

Wealth Management

Investment Services and Insurance Products

Terms of business

What you will find in this brochure

Introduction

1. Introducing ourselves
2. Our Regulator
3. Communication
4. Investment Services and Insurance-related products
5. HSBC Policy on Conflicts of Interest
6. Your instructions
7. Fees and commission
8. Clients' money and Compensation Schemes
9. Clients' investments and Insurance Policy documentation
10. Contacting you
11. Privacy Notice & Sharing of Information
12. Identification
13. Our responsibilities and your responsibilities
14. Best Execution Policy Disclosure Statement
15. Termination
16. Currency Risk
17. Nature and risks of the investment
18. Cooling-off Period
19. Complaints
20. Applicable law & jurisdiction
21. Representations and Warranties
22. Client classification
23. Overseas Residents for Remote journey
24. Amending these terms

Introduction

These Terms of Business replace the terms of any previous agreement(s) which we have previously entered into with you in respect of advisory, non-advisory and execution only services.

Investment Services and Insurance-related products

Investment advice is provided by the Bank on a **non-Independent** basis (restricted advice) which means that the range of products offered is limited to the financial instruments issued or provided by entities as mentioned below and with whom the Bank would have a contractual relationship. You may ask us for a list of the entities and of the products we offer advice on at any time.

We offer advisory, non-advisory* and execution only** investment services and insurance-related products relating to the following products:

- Life Assurance products and Linked long-term contracts of insurance offered by HSBC Life Assurance (Malta) Limited which is an insurance company licensed by the Malta Financial Services Authority and is a **wholly-owned** subsidiary of HSBC Bank Malta p.l.c.
- Collective investment schemes/Undertakings for Collective Investment in Transferable Securities (UCITS), (which may or may not be licensed by/notified to the Malta Financial Services Authority) recommended by HSBC's Fund Centre of Reference and offered by:
 - i. HSBC Global Asset Management (Malta) Limited, which is licensed by the Malta Financial Services Authority and is a **wholly-owned** subsidiary of HSBC Bank Malta p.l.c.;
 - ii. HSBC Global Asset Management, which is part of the HSBC Group; and
 - iii. Third party Fund Managers with whom we hold a distribution agreement. HSBC does not hold any percentage of ownership in the Third-party Fund Managers.

In relation to Collective Investment Schemes and/or UCITS offered, HSBC Bank Malta p.l.c. will be acting as the Distributor. Depending on the product/s recommended, the Fund Manufacturer would be either HSBC Global Asset Management (Malta) Ltd, HSBC Global Asset Management (part of HSBC Group) or Third Party Fund Managers with whom HSBC Bank Malta p.l.c. holds distribution agreements. In addition, on your instructions, we will arrange for you to buy or sell such investments in the name of HSBC Bank Malta p.l.c. as your nominee.

In relation to insurance-related products, the manufacturer is HSBC Life Assurance (Malta) Limited and HSBC Bank Malta p.l.c. will be acting as distributor.

Where the financial instrument and/or insurance-related product is classified as complex in terms of MIFID or the MFSA's Conduct of Business Rules, these may be offered with or without the provision of advice. However, HSBC Bank Malta p.l.c. may require that such products be only sold through the provision of advice following a full financial planning review.

Any reference to the "Bank", in this document refers to "HSBC Bank Malta p.l.c".

The tied insurance intermediary enrolment of the Bank and of the Wealth Management Official can be confirmed by accessing the MFSA website: www.mfsa.com.mt

*When providing "non-advisory" services, the Bank will be merely executing your specific instructions without providing you with any advice. Please be aware that when acting in this manner, the Bank will be obtaining information to specify your demands and needs but it is not assessing the suitability of the instrument or service provided to you and therefore you will not benefit from the protection of the conduct of business rules. An Appropriateness test will only be undertaken when the transaction relates to a "complex" product or, in the case of insurance-related products, when the exemption from undertaking an appropriateness test set out in the MFSA's Conduct of Business Rulebook does not apply.

**When providing "execution only" services, such services are being provided at the initiative of the client, where the Bank will be merely executing your specific instructions without providing you with any advice. Please be aware that when acting in this manner, the Bank will be obtaining information to specify your demands and needs but it will not carry out a suitability or appropriateness test to assess or recommend the transaction as suitable or appropriate for you and therefore you are responsible for ensuring the transaction is suitable or appropriate for you. Therefore, you will not benefit from the protection of the conduct of business rules.

Terms of business

1. Introducing ourselves

HSBC Bank Malta p.l.c. (C3177) having its registered address at 116, Archbishop Street, Valletta, Malta, VLT 1444 is a member of the HSBC Group.*

2. Our Regulator

We are licensed to conduct investment services business and tied insurance intermediaries activities by the Malta Financial Services Authority which is our lead regulator. The Malta Financial Services Authority (MFSA), is located in Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010.

3. Communication

- 3.1 The provision of investment advice, non-advisory and execution only services shall be provided by the Bank only in Malta on a face to face basis or remotely on a recorded telephone call supported by email/s. We may also use video conferencing facility where available, and on your acceptance, to use this in addition to the recorded telephone call.
- 3.2 You can contact us at the address and telephone number shown on your Premier Relationship Manager/Financial Planning Advisor's (hereinafter "Wealth Management Officials") business card.
- 3.3 You will have the opportunity to communicate with the Bank either in Maltese or in English. All documents including the Terms of business will be provided to you in English Language.
- 3.4 During meetings, you will have the option on how to receive pre-disclosures, product documentation, recommendations and other documents.

During face to face meetings, documents may be provided in hard copy or via secure email, however for remote meetings, documents may be provided via secure email. Where provision of documents is via secure email, as your preferred option, however you also request that documents are provided in hard copy, the Wealth Management Official will, as per your request, provide such documents also in hard copy.

Where documents are provided via secure email, the Bank will use the email address we have in our records.

Please ensure that any changes e.g. your contact details (telephone number, email address and correspondence address) are immediately communicated to the Bank who will ensure your records are amended. If you fail to do so, you may not receive communications which could be important, including notices about changes to the Agreement.

In addition, please inform us immediately in the event your residency or citizenship status changes or if there is any other material change to the information you have previously given us in particular any change to information provided which could affect your investment objectives and/or risk profile, as this may affect the Services we provide. You must provide us with any information we reasonably require about your identity or affairs.

It is your responsibility to ensure that your information can be accessed or used only by people who have your permission to do so.

In the context of insurance, if you are or become knowledgeable of any material facts concerning the risk being discussed or insured that you feel the insurer/manufacturer should be made aware of, please advise us immediately. It is your duty to disclose all material circumstances and give a fair presentation of the risk. Material facts include any information which could in any way influence the insurer's consideration and assessment of the acceptability and terms to be applied to a risk.

These disclosure obligations are of a continuous nature, operating before the policy of insurance commences, at the time of renewal or extension, when lodging a claim, as well as throughout the duration of the policy period. Not conforming to such obligations can have serious consequences on the operation of your protection and may enable insurers to avoid an otherwise identifiable claim thereunder. If you are in doubt as to whether a circumstance constitutes a material fact, you should disclose it.

*The HSBC Group means HSBC Holdings plc, its subsidiaries and its associated companies.

All telephone calls will be recorded.

Before the start of a telephone conversation, we will ask you a set of questions to verify your identity. Where you decide to accept our offer to use video conferencing facility, your identity may be verified by comparing the ID card on our records with your physical appearance.

- 3.5 The Wealth Management Official will only communicate with you on the telephone number and email address we hold in our records.

4. Investment Services and Insurance-related products

- 4.1 When we have provided investment advice and arranged any investments for which you have given instructions, we will not give you any further advice unless you request it, but we will be glad to provide you advice at any time you ask us to do so. This means that the Bank will not provide you with a periodic assessment of the suitability of the financial instruments in your portfolio and we therefore recommend and encourage you to contact Wealth Management to undertake a yearly review of your investments. Please also refer to Section 17.4 of this Terms of Business.

During the provision of investment advice, the Wealth Management Official will offer you a holistic financial planning process and will base the advice on a "fair" and "personal" analysis of your specific circumstances. The Wealth Management Official will take you through a process to understand your personal circumstances and also request information to understand your "Knowledge and Experience". This assessment of suitability will enable the Wealth Management Official to recommend suitable products in line with the information you have provided.

- 4.2 When we act upon your direct instructions to buy or sell or to make arrangements for you to buy or sell any financial instrument, any information provided will not constitute investment advice.

WARNING: When providing "execution only" services, such services are being provided at the initiative of the client, where the Bank will be merely executing your specific instructions without providing you with any advice. Please be aware that when acting in this manner, the Bank will be obtaining information to specify your demands and needs but it will not carry out a suitability or appropriateness test to assess or recommend the transaction as suitable or appropriate for you and therefore you are responsible for ensuring the transaction is suitable or appropriate for you. Therefore, you will not benefit from the protection of the conduct of business rules.

WARNING: When providing "non-advisory" services, the Bank will be merely executing your specific instructions without providing you with any advice. Please be aware that when acting in this manner, the Bank will be obtaining information to specify your demands and needs but it is not assessing the suitability of the instrument or service provided to you and therefore you will not benefit from the protection of the conduct of business rules. An Appropriateness test will only be undertaken when the transaction relates to a "complex" product or, in the case of insurance-related products, when the exemption from undertaking an appropriateness test set out in the MFSA's Conduct of Business Rulebook does not apply.

- 4.3 When providing you with advice following a full financial planning review, the Wealth Management Official will recommend only products which fall within the target market identified by the Manufacturer and Distributor.

4.4 Tied Insurance Intermediaries activities

The Bank will assess your insurance demands and needs and may assist in the completion of the proposal form and will provide policy documents and collect the premium. As tied insurance intermediary, the Bank cannot accept the risk on behalf of the insurer. Only the insurer can decide whether the risk is acceptable or not and at what premium.

Should there be a claim, the Bank may assist you to obtain a Claim Form and deliver it to the insurer. However the claim is then handled directly by the insurer. Once the claim is agreed, if there is a settlement due to the insured, the insurer may send the settlement payable to the insured, with the Bank. Otherwise the settlement is given directly to you.

In the case of life insurance policies and payment protection policies purchased for mortgage purposes, you may purchase such policies from other insurance companies that also satisfy the Bank's requirements and you are free to choose from where to purchase your policy.

5. HSBC Policy on Conflicts of Interest

5.1 A conflict of Interest ('conflict') is a situation or arrangement where HSBC Group, or a company with which it has an association, ('HSBC') and/or any of its employees is subject to multiple influences the competition of which might adversely affect decision-making or outcomes in the course of conducting business with respect to investment/ancillary or insurance-related service.

Occasions can arise where we, or one of our other clients, will have some form of interest in business which we are transacting for you. In such cases, we shall include sufficient detail to enable you to take an informed decision with respect to the investment/ancillary or "insurance-related" services in the context of which the conflict of interest arises.

5.2 HSBC provides a wide range of financial services, hence may from time to time have interests that conflict with its clients' interests or with the duties that it owes to its clients.

Conflicts can arise between:

- One client and another;
- HSBC and a Client;
- An employee and a client;
- An employee and HSBC; and/or
- One part of HSBC and another.

5.3 HSBC has established policies and procedures that are designed to identify, and prevent or manage Conflicts. These include arrangements to safeguard the interests of clients. HSBC's organisational structures are designed so that behaviour that could lead to Conflicts is not incentivised or rewarded.

5.4 Where necessary, HSBC restricts the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

5.5 HSBC may also deal as Principal for its own investment account and may be matching transactions with another client. Procedures are in place in order to protect the client's interest in this instance.

5.6 In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. HSBC may make general disclosures to clients about certain types of potential conflicts, explaining how such conflicts are managed to mitigate the risk of damage to clients' interests. Specific disclosures will be made prior to the conclusion of a contract, in a durable medium, and include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision. However, at times, a duty of confidentiality to one client might limit the disclosures that can be made to another.

In some cases, HSBC will consider declining to act for one of more clients. For example if:

- A conflict is too great;
- Confidentiality obligations prevent adequate disclosure; and/or
- Informed consent cannot be obtained, or is an insufficient control to manage a Conflict.

5.7 You may have further questions which relate to the underlying procedures related to conflict within HSBC. In such cases you should contact your respective Wealth Management Official who will direct your query accordingly. The HSBC Conflicts of Interest Policy Summary is available on our website.

6. Your instructions

6.1 For meetings undertaken on a face to face basis, we require our clients to give us instructions in writing, to avoid possible disputes.

For meetings held via the remote journey, the instructions will be given verbally by the clients during the recorded telephone call. It is hereby acknowledged that this Agreement may be signed and executed electronically and both parties hereby consent to the communication of information and documents in electronic form. Any signature (including an electronic signature, electronic seal, telephone recorded call or other similar means of signifying intent to sign), and any other certificate, agreement, communication, document and any other form of record-keeping and contract

formation (such as by way of email, facsimile, telephone or otherwise) executed by way of electronic means, shall have the same effect and enforceability as their equivalent in manual or paper based mediums.

Your verbal consent on the recorded telephone call will also be requested in order to debit your demand deposit account with the Bank. This will enable the funding of the investment and/or insurance product you have decided to proceed with.

For the avoidance of all doubt, electronic signatures and all other means of electronic communications mentioned above shall be deemed to constitute the original and any electronic copies hereof shall be deemed to constitute duplicate originals.

Thus client instructions as explained above will be considered as binding on the investor and the Bank and are irrevocable.

- 6.2 You will advise us in writing of any individuals authorised to instruct us on your behalf. We would need to identify such individuals as detailed in Section 12 and provide us with specimen copies of their signatures. We may, without further enquiry, accept and act on the instructions of any person who is, or in good faith is believed to be, authorised to give such instructions.
- 6.3 We may however refuse to act on your instructions or those given on your behalf if we are in any doubt as to their authenticity or if acting on them would be a breach of any law, market practice, HSBC Group policies or rules and regulations of any relevant self-regulatory organisation to which we may belong.

Please refer also to Section 13.3.

- 6.4 For the remote journey via telephone recorded call supported by email/s, the Bank will provide you with relevant documents including the Recommendation Letter, product disclosures and Wealth Terms of Business by means of a durable medium i.e. via secure email, to your email address held on our records. In this regard, it would be beneficial if the meeting is also supported by a video conference facility where available and subject to your acceptance to utilise this in addition to the recorded telephone communication. This will especially be of benefit to you and will facilitate explanations provided by the Wealth Management Official on illustrations, graphs etc. If you do not wish to receive documents via email and prefer documents to be provided in paper based format, the Wealth Management Official will direct you to a face to face meeting at your preferred branch.

7. Fees and commission

- 7.1 Although we do not currently charge fees for the provision of investment advice, non-advisory and execution only services including insurance-related services, we may do so in respect of certain services you ask us to provide. However, before we carry out any chargeable work, you will be given written details of the fees to be charged. Where the amount cannot be ascertained, the method of calculating that amount will be clearly disclosed prior to providing the service. Once we have provided such notification, you will pay us, on demand, such costs and charges.
- 7.2 We may pay and/or receive fees, commissions and/or non-monetary benefits to and from a company in the HSBC Group or other third party, provided this is in line with the requirements on conflicts of interest or inducements set out in the Conduct of Business Rulebook.

Examples of non-monetary benefits include: participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service, information or documentation relating to a financial instrument or an investment service, hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events.

In respect of commissions and fees for investments, we will provide you with a separate disclosure of the essential arrangements relating to such fees/commissions.

In relation to insurance products, any fees and/or commissions we receive, will be incorporated in the premium paid to the policy account and such fees and/or commissions will be disclosed to you by the Wealth Management Official during the meeting and disclosed separately in other product documentation.

- 7.3 For investment funds, we will also provide important information with breakdowns of the costs/charges of your investments.

- 7.4 When you pay a lump sum to purchase units in collective investment schemes, the Bank will debit your account with the total consideration on settlement date. For regular premium/savings contributions, the Bank will debit your account on contribution due date. Please ensure you hold cleared funds and debit instructions are received in good time as any delays will be at your own cost and risk.

8. Clients' money and Compensation Schemes

- 8.1 Unless we have entered into a separate agreement with you, Wealth Management Officials will not hold your money. This means that Wealth Management Officials will not handle cash or accept a cheque made payable to us (unless it is a cheque in settlement of charges or disbursements for which we have sent you a bill).
- 8.2 Any money which we hold for you will only be held by us in our capacity as Banker. Your money will be held in one or more accounts in your name and will be treated in the same way as any money deposited with us.
- 8.3 In certain circumstances, monies accepted from you or which are due to you as a result of purchase or sale of investments may also be held for your benefit in a clients' account under our name until the relevant investment is made or transaction is processed. No interest shall be payable by us on such monies held for your account.

Monies may also be held by us in a clients' account in our name:

- when instructions are insufficient or ambiguous, such as when the relevant investment account number is not stated in the request, or insufficient or ambiguous instructions are given as to where payments are to be made in an event of any repurchase instructions;
- when dividend payments cannot be re-invested due to incorrect/incomplete instructions or to closure of the investment account between the 'closing of register' and 'dividend payment' dates.

No interest shall be payable by us on such monies held for your account.

As HSBC is authorised and regulated by the MFSA, you may have the right to claim compensation under the Investor Compensation Scheme (established under the Investor Compensation Scheme Regulations, 2003) or the Depositor Compensation Scheme (established under the Depositor Compensation Scheme Regulations, 2003), and under the Protection and Compensation Fund (established under the Protection and Compensation Fund Regulations, 2003), as applicable, for any losses resulting from a default of obligations owed in respect of any investments or monies that we hold for your account or monies that you hold in an account with us in our capacity as bankers.

The Depositor Compensation Scheme only pays compensation if a bank licensed by the Malta Financial Services Authority is unable to meet its obligations towards depositors or has otherwise suspended payment.

The Investor Compensation Scheme only pays compensation if a locally licensed investment firm (including HSBC Bank Malta p.l.c.) is unable or likely to be unable to pay claims against it. In general, this is when a licensed firm stops trading or becomes insolvent. Please also be aware that in terms of the above compensation schemes an investor cannot claim compensation on the basis of:

- Market movements resulting in a decrease in the value of an investment;
- Poor investment advice;
- A failed investment that had been duly executed;
- A failure of a collective investment scheme (whether licenced in Malta or otherwise).

The purposes of the Protection and Compensation Fund are to:

- pay for any claims against an insurer which have remained unpaid because the insurer became insolvent. These claims must be in respect of protected risks situated in Malta or protected commitments where Malta is the country of commitment; and
- compensate victims of road traffic accidents in certain specified circumstances.

You should therefore also consider carefully these limitations/exclusions prior to making any investment. More information on these compensation schemes may be obtained from www.compensationschemes.org.mt.

9. Clients' investments and Insurance Policy documentation

- 9.1 We will make arrangements for all your investments to be registered under our name or in the name of a Group Company as nominee unless we hold your written instructions to the contrary, where this is possible.
- 9.2 We will forward to you all documents showing ownership of your investments as soon as possible after we receive them. Where a number of documents relating to a series of transactions are involved, we will normally hold each document until the series is complete and then forward them to you. All documents will be sent to you by post at your own risk.
- 9.3 Documents of ownership in relation to insurance-related products will be mailed to you by HSBC Life Assurance (Malta) Ltd directly by post at your own risk.

10. Contacting you

Unless you advise us to the contrary (in which case this will be documented by the Bank), we will assume that you agree to us telephoning or visiting you and to communicating with you by letter and/or by email.

When we visit you, the Wealth Management Official will give you prior notice and he/she will identify himself/herself by showing identification document, disclose the fact that he/she is a tied insurance intermediary of HSBC Life Assurance (Malta) Ltd and provide his/her business card and disclose details held on the business card.

For your security, and to enable us to comply with HSBC Group procedures and regulatory requirements, telephone calls made or received by our Wealth Management Officials will be recorded. The Bank will keep records in relation to date and location of meeting, the identity of attendees and initiator of the meeting, and the reason to why the meeting was held. We will also keep records of emails and other communication between us including details around the transaction proceeded with. Such recordings will be stored and accessed in line with HSBC Group procedures and applicable rules and regulations. Such records will be kept for a period of 5 years or as long as may be required in terms of any applicable law and you may ask us for a copy of such records during this period. These records remain our sole property and may be used as evidence in any dispute or anticipated dispute.

11. Privacy Notice & Sharing of Information

The way we share and process your information is explained in our Privacy Notice.

We have provided our Privacy Notice to you separately and will inform you when we make any changes to it. You can also find this at www.hsbc.com.mt or you can ask for a copy in any branch.

Our Privacy Notice for Retail Business applies to personal information held by HSBC Bank Malta p.l.c. and HSBC Life Assurance (Malta) Ltd as data controllers. It explains what information we collect about you, how we will use that information, who we will share it with, the circumstances when we will share it and what steps we will take to make sure it stays private and secure. It continues to apply even if your agreement for banking, insurance, investment or other products and services with us ends. It should also be read alongside your banking and/or other product terms and conditions, as these may also include sections relating to the use and disclosure of information.

For the purpose of HSBC being able to satisfy its obligations under the Banking Act of 1994 and the Professional Secrecy Act of 1994, you hereby give your express consent to us sharing your information with other members of the HSBC group (HSBC Holdings p.l.c., and/or any of its affiliates, subsidiaries, associated entities, and any of their branches or offices) and any other third parties.

12. Identification

- 12.1 Prior to proceeding with your request, in order to protect our customers, you are required to produce satisfactory evidence to enable the Bank to validate your identity. Ideally, this will be by way of an identity card, residence card or passport. If you are unable to provide a satisfactory identification document, then we will not be able to conduct business with you.

Additionally, as part of the Prevention of Money Laundering Act, and the Bank's ongoing monitoring obligations, if during this transaction it is identified that there are any changes to your identification document which also include a change in the residential address (e.g. an update of an expired identification document) from the one held in the Bank's records, we would be bound to make and retain photocopies of the latest identity document that you provide. In cases, where you advise the Bank with a change of residential address, and the address information is not held in the identity document that

you provided (such as a passport), then alternative documents to validate your new residential address would be required (such as a recent utility bill, or, recent statement or reference letter from a reputable credit institution or a valid lease agreement).

In addition, the Wealth Management Official will be asking for information relating to 'Source of Funds' and 'Source of Wealth'.

12.2 You authorise us to disclose information and/or documentation about you to third party providers such as Fund Managers or Fund Administrators, as may be necessary, including statement of accounts, as evidence to enable such third party to verify your identity and/or address.

13. Our responsibilities and your responsibilities

13.1 As investment markets are subject to unforeseen fluctuations, no particular results can be guaranteed. Therefore, we are not liable for:

- i. Errors of judgement made in good faith;
- ii. Acts or omissions in the course of our service, or any partial or total non-performance of our obligations under these Terms arising from:
 - Strikes;
 - Interruption of power supplies;
 - Machinery failures; or
 - Other causes beyond our control.

We will only be liable for acts or omissions arising from our negligence, fraud or wilful default.

13.2 Nothing in these Terms shall exclude or restrict:

- i. any obligation which we have to you under the Investment Services Act 1994 or the Investment Services Rules; or
- ii. any liability which we may incur under the Investment Services Act 1994, the Insurance Distribution Act 2006, the Investment Services Rules, the Insurance Distribution Rules or the Conduct of Business Rulebook in respect of a breach of any such obligation.

13.3 It is the client's responsibility to ensure that accurate and up to date information is given during meetings held (both face to face and remote journeys) with the Bank because this information will be relied upon and used by the Wealth Management Official when making his/her recommendations.

The Bank must also be promptly updated with any material changes to any information provided including email address, residency and correspondence address, and telephone number you wish to be contacted on.

Providing incorrect or inaccurate information may result in business being declined by the Bank. Please refer to your disclosure obligations described below in the context of insurance.

During the remote journey, the Wealth Management Official will be unable to take instructions over the telephone call to amend bank records, save for specific changes which may be accepted via the telephone call, subject to the Bank's discretion. All other changes need to be undertaken via Personal Internet Banking or by visiting one of our branches and the Wealth Management Official will guide you to the appropriate channel.

The Bank will not be liable for any loss to you if it declines business or refuses to follow your instructions as a result of you not providing it with any information it reasonably requests or if it becomes aware that the information you provided is no longer accurate or up to date.

Therefore, you are encouraged to update your information which was originally provided to the Bank immediately especially where significant changes occur. As an example, if your residential and correspondence address, risk tolerance, email address and telephone number have changed, you are obliged to contact the Bank immediately and advise of such changes.

For insurance-related products, if you are or become knowledgeable of any material facts concerning the risk being discussed or insured that you feel the insurer/manufacture should be made aware of, please advise us immediately. It is your duty to disclose all material circumstances and give a fair presentation of the risk. Material facts include any information which could in any way influence the insurer's consideration and assessment of the acceptability and terms to be applied to a risk.

These disclosure obligations are of a continuous nature operating before the policy of insurance commences, at the time of renewal or extension, when lodging a claim as well as throughout the duration of the policy period. Not conforming to such obligations can have serious consequences on the operation of your protection and may enable insurers to avoid an otherwise identifiable claim thereunder. If you are in doubt as to whether a circumstance constitutes a material fact, you should disclose it.

- 13.4 Taxation depends on a combination of your individual circumstances and government tax legislation. HSBC does not provide tax or tax credit advice. Although any gain from investments and insurance-related products (including underlying funds) may be paid free from tax, you may be liable to tax in Malta and/or in any country of residence at your marginal tax rate.

The Bank strongly suggests that you seek independent tax advice, especially in relation to any obligations emanating from the External Transactions Act or any other tax related legislation currently in force and which may change from time to time.

You should contact an independent tax advisor or the Inland Revenue Department directly for tax advice or for tax related queries.

14. Best Execution Policy Disclosure Statement

- 14.1 We are required to obtain Clients' consent to our Execution Policy and we shall treat a Client as having consented to the Execution Policy where you subsequently request the execution of a Client order in any financial instrument listed in MiFID Annex I Section C ("Financial Instrument").

14.2 Best Execution factors and criteria

When transmitting a Client order for the purposes of execution, we will take all sufficient steps to achieve the best possible execution result on a consistent basis as required by the MiFID rules. Best possible result for Retail Clients shall be determined in terms of total consideration, representing the price of the financial instrument and the costs related to execution. Precedence may be given to other factors such as speed, likelihood of execution and settlement, size, nature of the order, market impact and implicit transaction costs, but only insofar as they are instrumental in providing you with Best Execution in terms of the total consideration.

Notwithstanding the above, other criteria may be taken into account such as the type of Client Order, the Financial Instruments that are the subject of that Client Order and the execution venues to which that order may be directed. More specifically, in respect of the purchase and/or redemption of units in a collective investment scheme, the procedures indicated in the funds' prospectus applicable to purchases and redemptions will apply for Best Execution purposes.

Furthermore, for collective investment schemes the relevant Fund Manager/Fund Administrator will be the execution venue. Information regarding execution and the top five execution venues can be accessed via our website.

Please also refer to the Prospectus of the relevant Fund/s and the Nominee Terms & Conditions (as may be applicable). The Prospectus applicable to the relevant purchases and redemptions will apply for Best Execution purposes.

14.3 Specific instruction warning

Where you provide us with a specific instructions on how to execute your order we shall, where possible, endeavour to carry out your instruction. However, please note that by acting on your specific instruction, your order may not be executed in accordance with our Execution Policy. To the extent that we comply with a Client's specific instruction, we will be treated as having satisfied our obligation to take all reasonable steps to obtain the Best Execution for the Client, but in respect of those aspects of execution which are not covered by the specific instruction, we will process the order in accordance with our Execution Policy.

14.4 Monitoring

We will monitor the effectiveness of our transmission and the execution arrangements on a regular basis to ensure that the Best Execution for Client Orders is achieved on a consistent basis but should you have any concerns about HSBC Bank Malta p.l.c.'s transmission and execution arrangements, you should direct any questions by contacting your Wealth Management Official.

14.5 Amendments to the policy

We reserve the right to amend this policy as necessary. Where a material change has occurred in the policy, we will inform you accordingly.

14.6 Execution venue selection

All instructions for the purchase or sale of shares/units in collective investment schemes will be executed with the relevant Fund Manager/Fund Administrator, which will be the execution venue for the purposes of the MIFID Rules. Shares/units in collective investment schemes can only be purchased from and sold to the relevant Fund Manager and cannot be directly traded on any type of market or exchange.

15. Termination

You, or we, may terminate our authority to act on your behalf at any time without penalty. Notice must be given in writing and will take immediate effect. Termination will be without prejudice to the completion of any outstanding transactions and the collection of any outstanding expenses, fees or commissions.

16. Currency risk

It is important to note that, where part or all of an investment is denominated in a currency other than the local currency, a movement in exchange rates may have an effect on the value of the investment.

17. Nature and Risks of the investment

17.1 The investment and financial services provided by us concern instruments involving special risks related to their specific features or the operations to be executed or whose price depends on fluctuations in the financial markets outside the Bank's control. Historical performances are no indicators for future performances. The value of the underlying investment may go down as well as up.

17.2 The Bank will provide appropriate information to enable you to understand the nature and risks of the investment service and insurance-related product to be provided and of the specific type of financial instrument that is being offered, and consequently to take decisions on an informed basis.

17.3 This information will include details about financial instruments and proposed investment strategies, including appropriate guidance on, and warnings of the risks associated with investments in those instruments or in respect of particular investment strategies. Such information will feature on the relative product prospectus.

17.4 The Bank does not provide you with an ongoing assessment of the suitability or otherwise of the investments recommended or held in your portfolio. The Bank recommends and encourages that you contact your respective Wealth Management Official at least on a yearly basis in order to undertake a full financial planning review of your portfolio including a review of investments. Such review will cover material changes in regards to your investments which were purchased on our advice.

17.5 Liens, right of set-off and security interests risks

Investments/insurance products purchased by you through the Bank can be subject to a lien, power of sale and/or right of set off. In such cases, you face a risk of loss of cash or of such products if the Bank or any relevant third party having such right, enforce their security interest by exercising set-off rights against cash or by liquidating such products.

Please refer to the relevant Prospectus of the Funds and Nominee Terms and Conditions (as may be applicable).

The Bank is also entitled to enforce its security interest, or allow third parties to enforce their security interest, by causing the liquidation of a sufficient number of assets held in your name or on your behalf, without your consent or prior notice to you, where you have granted a pledge over such assets in favour of the Bank or any other third party bank/creditor.

18. Cooling-off Period

Investments

In the case of a remote journey only, You have the right to cancel any new distance contract within fourteen (14) calendar days, from (a) the day of the conclusion of the distance contract or (b) from the day on which You receive the contractual terms and conditions if this is later than the date referred to in paragraph (a), by completing and returning the Notice of Cancellation to the Bank. In this case, the distance contract will be null and void. No benefit can be claimed under such distance contract once the Notification of Cancellation has been sent to the Bank. Any such Notification of Cancellation shall be irrevocable once sent.

The right of cancellation thereunder will not be applicable if:

- financial services whose price depends on fluctuations in the financial market outside the Bank's control, which may occur during the withdrawal period; or
- distance contracts whose performance has been fully completed by both parties at your express request before You exercise the right of withdrawal.

When You exercise the right of withdrawal, You shall be required to pay, without any undue delay, for the service or benefit actually provided by the Bank in accordance with the distance contract. In any case the amount payable by You shall not:

- (a) exceed an amount which is in proportion to the extent of the service already provided in comparison with the full coverage of the distance contract; or
- (b) in any case be such that it could be construed as a penalty.

The Bank shall, without any undue delay and no later than within thirty (30) calendar days, return to You any sums the Bank has received from You in accordance with the distance contract. This period shall begin from the day on which the Bank receives the Notification of Cancellation.

You shall return to the Bank any sums You have received from the Bank without any undue delay and no later than within thirty (30) calendar days. This period shall begin from the day on which You dispatch the Notification of Cancellation.

Protection

In the case of both face to face and remote journey, You have the right to cancel the policy within thirty (30) days from receiving the Statutory Notice (a document the Bank issues which informs You of your right to cancel the Policy during the Cooling-Off Period and for which you are to acknowledge receipt), by completing and returning the Notice of Cancellation to the Bank. In this case the Policy will be null and void. Any Premiums paid will be refunded in full. No benefit can be claimed under such Policy once the Notice of Cancellation has been sent to the Bank. Any such Notice of Cancellation shall be irrevocable once sent.

The Statutory Notice and the right of cancellation thereunder will not be applicable:

- if the policyholder is not an individual person;
- if the Policy has been taken out by the Policyholder in order to obtain credit or loan facilities and evidence of this is attached to the proposal form.

Unit-Linked

In the case of both face to face and remote journey, You have the right to cancel the linked long term contract of insurance within thirty (30) days from receiving the Statutory Notice (a document the Bank issues which informs You of your right to cancel the Policy during the Cooling-Off Period and for which you are to acknowledge receipt), by completing and returning the Notice of Cancellation to the Bank. In this case, the Policy will be null and void. Any Premiums paid will be refunded in full subject to any reduction necessary to reflect downward movements in the Offer Price of Units allocated to Your Policy between the Commencement Date of the Policy and the next Valuation Date following receipt by the Bank of such Notice of Cancellation. No benefit can be claimed under such Policy once the Notice of Cancellation has been sent to the Bank. Any such Notice of Cancellation shall be irrevocable once sent.

The Statutory Notice and the right of cancellation thereunder will not be applicable:

- if the policyholder is not an individual person;
- where the linked long term contract of insurance has already been purchased and You are only effecting an increase in premium.

19. Complaints

19.1 At HSBC, we are committed to providing you with the best customer experience we can. We would like you to let us know, as soon as possible, whenever our service does not meet your expectations so we may promptly address your concerns.

To register a complaint please feel free to contact us by:

- telephone: 2380 2380
- secure Internet Banking Message
- letter addressed as follows:
HSBC Bank Malta p.l.c.
The Customer Relations Manager
Operations Centre
Mill Street
Qormi, QRM3101
Malta
- in person – to the Branch Manager or your respective Wealth Management Official.

19.2 If your concern is not resolved within 48 hours we will send an acknowledgement indicating the timeframe for resolving your complaint.

19.3 Following a detailed investigation, we will provide you with a response to your concern in the agreed upon timeframe, containing details of our investigation, our decision and an explanation on how it was reached.

19.4 If you then feel that your concern has not been dealt with in a satisfactory manner, you may refer the matter to the Arbitrator (see details below) or you may consider instituting civil action:

Office of the Arbitrator for Financial Services
First Floor
St Calcedonius Square
Floriana, FRN 1530
Malta

Freephone number: 8007 2366
Telephone number: 2124 9245
Email: complaint.info@financialarbiter.org.mt
Website: www.financialarbiter.org.mt

Details on how to lodge a complaint may be found on the website noted above.

20. Applicable law & jurisdiction

These terms of business are construed in accordance with the laws of Malta and shall be subject to the jurisdiction of the Maltese Courts.

21. Representations and Warranties

You represent and warrant, now and on a continuing basis throughout the duration of your relationship with us, that:

- You are not under any legal disability which prevents you from entering into this Agreement;
- You are not subject to any law and/or regulation which prevents you from entering into this Agreement and from performing your obligations including purchasing of investment and insurance products recommended/specifically purchased on your own initiative;

- The execution, delivery and performance of this Agreement by you will not violate or conflict with any applicable law and/or regulation;
- You are in compliance with all laws to which you are subject, including, without limitation, all tax laws and regulations, exchange control requirements, and registration requirements; and
- The information provided by you is complete, accurate, up-to-date, and is not misleading in any respect. In the event that the information is not complete, accurate and/or is misleading, you agree to indemnify us against all actions, costs and demands arising from any information provided by you.

22. Client classification

The Markets in Financial Instruments Directive (MiFID), which came into effect on 1st November 2007, introduced a comprehensive regulatory regime covering investment services in Europe and was formulated with the ultimate aim of opening up Europe's capital markets by improving the price transparency of traded financial instruments, while making it easier to execute trades across borders.

If you need any further information on MiFID you can access the MFSA site on <http://www.mfsa.com.mt>.

Under MiFID regulations, your relationship with the Bank has been classified as "Retail".

We will provide services to you on the basis that you are classified as a Retail Client in terms of MiFID.

You have a right to request a different classification and in such case we will inform you if we are able to provide or continue to provide services to you on the basis of your requested different classification.

The provision of investment services can only be given to personal customers (an individual which can be a joint relationship between individuals). There are limited services offered to non-personal customers (a legal person which may be a business entity, clubs, societies etc) i.e. closure of existing investments or switch between funds if an existing investment for a local mutual fund (e.g. income to accumulator or vice-versa). Therefore, no Advice, Non-Advisory services or Execution Only services will be provided to non-personal customers for purchasing investments or top-up to an existing investment.

23. Overseas Residents for Remote journey

The Bank will only allow sales from customers who are located in Malta. In fact, the Services provided by the Bank may not be available in countries where the use thereof is prohibited by local law.

If in doubt, the Client should contact a legal adviser. The Bank will not be responsible for the use of its Services by persons in countries where the use of such Services is prohibited.

The Client hereby agrees to indemnify the Bank in respect of any action, claim or proceeding brought against the Bank as a result of the Client using any of the Bank's services that are prohibited by local law in the Client's country of residence. The Client will remain liable for any costs the Bank may incur in this regard.

24. Amending these terms

24.1 The clauses below set out our rights to change these Terms of Business during the period we are providing you with the Services and the notice we will give you.

24.2 We may only make changes to these Terms of Business during the service for any of the reasons set out below:

- If the change is favourable to you.
- Following or in anticipation of, and to respond to a change in relevant law or regulation or to respond to a change in industry guidance or code of practice or good practice.
- To respond to the making of a relevant recommendation requirement or decision of any Court, Ombudsman, Regulator or similar body.
- To respond to the costs or consequences of any event beyond our control that may impact our provision of accounts, services or facilities to you.

- To respond to any change in our systems or procedures including any change arising from any re-organisation of our business as a result of it being acquired by, or by our acquiring, another Bank or organisation.

24.3 Where we do make a change, the change will be proportionate to the reasons for the change.

24.4 If we reasonably consider that the change is favourable to you or that it has no material impact on you we will not give you any notification of such change. Such changes will be shown in an updated version of our Terms of Business document that can be obtained from any of our branches or through the Bank's Internet site.

For other changes that are material or unfavourable to you we will give you at least 14 days' notice in advance of the change coming into effect. We will provide you with this notice in writing by mail, email or via our Internet Banking.

24.5 When we give you advance notice of a change before the change takes effect, you may end your relationship with us by writing to us before the expiry of such notice.

For any information or details on the content of this booklet, please contact:

HSBC Bank Malta p.l.c.
Wealth Management
HSBC Wealth and Personal Banking
Mill Street
Qormi QRM3101
Malta

Version 9
HSBC Bank Malta p.l.c.
May 2021

Approved and issued by HSBC Bank Malta p.l.c., (116, Archbishop Street, Valletta VLT1444). HSBC is a public limited company regulated by the Malta Financial Services Authority and licensed to carry out the business of banking in terms of the Banking Act (Cap.371 of the Laws of Malta).

HSBC is licensed to conduct investment services in terms of the Investment Services Act (Cap.370 of the Laws of Malta) and is enrolled as a Tied Insurance Intermediary for HSBC Life Assurance (Malta) Ltd under the Insurance Distribution Act (Cap. 487 of the Laws of Malta).

www.hsbc.com.mt

Customer Service: 2380 2380

(Ref No.1112657 – 05/2021).