of the TPX and trademarks relating to it.

The license agreement between the TSE and HSBC or one of its affiliates provides that the following disclaimer must be set forth herein:

(i) The TOPIX Index Value and the TOPIX Index Marks are subject to the rights owned by the TSE and the TSE owns all rights relating to the TPX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Index Marks.

(ii) The TSE shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Index Value or to change the TOPIX Index Marks or cease the use thereof.

(iii) The TSE makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX Index Value and the TOPIX Index Marks or as to the figure at which the TOPIX Index Value stands on any particular day.

(iv) The TSE gives no assurance regarding accuracy or completeness of the TOPIX Index Value and data contained therein. Further, the TSE shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.

(v) No Notes are in any way sponsored, endorsed or promoted by the TSE.

(vi) The TSE shall not bear any obligation to give an explanation of the Notes or an advice on investments to any purchaser of the Notes or to the public.

(vii) The TSE neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Notes for calculation of the TOPIX Index Value.

(viii) Including but not limited to the foregoing, the TSE shall not be responsible for any damage resulting from the issue and sale of the Notes.

"TOPIX®" and "TOPIX Index®" are trademarks of the TSE and prior to the settlement date we expect them to be licensed for use by HSBC or one of its affiliates. The Notes have not been and will not be passed on by the TSE as to their legality or suitability. The Notes will not be issued, endorsed, sold or promoted by the TSE. THE TSE MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO THE NOTES.

ADDITIONAL TERMS OF THE NOTES

Official Closing Level

The Official Closing Level of an Index will be its closing level on any scheduled trading day, as determined by the calculation agent based upon the level displayed on the applicable Bloomberg Professional® service page, as specified in the applicable free writing prospectus or pricing supplement, or on any successor page on the Bloomberg Professional® service or any successor service, as applicable.

Discontinuance or Modification of an Index

If the Reference Sponsor of an Index discontinues publication of or otherwise fails to publish such Index on any day on which such Index is scheduled to be published and the Reference Sponsor or another entity publishes a successor or substitute Index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued Index (such index being referred to herein as a "Successor Index"), then that Successor Index will be deemed to be such index for all purposes relating to the Notes, including for purposes of determining whether a Market Disruption Event exists. Upon any selection by the calculation agent of a Successor Index, the calculation agent will furnish written notice to us and the holders of the Notes.

If such Index is discontinued or if the Reference Sponsor fails to publish the Index and the calculation agent determines that no Successor Index is available at that time, then the calculation agent will determine the applicable official closing level for such Index using the same general methodology previously used by such Reference Sponsor. The calculation agent will continue to make that determination until the earlier of (i) the Final Valuation Date or (ii) a determination by the calculation agent that such Index or a Successor Index is available. In that case, the calculation agent will furnish written notice to us and the holders of the Notes.

If at any time the method of calculating an Index or a Successor Index, or the level thereof, is changed in a material respect, or if an Index or a Successor Index is in any other way modified so that, in the determination of the calculation agent, the level of that Index does not fairly represent the level of such Index or Successor Index that would have prevailed had those changes or modifications not been made, then the calculation agent will make the calculations and adjustments as may be necessary in order to determine a level comparable to the level that would have prevailed had those changes or modifications not been made. In that case, the calculation agent will furnish written notice to us and the holders of the Notes.

Notwithstanding these alternative arrangements, if the publication of an Index is discontinued or there are material changes to an Index, it may adversely affect the value of, and trading in, the Notes.

The "Reference Sponsor" for an Index will be specified in the applicable free writing prospectus or pricing supplement.

Market Disruption Event

"Market Disruption Event" with respect to an Index means any Scheduled Trading Day on which any Relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which any of the following events has occurred and is continuing which the calculation agent determines is material:

(i) any suspension of or limitation imposed on trading by any Relevant Exchange or Related Exchange or otherwise, whether by reason of movements in price exceeding limits permitted by the Relevant Exchanges or Related Exchange or otherwise, (A) relating to any stocks or other securities included in such Index then constituting 20% or more of the level of such Index; or (B) in futures or options contracts relating to such Index on any Related Exchange;

(ii) any event (other than any event described in (iii) below) that disrupts or impairs (as determined by the calculation agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, any stocks or other securities included in such Index then constituting 20% or more of the level of such Index; or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to such Index on any applicable Related Exchange; or

(iii) the closure, on any Scheduled Trading Day, of any Relevant Exchange or any Related Exchange relating to any stocks or other securities included in such Index then constituting 20% or more of the level of such Index prior to its Scheduled Closing Time unless the earlier closing time is announced by the Relevant Exchange or Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such exchange; or (B) the submission deadline for orders to be entered into the Relevant Exchange or Related Exchange for execution at the close of trading on that day.

"Related Exchange" means each exchange or quotation system or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to such Index or the stocks or other securities included in such Index has temporarily relocated (provided that the calculation agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or the stocks or other securities included in such Index on such temporary substitute exchange or quotation system as on the original Related Exchange) on which futures or options contracts relating to such Index or the stocks or other securities included in such Index are traded and where such trading has a material effect (as determined by the calculation agent) on the overall market for futures or options related to the stocks or other securities included in such Index or the Index.

"Relevant Exchange" means any exchange or quotation system for the stocks or other securities included in such Index, where trading has a material effect (as determined by the calculation agent) on such Index.

"Scheduled Closing Time" means the scheduled weekday closing time of the Relevant Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" for any Index means any day on which all of the Relevant Exchanges and Related Exchanges are scheduled to be open for trading for their respective regular trading sessions.

Coupon Payment Dates, Call Payment Dates and Maturity Date

If (1) a day on which a coupon payment is scheduled to be made (a "Coupon Payment Date"), (2) a day payment is to be made if the Notes are called (a "Call Payment Date") or (3) the maturity date stated in the applicable free writing prospectus or pricing supplement is not a Business Day, the amounts payable or the physical delivery amount will be paid or delivered on the next following Business Day and no interest will be paid in respect of such postponement. The calculation agent may postpone a date on which the coupon due is determined (a "Coupon Determination Date"), and therefore the related Coupon Payment Date; the date on which it is determined if the Notes will be called (a "Call Observation Date"), and therefore the related Call Payment Date; or the Final Valuation Date, and therefore the maturity date, in each case if a Market Disruption Event occurs or is continuing on a day that would otherwise be a Coupon Determination Date, Call Observation Date or the Final Valuation Date, as applicable. We describe the effect of Market Disruption Events under "Valuation Dates" and "Market Disruption Events" below.

Observation Periods

For Notes where the Reference Asset is a single Index:

If any date during a period in which the Reference Asset is observed either continuously or at market close for the occurrence of a knock-out or other event ("an "Observation Period") is not a Scheduled Trading Day, such date will be excluded from the Observation Period. If a Market Disruption Event exists on any date during an Observation Period (other than a Valuation Date), then such date will be excluded from the Observation Period, unless a Market Disruption exists or continues for five or more consecutive Scheduled Trading Days during an Observation Period, in which case such fifth consecutive day and each following day in the Observation Period until the occurrence of a Scheduled Trading Day without a Market Disruption Event will nonetheless be part of the Observation Period and the calculation agent will determine, in its discretion, the index level by means of the formula for and method of calculating the Index which applied just prior to the Market Disruption Event, using the Relevant Exchange's traded or quoted price of each stock or other security in the Index (or if an event giving rise to a Market Disruption Event has occurred with respect to a stock or other security in the Index and is continuing on that fifth or later Scheduled Trading Day, the calculation agent's good faith estimate of the value for that stock or other security). If a Valuation Date that is part of an originally scheduled Observation Period is postponed, then the Observation Period will be extended to include such Valuation Date as postponed.

For Notes where the Reference Asset is a basket of Indices:

If any date during an Observation Period is not a Scheduled Trading Day for any Index, such date will be excluded from the Observation Period for that Index. If a Market Disruption Event exists on any date during an Observation Period (other than a Valuation Date) for an Index, then such date will be excluded from the Observation Period for such Index, unless a Market Disruption exists or continues for five or more consecutive Scheduled Trading Days during an Observation Period, in which case such fifth consecutive day and each following day in the Observation Period until the occurrence of a Scheduled Trading Day without a Market Disruption Event will nonetheless be part of the Observation Period for that Index and the calculation agent will determine, in its discretion, the index level by means of the formula for and method of calculating the Index which applied just prior to the Market Disruption Event, using the Relevant Exchange's traded or quoted price of each stock or other security in the Index (or if an event giving rise to a Market Disruption Event has occurred with respect to a stock or other security in the Index and is continuing on that fifth or later Scheduled Trading Day, the calculation agent's good faith estimate of the value for that stock or other security). For each Index that makes up the Reference Asset, the calculation agent will determine whether a Market Disruption Event exists with respect to each Index independent from other Indices. Therefore, a Market Disruption Event may exist for certain Indices and not exist for other Indices. If a Valuation Date that is part of an originally scheduled Observation Period is postponed for an Index, then the Observation Period for such Index will be extended to include such Valuation Date as postponed. If no Market Disruption Event exists with respect to an

Index on the originally scheduled Valuation Date, any determination made during such Observation Period will be made on the originally scheduled Valuation Date with respect to such Index, irrespective of the existence of a Market Disruption Event with respect to any other Index.

Business Day

A "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York.

Any payment on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day, with the same effect as if paid on the original due date.

Payment When Offices or Settlement Systems Are Closed

If any payment is due on the Notes on a day that would otherwise be a "business day" but is a day on which the office of a paying agent or a settlement system is closed, we will make the payment on the next business day when that paying agent or system is open. Any such payment will be deemed to have been made on the original due date, and no additional payment will be made on account of the delay.

Valuation Dates

Unless otherwise specified in the applicable free writing prospectus or pricing supplement, the performance of the Notes is calculated based on the value of the Reference Asset on the Coupon Determination Dates, Call Observation Dates or one or more other dates during the term of the Notes (each such date a "Valuation Date," and the last of such dates, or if there is only one such date, the "Final Valuation Date").

For Notes where the Reference Asset is a single Index:

If a Valuation Date as set forth in the applicable free writing prospectus or pricing supplement is not a Scheduled Trading Day, then such Valuation Date will be the next succeeding day that is a Scheduled Trading Day. If a Market Disruption Event exists on a Valuation Date, then such Valuation Date will be the next Scheduled Trading Day on which there is no Market Disruption Event. If a Market Disruption Event exists or continues for five consecutive Scheduled Trading Days, then the fifth of such consecutive Scheduled Trading Days will nonetheless be the Valuation Date, and the calculation agent will determine, in its discretion, the index level by means of the formula for and method of calculating the Index which applied just prior to the Market Disruption Event, using the Relevant Exchange's traded or quoted price of each stock or other security in the Index (or if an event giving rise to a Market Disruption Event has occurred with respect to a stock or other security in the Index and is continuing on that fifth Scheduled Trading Day, the calculation agent's good faith estimate of the value for that stock or other security). For the avoidance of doubt, if Valuation Dates are scheduled to be within five Scheduled Trading Days of each other, a Market Disruption Event on the first such scheduled Valuation Date could cause one or more Valuation Dates to occur simultaneously. If a Coupon Determination Date, Call Observation Date or Final Valuation Date is postponed, then the related Coupon Payment Date, Call Payment Date or maturity date will also be postponed by the same number of Business Days and no interest will be paid in respect of such postponement.

For Notes where the Reference Asset is a basket of Indices:

If a Valuation Date as set forth in the applicable free writing prospectus or pricing supplement is not a Scheduled Trading Day for an Index, then such Valuation Date for such Index will be the next succeeding day that is a Scheduled Trading Day for such Index. For each Index that makes up the Reference Asset, the calculation agent will determine whether a Market Disruption Event exists on a Valuation Date with respect to each Index independent from other Indices. Therefore a Market Disruption Event may exist for certain Indices and not exist for other Indices. If a Market Disruption Event exists on a Valuation Date for an Index, then such Valuation Date for such Index will be the next Scheduled Trading Day for which there is no Market Disruption Event for that Index. If a Market Disruption Event exists or continues for five consecutive Scheduled Trading Days, then that fifth Scheduled Trading Day will nonetheless be the Valuation Date, and the calculation agent will determine, in its discretion, the index level with respect to such Index by means of the formula for and method of calculating such Index which applied just prior to the Market Disruption Event, using the Relevant Exchange's traded or quoted price of each stock or other security in such Index (or if an event giving rise to a Market Disruption Event has occurred with respect to a stock or other security in such Index and is continuing on that fifth Scheduled Trading Day, the calculation agent's good faith estimate of the value for that stock or other security). For the avoidance of doubt, if Valuation Dates are scheduled to be within five Scheduled Trading Days of each other, a Market Disruption Event on the first such scheduled Valuation Date could cause one or more Valuation Dates to occur simultaneously. If no Market Disruption Event exists with respect to an Index on the originally scheduled Valuation Date, the determination of such Index's level will be made on the originally scheduled Valuation Date, irrespective of the existence of a Market Disruption Event with respect to any other Index. If a Coupon Determination Date, Call Observation Date or Final Valuation Date is postponed, then the related Coupon Payment Date, Call Payment Date or maturity date will also be postponed by the same number of Business Days and no interest will be paid in respect of such postponement.