

Bangko Sentral ng Pilipinas Special Deposit Account

Key Features Document

HSBC's authorised sales staff must go through this document with you before you decide to place your funds in the above named investment. This document is prepared to assist you in understanding the BSP SDA. We recommend that you keep this document for future reference.

This document is designed to highlight what HSBC considers the key points you should know before you decide to invest in the BSP SDA. It does not constitute an offer to sell or distribute the said investment and is made available for information purposes only.

PRODUCT DETAILS

- The investment is a Special Deposit Account (SDA) with the Bangko Sentral ng Pilipinas' (BSP SDA) and is available via HSBC Trust only.
- The BSP SDA is an alternative to other short-term investments available in the market today.
- The available tenors are 2 weeks and 1 month, subject to availability.
- Pre-termination of the BSP SDA is not allowed.
- The minimum placement amount is PHP1,000,000 in increments of PHP1,000,000.
- Yields quoted are based on indicative terms.
- The BSP SDA is subject to a 20% withholding tax.
- The BSP SDA is not covered by the PDIC and is not guaranteed by HSBC Trust.
- The BSP SDA is on a "without recourse" basis.
- This product can only be offered to Philippine residents only.

RISK DISCLOSURES

- **Market Risk:** Many factors can affect the movement of interest rates, including the political and economic environment, business conditions, investor sentiment and confidence. In case of changes in the market that causes movements in interest rates, there may be a possibility that the investor will be holding on to a lower yielding asset until maturity, relative to those offered in the market.
- **Liquidity Risk.** Investors should be prepared to hold the investment until maturity since he will not be allowed to pre-terminate their investment.
- **Credit Risk.** A holder of the BSP SDA bears the risk of the Bangko Sentral ng Pilipinas. Participation is not covered by the PDIC and is not guaranteed by HSBC Trust.
- **Reinvestment Risk:** Investors need to consider their ability to re-invest the Principal Investment Amount plus accrued interest in other suitable products with similar returns and tenors. The yields may be lower than the yield at time of purchase.

INVESTOR COMMITMENT

When you place your funds in the BSP SDA, you will be required to make a series of confirmations and acknowledgements, including the following:

- You have read and understood product details , including the risks of investing in the BSP SDA as explained in the section “**Risk Disclosures**”;
- The BSP SDA is designed to produce returns potentially higher than traditional deposit accounts.
- You understand that this document is not intended to provide and should not be relied upon for tax, legal or accounting advice, investment recommendations. Investors in this product should consult their tax, legal, accounting and/or other advisors.
- You are comfortable to place your funds in the BSP SDA for the entire investment tenor.
- You are confident that you will not need access to the amount invested during the investment period and that you have sufficient liquid emergency funds to meet unforeseen circumstances.
- You should avoid excessive investment in a single type of investment, with regard to its total proportion of your overall portfolio, in order to guard against overexposure to any investment risks.
- You shall not have direct recourse with the BSP in case of default.

OTHER INFORMATION:

Should you require further assistance, you may contact any of the following Trust Officers:

Designation	Contact Person	Contact Number
Directed Trust Officer	Giselle Tomimbang	581-7796
Directed Trust Officer	Joyce Un	581-7795
Directed Trust Officer	Jose Juan (JJ) Cordero	581-7786
Directed Trust Officer	Angel Ledesma	581-7785
Directed Trust Officer	Filemon (Cliff) Cabungcal	581-7783

RISK DISCLOSURE STATEMENT

Gentlemen:

Similar to other financial transactions, investments in the Bangko Sentral ng Pilipinas Special Deposit Account, may provide considerable benefits and involve a variety of significant risks.

Before entering into any investment, you should carefully consider whether the transaction is appropriate for you in light of your financial objectives and resources, investment experience, and other relevant circumstances. Moreover, you should ensure that you fully understand the nature and extend of your exposure to risk and loss.

In general, all investment activities involve risks, which include, among others, unanticipated adverse market developments (financial, economic or political), credit and enforcement risks (counterparty / issuer default or changes in legislature), and liquidity risk.

As in any financial transaction, you should ensure that you understand the inherent risks and investor requirements applicable to you. You should also consider the legal and tax implications before you invest.

In entering into any investment activity with, or arranged by, us or any of our subsidiaries / affiliates, you should also understand that **HSBC TRUST** is acting solely in the capacity of an arm's length contractual counterparty and not in the capacity of your financial adviser or fiduciary unless **HSBC TRUST** has so agreed in writing and then only to the extend so provided.

THIS BRIEF STATEMENT DOES NOT PURPORT TO DISCLOSE ALL OF THE RISKS OR OTHER RELEVANT CONSIDERATIONS OF ENTERING INTO ANY INVESTMENT ACTIVITIES. YOU SHOULD REFRAIN FROM ENTERING INTO SUCH ACTIVITY UNLESS YOU FULLY UNDERSTAND ALL SUCH RISKS AND HAVE INDEPENDENTLY DETERMINED THAT THE ACTIVITY IS APPROPRIATE FOR YOU.

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
Philippine Branch – Trust Department

Disclaimer:

The issuance of and details contained in this document, which is not for public circulation, does not constitute an offer or solicitation for, or advice that you should enter into, the purchase or sale of any security, commodity or other investment product or investment agreement, or any other contract, agreement or structure whatsoever. This is intended as an outline only of the product(s) described herein and does not purport to list or summarise all of the terms and conditions of a particular transaction, nor to identify or define all or any of the risks that would be associated with the purchase or sale of such product(s). Neither **The Hongkong and Shanghai Banking Corporation Limited-Philippine Branch** nor any of its affiliates are advising you in respect hereof; accordingly prior to making an investment decision, you should conduct such investigation and analysis regarding the product(s) described herein as you deem appropriate and to the extent you deem necessary obtain independent advice from competent legal, financial, tax, accounting and other professionals, to enable you to understand and recognise fully the legal, financial, tax and other risks arising in respect of such product(s) and the purchase, holding and sale thereof. Please note that any prices or levels and any terms or conditions contained herein are indicative, are provided for discussion purposes only and may vary in accordance with changes in market conditions. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this document, the distribution of which may be restricted by law in certain jurisdictions. The information contained herein is confidential to the addressees thereof and may not be reproduced or otherwise disseminated (except to your professional advisers for the purposes of advising you hereon). **HSBC**, its affiliates and/or individuals associated therewith may have (or may liquidate) from time to time positions in the product(s), security or securities and/or underlying asset(s) (including derivatives thereof) referred to herein, or in any other asset, which may directly or indirectly affect the return to you under the product(s) described herein. Should you intend to sell or otherwise transfer or supply (directly or indirectly) the product(s) (or any interest therein) described herein to any third party (and without prejudice to any contractual requirement to obtain the consent of **HSBC** (or any of its affiliates) in respect of such sale, transfer or supply), you (rather than **HSBC** or any of its affiliates) will be responsible for complying with all applicable laws, regulations and rules in respect of any such sale, transfer or supply (including without limitation as to the suitability of such product(s) for such third party) and the provision of all appropriate risk warnings and disclosures. In addition, you accept that in no circumstances shall any such third party be treated as a customer of **HSBC** (or any of its affiliates) in respect of such sale, transfer or supply.

Gentlemen:

RE: LETTER OF INSTRUCTION for BSP SDA

In the exercise of the reserved power vested in the TRUSTOR/PRINCIPAL to direct investments of the trust/investment management account funds, pursuant to the FIRST item of the Directional Trust Agreement / Investment Management Agreement executed between myself/ourselves under TA No. _____, you are hereby authorised and directed to execute the following instructions for my/our account and risk, as much of the corpus that could be reasonably accommodated in the transaction specified below, subject to the following terms and conditions:

<p>BUYING - Bangko Sentral ng Pilipinas Special Deposit Account (BSP SDA)</p> <p>BOOKING DATE: _____ TENOR : _____</p> <p>PARTICIPATION RATE: <u>Prevailing BSP Published Rate</u></p> <p>Your placement in the BSP SDA will automatically roll-over the principal at the prevailing BSP published rate and the agreed Trust Fee and Tenor until revoked in writing. The interest income will be credited to the credit account number indicated below. I/We understand that SDAs cannot be pre-terminated.</p>	<p><input type="checkbox"/> Cancellation of the automatic roll-over instructions and upon maturity, credit the principal and interest to the credit account number indicated below.</p> <p>Maturity Date: _____</p> <p>Amount: PHP _____</p>
<p>Other Instructions : _____</p>	

AMOUNT OF INVESTMENT (SPECIFY CURRENCY) : **PHP** _____ TRUST FEE (TF) RATE: _____ % pa

SOURCE OF FUNDS: Customer # : _____ Debit Account # : _____

MATURITY/INTEREST/ PROCEEDS: Credit Account # **same as debit account # above.**

1.) I/We acknowledge that the above mentioned TF/MF is specific to the investment made pursuant to these instructions and may not be the same as those charged for the other funds in my/our account, if any, or for those charged other accounts. Further, early redemption penalties, as indicated in the underlying Key Features Document, may also be levied against the market value of my fund in case I/we redeem the investment prior to completing the minimum holding period required for this particular investment.

The TF/MF may be taken from the trust income, and if the income is not sufficient, from the principal, or from any amount that is delivered to you, or is in your possession, or from any rebate or discount which you are able to obtain or negotiate, on my/our behalf and benefit; provided that you shall advise me/us of any rebate or discount which you are able to obtain for my/our benefit upon applying the same in partial or full satisfaction of your fees.

2.) All sums payable to you under this Agreement/Contract shall be payable in cleared funds in the agreed currency on the due date of such amounts and without deduction for any taxes (including, but not limited to value added tax ["VAT"]), levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature now or hereafter imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof or therein. All such taxes, levies, imposts, duties, charges, and fees, including VAT shall be charged to and be for the account of the customer/counterparty to this Agreement/Contract.

3.) I/We acknowledge that I/we have made my/our own independent assessment of the above investment, after reading the Product Prospectus, Explanatory Memorandum, Plan Rules and/or other documents and contracts provided by the investment or fund manager for the purpose of making the investment, together with the underlying Key Features Document. Further, I/we fully understand the explanations given to me / us on the selected investment and that my/our queries and concerns have all been addressed satisfactorily. For investments with a maturity date, I am/we are comfortable on placing my/our funds for the entire duration of the investment. I/We also understand that I/we bear the risk of the Issuer of the underlying investment. Where necessary, I/we have sought independent/professional advice in making this assessment. Based on my/our assessment of the information

provided, I am/we are satisfied that the investment is in my/our best interest and in consonance with the purpose of the trust that I/we have established.

4.) I/We acknowledge the risks and investor commitment associated with my/our investment.

5.) I/We acknowledge that I/we understand the concepts of the book value and the marked to market accounting methods and I/we fully understand the differences between the two as well as their implications on my/our investments.

6.) Upon redemption of the foregoing investment, you may cause payment of such redemption proceeds, net of all charges including agreed trust fees, via credit to my/our account with your banking department as designated above, and such payment or crediting, if not objected to by me/us within ten (10) business days from date of such crediting, shall be deemed binding and equivalent to a receipt and release in your favour.

7.) I/We give you the authority to disclose the details of my / our Directed Trust/ Investment Management Account investments to my/our HSBC Premier Relationship Manager / HSBC Personal Banking Officer.

8.) I/We acknowledge that the following were disclosed to me/us: That there are differences between regular time deposits and participation in the BSP SDA.

- That the parties involved in the placement in the BSP SDA are myself/ourselves as the Trustor/Principal, and HSBC Trust Department as the Trustee / Investment Manager.
- That if I/we wish to cancel the automatic roll-over instruction, I/we understand that this change shall be supported by a duly signed Trust Letter of Instruction advising the new disposal instructions for the maturity proceeds.
- That I/we will receive and rely on the quarterly financial statement showing the movement/s under my/our Trust account, and thus will no longer will receive any other statement, confirmation or advice resulting from the roll-over of my/our BSP SDA investment
- That my/our placement in the BSP SDA is in the full amount I/we indicated above and may not be withdrawn prior to its stated maturity and that I/we have sufficient liquid emergency funds to meet unforeseen circumstances.
- That my/our placement in the BSP SDA is commingled with the placement of the Trustee's / Investment Manager's other clients.
- I am/We are aware that placements in the BSP SDA is on a without recourse basis, thus is not guaranteed by HSBC nor is it covered by PDIC.
- I/We acknowledge that I/we do not have direct recourse with the BSP in case of default.

FOR BANK USE ONLY:

I hereby declare that this document has been provided to the customer; and that customer has been advised to read the same, ask questions and to take independent advice if the customer so wishes. For PVC/HRS, I confirm that I offered the customer the opportunity to be accompanied by _____, _____, _____ to assist them
Name of Relative / Friend Relationship to the Customer

in their investment decision on this product.

Subject PVC/HRS has declined the opportunity to be accompanied by someone close to him/her for the following reason/s:

Name and Signature of Staff:

Date (dd-mmm-yy):

SIGNATURE over PRINTED NAME of TRUSTORS/PRINCIPALS

