

Notice of Changes on the Integrated Account Terms and Conditions, Securities Account Terms and Conditions and Unit Trusts Account Terms and Conditions effective 8 June 2017 (“Effective Date”)

Please carefully read the information below to ensure you understand the changes made and how they may affect you.

I) New and amended provisions in relation to the requirements on client agreements in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission

1) Integrated Account Terms and Conditions

- i) A new Clause 1.11.6 is added to clarify that making available to you any advertisements, marketing or promotional materials, market information or other information relating to a Product or Service shall not, by itself, constitute solicitation of the sale or recommendation of any Product or Service.
- ii) New Clauses 1.13.3(a)(vi) and 1.14.1(f) are added to define our responsibility and set out the consequences to you if you do not provide complete, accurate and up-to-date information:
 - 1.13.3(a) Except as set out in Clause 1.13.3(b), we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the following (or any of them):
 - (vi) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 5.1.2A).
 - 1.14.1 Except as set out in Clause 1.14.2, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with the following (or any of them):
 - (f) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 5.1.2A).
- iii) New Clauses 5.1.2(a)(ii)-(v) are added to define the scope of Investment Services. The original Clauses 5.1.2(a)(ii)-(iv) are renumbered as Clauses 5.1.2(a)(vi)-(viii):

5.1.2 Scope of Investment Services

 - (a) Provision of Investment Services
 - (ii) In relation to the purchase and/or sale of any Product:
 - (1) we may solicit the sale of or recommend a Product to you in accordance with Clause 5.1.2A(a)(i) or (iii); and/or
 - (2) you may enter into the Transaction without or inconsistent with any solicitation or recommendation from us in accordance with Clause 5.1.2A(a)(iv).
 - (iii) We do not provide advisory services and therefore do not assume any advisory duty of care or obligation in the solicitation of the sale or recommendation of any Product other than to ensure reasonable suitability as set out in Clauses 5.1.2A(a)(i) and (iii).
 - (iv) Making available to you any advertisements, marketing or promotional materials, market information or other information relating to a Product or Service shall not, by itself, constitute solicitation of the sale or recommendation of any Product or Service.
 - (v) Unless otherwise specified in these Terms and Conditions or in other terms and conditions in relation to any Product:
 - (1) we do not advise on personalised asset allocation, investment portfolio and investment strategy; and
 - (2) we do not have any obligation to make available any service or provide advice in relation to the purchase or sale of products which we do not distribute or offer to our customers.

- iv) A new Clause 5.1.2A is added to define our and your respective responsibilities in relation to transactions that involve or do not involve solicitation or recommendation from us:
- 5.1.2A Transactions entered into with us to buy or sell Products
- (a)
 - (i) If we solicit the sale of or recommend any Financial Product to you, the Financial Product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives (“**Customer Financial Information**”).
 - (ii) No other provision of these Terms and Conditions or any other document we may ask you to sign and no statement we may ask you to make derogates from Clause 5.1.2A(a)(i).
 - (iii) If we solicit the sale of or recommend any investment product not being a Financial Product (other than insurance product) to you, we will also ensure that the product is reasonably suitable for you based on our suitability assessment. In our assessment, we will take into account your financial situation, investment experience and/or investment objectives, if it is required by applicable regulatory requirements.
 - (iv) If you enter into a Transaction with us to buy and/or sell a Product without or inconsistent with any solicitation or recommendation from us, we will not have any obligation or duty to assess whether or ensure that the Product is suitable for you. You acknowledge and agree that it is your sole responsibility to assess and to satisfy yourself that the Transaction is appropriate for you.
 - (v) Except as set out in Clause 5.1.8(a)(xi), we are not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by you or any other person with respect to or arising out of any Transactions which fall under Clause 5.1.2A(a)(iv).
 - (b) By entering into a Transaction with us to buy or sell a Product, you confirm that any information you provide to us (including the Customer Financial Information) is complete, accurate and up-to-date. When we assess suitability, we will rely on your confirmation.
 - (c) Before you enter into a Transaction with us to buy and/or sell a Product, you should:
 - (i) consider your own circumstances and understand the Product features, terms and risks, and you should contact us if you have any questions on the Product;
 - (ii) note that we have no ongoing responsibility to ensure that a Product we have solicited the sale of or recommended to you remains suitable for you;
 - (iii) note that if circumstances relating to you, such Product, such Product’s issuer or general market conditions change, such Product may no longer be suitable for you; and
 - (iv) note that we do not provide legal, tax or accounting advice on your investments, and you should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about your investments where necessary.
 - (d) This Clause 5.1.2A takes effect on 8 June 2017 (“**Effective Date**”), and applies to:
 - (i) any solicitation and/or recommendation of a Product we make to you on or after the Effective Date, provided that you enter into a Transaction with us to buy and/or sell such Product following our solicitation and /or recommendation; and
 - (ii) any Transaction you enter into with us to buy and/or sell a Product without or inconsistent with any solicitation or recommendation from us on or after the Effective Date.
- v) The existing Clause 5.1.8(a)(i) is revised to define our and your respective responsibilities in relation to Investment Services:
- 5.1.8(a) Without limiting or reducing the effect of Clause 1.13 and subject to Clause 5.1.2A (“Transactions entered into with us to buy or sell Products”), our liability in relation to the Investment Services is limited as follows:
- (i) You are responsible for making your own independent investment decisions. We do not make investment decisions on your behalf. Even if you may have informed us of your risk tolerance, financial situation, investment experience, investment objectives and investment period, we do not owe you a duty to exercise judgment as to the merits of any Transaction (save only to the extent required by the HKMA or the SFC and subject to Clause 5.1.2A). While any information or view given by us or our agents will be given in good faith, neither we nor any person giving the information or view are responsible for that information or view. You are responsible for the Instructions you give relating to securities, Products or the Investment Services.
- vi) The existing Clauses 5.1.9(a)(i) and 5.1.9(b)(i) on your confirmation and agreement are deleted. The original Clauses 5.1.9(a)(ii)-(ix) and 5.1.9(b)(ii)-(vii) are renumbered as Clauses 5.1.9(a)(i)-(viii) and 5.1.9(b)(i)-(vi) respectively.

- vii) A new definition of “Financial Product” is added and the existing definition of “Product” is revised as set out in Appendix 1:

Financial Product means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. For the purpose of this definition, “leveraged foreign exchange contracts” mean those traded by persons licensed for Type 3 regulated activity under the relevant regulations in Hong Kong.

Product means any product (including securities and Financial Products) in relation to which we offer the Investment Services from time to time.

- viii) The existing Clause 5.1.9(b)(iii) (after renumbering) is revised to enhance clarity of the meaning of the provisions.
- ix) Revisions are made to the existing Clauses 5.1.10(a) and (b), 5.2.2(c)(i), 5.4.10, 5.5.4 and 6.2.2(b)(i) in the English version to enhance clarity of the meaning of the provisions.

2) Securities Account Terms and Conditions

- i) New Clauses 3.1 and 3.2 are added to define the scope of Investment Services, and our and your respective responsibilities in relation to transactions that involve or do not involve solicitation or recommendation from us. The original Clause 3 is given the sub-heading “Our authority” and renumbered as Clause 3.3:

3.1 Scope of Investment Services

3.1.1 In relation to the purchase and/or sale of any product:

- (a) we may solicit the sale of or recommend a product to you in accordance with Clause 3.2.1(a) or (c); and/or
- (b) you may enter into the transaction without or inconsistent with any solicitation or recommendation from us in accordance with Clause 3.2.1(d).

3.1.2 We do not provide advisory services and therefore do not assume any advisory duty of care or obligation in the solicitation of the sale or recommendation of any product other than to ensure reasonable suitability as set out in Clauses 3.2.1(a) and (c).

3.1.3 Making available to you any advertisements, marketing or promotional materials, market information or other information relating to a product or service shall not, by itself, constitute solicitation of the sale or recommendation of any product or service.

3.1.4 Unless otherwise specified in these Terms and Conditions or in other terms and conditions in relation to any product:

- (a) we do not advise on personalised asset allocation, investment portfolio and investment strategy; and
- (b) we do not have any obligation to make available any service or provide advice in relation to the purchase or sale of products which we do not distribute or offer to our customers.

3.2 Transactions entered into with us to buy or sell products

3.2.1 (a) If we solicit the sale of or recommend any Financial Product to you, the Financial Product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives (“**Customer Financial Information**”).

(b) No other provision of these Terms and Conditions or any other document we may ask you to sign and no statement we may ask you to make derogates from Clause 3.2.1(a).

(c) If we solicit the sale of or recommend any investment product not being a Financial Product (other than insurance product) to you, we will also ensure that the product is reasonably suitable for you based on our suitability assessment. In our assessment, we will take into account your financial situation, investment experience and/or investment objectives, if it is required by applicable regulatory requirements.

(d) If you enter into a transaction with us to buy and/or sell a product without or inconsistent with any solicitation or recommendation from us, we will not have any obligation or duty to assess whether or ensure that the product is suitable for you. You acknowledge and agree that it is your sole responsibility to assess and to satisfy yourself that the transaction is appropriate for you.

(e) Except as set out in Clause 11.5, we are not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by you or any other person with respect to or arising out of any transactions which fall under Clause 3.2.1(d).

3.2.2 By entering into a transaction with us to buy or sell a product, you confirm that any information you provide to us (including the Customer Financial Information) is complete, accurate and up-to-date. When we assess suitability, we will rely on your confirmation.

3.2.3 Before you enter into a transaction with us to buy and/or sell a product, you should:

- (a) consider your own circumstances and understand the product features, terms and risks, and you should contact us if you have any questions on the product;
- (b) note that we have no ongoing responsibility to ensure that a product we have solicited the sale of or recommended to you remains suitable for you;
- (c) note that if circumstances relating to you, such product, such product's issuer or general market conditions change, such product may no longer be suitable for you; and
- (d) note that we do not provide legal, tax or accounting advice on your investments, and you should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about your investments where necessary.

3.2.4 This Clause 3.2 takes effect on 8 June 2017 ("**Effective Date**"), and applies to:

- (a) any solicitation and/or recommendation of a product we make to you on or after the Effective Date, provided that you enter into a transaction with us to buy and/or sell such product following our solicitation and /or recommendation; and
- (b) any transaction you enter into with us to buy and/or sell a product without or inconsistent with any solicitation or recommendation from us on or after the Effective Date.

ii) New Clauses 11.4(f) and 11.8(f) are added to define our responsibility and set out the consequences to you if you fail to provide complete, accurate and up-to-date information:

11.4 Except as set out in Clause 11.5, we are not liable for loss, damage or expense of any kind which you or any other person may incur or suffer arising from or in connection with the following (or any of them):

- (f) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 3.2.1)

11.8 Except as set out in Clause 11.9, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with the following (or any of them):

- (f) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 3.2.1)

iii) The existing Clause 12.1(c) on your confirmation and understanding is deleted.

iv) A new definition of "Financial Product" is added and the existing definition of "Services" is revised as set out in Appendix 1:

Financial Product means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. For the purpose of this definition, "leveraged foreign exchange contracts" mean those traded by persons licensed for Type 3 regulated activity under the relevant regulations in Hong Kong.

Services means any service which we may provide or procure in relation to a Securities Account, including investment and custodian services. Services include the services set out in Clause 3.

v) The existing Clause 7.6 in the English version is revised to enhance clarity of the meaning of the provisions.

3) Unit Trusts Account Terms and Conditions

i) New Clauses 1.2(b) and 1.4 are added to define the scope of investment services, and our and your respective responsibilities in relation to transactions that involve or do not involve solicitation or recommendation from us. The original Clauses 1.2(b) and 1.2(c) are renumbered as Clauses 1.2(c) and 1.2(d):

1.2 We may provide the following Services (or any of them):

- (b) scope of investment services
 - (i) In relation to the purchase and/or sale of any unit trust:
 - (A) we may solicit the sale of or recommend a unit trust to you in accordance with Clause 1.4.1(a); and/or
 - (B) you may enter into the transaction without or inconsistent with any solicitation or recommendation from us in accordance with Clause 1.4.1(c).
 - (ii) We do not provide advisory services and therefore do not assume any advisory duty of care or obligation in the solicitation of the sale or recommendation of any unit trust other than to ensure reasonable suitability as set out in Clause 1.4.1(a).

- (iii) Making available to you any advertisements, marketing or promotional materials, market information or other information relating to a unit trust or service shall not, by itself, constitute solicitation of the sale or recommendation of any unit trust or service.
- (iv) Unless otherwise specified in these Terms and Conditions or in other terms and conditions in relation to any product:
 - (A) we do not advise on personalised asset allocation, investment portfolio and investment strategy ; and
 - (B) we do not have any obligation to make available any service or provide advice in relation to the purchase or sale of products which we do not distribute or offer to our customers.

1.4 Transactions entered into with us to buy or sell products

- 1.4.1 (a) If we solicit the sale of or recommend any Financial Product to you, the Financial Product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives ("**Customer Financial Information**").
- (b) No other provision of these Terms and Conditions or any other document we may ask you to sign and no statement we may ask you to make derogates from Clause 1.4.1(a).
- (c) If you enter into a transaction with us to buy and/or sell a unit trust without or inconsistent with any solicitation or recommendation from us, we will not have any obligation or duty to assess whether or ensure that the unit trust is suitable for you. You acknowledge and agree that it is your sole responsibility to assess and to satisfy yourself that the transaction is appropriate for you.
- (d) Except as set out in Clause 9.4(b), we are not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by you or any other person with respect to or arising out of any transactions which fall under Clause 1.4.1(c).

1.4.2 By entering into a transaction with us to buy or sell a unit trust, you confirm that any information you provide to us (including the Customer Financial Information) is complete, accurate and up-to-date. When we assess suitability, we will rely on your confirmation.

1.4.3 Before you enter into a transaction with us to buy and/or sell a unit trust, you should:

- (a) consider your own circumstances and understand the unit trust features, terms and risks, and you should contact us if you have any questions on the unit trust ;
- (b) note that we have no ongoing responsibility to ensure that a unit trust we have solicited the sale of or recommended to you remains suitable for you;
- (c) note that if circumstances relating to you, such unit trust, such unit trust's issuer or key operator or general market conditions change, such unit trust may no longer be suitable for you; and
- (d) note that we do not provide legal, tax or accounting advice on your investments, and you should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about your investments where necessary.

1.4.4 This Clause 1.4 takes effect on 8 June 2017 ("**Effective Date**"), and applies to:

- (a) any solicitation and/or recommendation of a unit trust we make to you on or after the Effective Date, provided that you enter into a transaction with us to buy and/or sell such unit trust following our solicitation and /or recommendation; and
- (b) any transaction you enter into with us to buy and/or sell a unit trust without or inconsistent with any solicitation or recommendation from us on or after the Effective Date.

ii) The existing Clauses 6.1(e) and 6.1(f) about your confirmations are deleted. The original Clauses 6.1(g)-(l) are renumbered as Clauses 6.1(e)-(j) accordingly.

iii) New Clauses 9.4(a)(vi) and 10.1(f) are added to define our responsibility and set out the consequences to you if you do not provide complete, accurate and up-to-date information. The original Clauses 9.4(a)(vi) and 10.1(f) are renumbered as Clause 9.4(a)(vii) and Clause 10.1(g) respectively:

9.4(a) Except as set out in Clause 9.4(b), we are not liable for loss, damage or expense of any kind which you may incur or suffer arising from or in connection with the following (or any of them):

- (vi) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 1.4.1); and

10.1 Except as set out in Clause 10.2, you will indemnify and reimburse (i) us, (ii) our agents and nominees, and (iii) our officers and employees and that of our agents or nominees for all actions, proceedings and claims which may be brought by or against us or them, and for all losses, damages and reasonable costs and expenses which we or they may incur or suffer as a result of or in connection with the following (or any of them):

- (f) your failure to provide complete, accurate and up-to-date information requested by us in discharging our regulatory or legal duties (including but not limited to your Customer Financial Information under Clause 1.4.1); and

- iv) A new definition of "Financial Product" is added and the existing definition of "Services" is revised as set out in Clause 21.1:

Financial Product means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. For the purpose of this definition, "leveraged foreign exchange contracts" mean those traded by persons licensed for Type 3 regulated activity under the relevant regulations in Hong Kong.

Services means the investment services (including unit trust monthly investment plans if made available by us), the custodian services and any other services which we may provide pursuant to these Terms and Conditions from time to time. Services include the services set out in Clause 1.2.

II) Other amendments to the Integrated Account Terms and Conditions, Securities Account Terms and Conditions and/or Unit Trust Account Terms and Conditions

- i) A new sub-heading "No trust or fiduciary relationship" is added to Clause 1.13.1 of the Integrated Account Terms and Conditions, Clause 11.1 of the Securities Account Terms and Conditions and Clause 9.1 of the Unit Trust Account Terms and Conditions and a new Sub-clause (b) is added to these clauses to clarify that we have no fiduciary relationship with you where we provide custodian services to you or have discretion in managing your moneys or assets (if any).
- ii) The existing Clause 1.8.1(a) of the Integrated Account Terms and Conditions is revised to clarify that you may terminate the Services or any one or more Accounts, to the extent that it is operationally feasible to do so, by giving us prior written notice of such period as we may accept.
- iii) The following new Clause 4.1.5 related to Credit Facilities and Financial Accommodation will be added to the Integrated Account Terms and Conditions:

4.1.5 Payments without deduction

- (a) All payments to us under or in connection with a credit facility or financial accommodation (including outstanding amount on the Account to which the credit facility or financial accommodation is attached, interest, fees and charges) must be paid in full. You will not deduct any sums owed by us to you from any payments made or to be made by you under or in connection with a credit facility or financial accommodation. If a deduction on account of tax or a similar charge or any other reason is required by applicable laws or regulations, or we are later obliged under applicable laws or regulations to return any money received by us in payment of the amount owing, you must make up the payment so that we receive the full amount owing under or in connection with the credit facility or financial accommodation.
- (b) You agree that any termination of a credit facility or financial accommodation is subject to the condition that no money that we received in payment of the amount owing will subsequently be returned or reduced under any applicable laws or regulations. If after the termination of a credit facility or financial accommodation, we are later obliged under applicable laws or regulations to return any money received by us in payment of the amount owing, or if a credit facility or financial accommodation is terminated without receiving full payment of the amount owing, you will remain liable for making up the shortfall or the remaining balance so that we will receive the full amount owing under or in connection with the credit facility or financial accommodation, and we have a right to claim against you for the shortfall or the remaining balance as if we had never terminated the credit facility or financial accommodation.
- (c) You hereby confirm that any withholding tax obligation or other obligations to make deduction or withholding (whether on account of tax or for any other reason), in respect of a credit facility or financial accommodation whether under applicable laws or regulations of Hong Kong or applicable laws or regulations of any other country where you may reside, would be your responsibility. You will upon our request, deliver promptly evidence satisfactory to us that you have complied with applicable deduction or withholding obligations. You hold us harmless and agree to fully indemnify us on demand for all consequences of any failure to comply with such obligations including any claim which may be made against us by any authorities.
- (d) This Clause 4.1.5 will continue to be effective after the termination of the credit facility or financial accommodation.

Please note that the above amendments set out in this Notice shall be binding on you if you continue to use or retain your Integrated Account(s), Securities Account(s) and Unit Trusts Account(s) on or after the Effective Date, being 8 June 2017. If you do not agree to the above amendments, you have the right to terminate your account(s) in accordance with the relevant clauses under the existing terms and conditions before the Effective Date. Should you have any queries, please contact us at our branches or call our customer service hotlines during the service hours stated below:

HSBC Premier customers: **(852) 2233 3322** (24 hours)

HSBC Advance customers: **(852) 2748 8333** (24 hours)

Other customers: **(852) 2233 3000** (Monday to Saturday, 9.00 am – 5.30 pm, except public holidays)

You can obtain copies of the amended terms and conditions by visiting HSBC website at **<https://www.hsbc.com.hk/personal/form-centre.html>**.

If there is any discrepancy between the English and Chinese versions of this Notice, the English version shall prevail.

13 March 2017