

Personal Account Dealing Policy

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Document Revision History

Version Number	Revision Date	Updated By	Summary of changes / sections affected
1.0	Sept 2013	HBAU GBM Regulatory Compliance	Reviewed Regional policy to include changes required to meet country-level regulatory requirements.
1.1	Oct 2014	HBAU GBM Regulatory Compliance	Policy version reviewed by internal stakeholders, finalised for RMC for approval.
1.2	Dec 2014	HBAU Regulatory Affairs and Policy	Formatting and General Review

Contents

- 1. Introduction 3
 - 1.1. Scope 3
 - 1.2. Glossary 4
- 2. Part A – Applicable to all employees 8
 - 2.1. Purpose 8
 - 2.2. Application of this Policy 8
 - 2.3. HSBC Staff Dealing Principles..... 9
 - 2.4. Dealing in HSBC Group securities..... 11
 - 2.5. Non - Compliance 11
 - 2.6. HSBC Group Executives Share option schemes (“HSBC option schemes”) and restricted share plan 11
- 3. Part B – Applicable only to employees employed in the areas detailed under “Scope” (Page 3) 12
 - 3.1. Transactions subject to approval 12
 - 3.2. Transactions Exempted 13
 - 3.3. Dealing account arrangement..... 13
 - 3.4. Validity of approved dealing request..... 14
 - 3.5. Authorisation for dealing and dealing procedures..... 14
 - 3.6. Holding Period 14
- 4. Appendices 16

1. Introduction

This document sets out the policy which HSBC Bank Australia Limited (HBAU) employees are required to follow if they wish to deal in Investments to which this policy applies.

1.1. Scope

The Personal Account Dealing Policy (“the Policy”) sets out requirements which are mandatory for all employees in Australia. Employees, including contractors and/or secondees, employed by or seconded to HBAU or The Hongkong and Shanghai Banking Corporation Limited, Sydney branch (HBAP SYH) are subject to this Policy. Where employees are employed by the above entities and are seconded to another HSBC Group company, they are required to observe that local entity's Personal Account Dealing Policy and in all cases the HSBC Group Staff Dealing Principles for the period of secondment. The Policy is separated into two parts as follows:

Part A	Part B
Applicable to all employees	Applicable <u>ONLY</u> to employees in the following areas: <ul style="list-style-type: none">• Markets• Markets Operations• Capital Financing• Banking• HSS• CMB (excluding Business Banking, PCM and GTRF)• Global Asset Management (GAM)• CEO's Office• Finance• Regulatory Compliance and Financial Crime Compliance• Legal• Company Secretariat• Wholesale Risk, including LMU• EXCO members to whom these businesses and functions report• Such other employees/businesses/functions as may be advised by the Head of Regulatory & Financial Crime Compliance from time to time

All personal investments are subject to the HSBC Group Staff Dealing Principles and Rules set out in Part A, section 3. For employees working in the above-listed businesses and functions that are subject to Part B, approval for employees' investment is granted on a case by case basis and requests to invest may be declined for any reason the Bank deems fit. Should this occur, employees may not disclose to anyone that their request to deal has been declined.

This Policy may be amended from time to time. Amendments will be notified to employees by email or circular accordingly.

1.2. Glossary

ADRs

American Depository Receipts

Business Day(s)

Any day which the relevant financial market is open.

Calendar Day

All days in a month, including weekend and holidays.

Confidential Information

Is information which is received in confidence by one part of *HSBC Group*, or information which falls under the terms of a confidentiality agreement, or information in respect of which a duty of confidentiality arises in terms of common law. Confidential information would include, by way of example:

- information disclosed by customers about their own internal affairs;
- information about customers credit lines; or
- information about customers previous or proposed transactions.

Connected Person(s)

is:

- a. an *employee's* spouse or partner, children and other dependents, or any business, personal or domestic relationship where the *employee* has influence over the individual's judgment as to how to invest their property or exercise any rights attaching to their *investments*;
- b. any company or unincorporated body *controlled* by the *employee* and/or other person referred to in (a) above, or in which they have a *significant interest*;
- c. an estate or trust where the *employee* is dealing as personal representative of the estate or as the trustee of a trust in which the *employee* or a related person or company has an interest;
- d. an estate or trust where the *employee* is dealing as a personal representative or as a trustee otherwise than in (c) above, unless the dealing decision is based entirely on the advice of another person from whom it is appropriate to seek advice in the circumstances; and
- e. *employee* dealing for the account of another person unless they do so in the course of their employment with HSBC. This includes dealing for the account of:
 - i. any other relative who shares the same household as the *employee*;
 - ii. any person with whom the *employee* has close links; and
 - iii. any person whose relationship with the *employee* is such that the *employee* has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

Deal

is interpreted widely to mean buying (or an equivalent instruction) and selling (or an equivalent instruction) including, but not limited to, the grant, acceptance, transfer, pledge, charge, lien, assignment or novation, transfer for nil consideration, exercise or discharge of any *investment*, or option in respect of any *investment*, or agreeing to do so. For the purpose of the *PAD Policy this* does not include the taking up of a scrip dividend in lieu of cash or the receipt of scrip/bonus shares.

“Dealing” shall be construed accordingly.

Employee

includes:

- a. workers (whether on a permanent or temporary contract, full-time or part-time and including those on gardening leave);
- b. individuals working under a contract of service/s or otherwise; and
- c. secondees from any *HSBC Group* company;

ETFs

Exchange Traded Funds (open or closed end)

Household Expenses

in relation to FX transactions, include:

- a. the day to day running costs of maintaining an overseas property;
- b. mortgage repayments;
- c. holiday money currency; and
- d. the exchange of currency in order to pay for an overseas educational course etc.

It is recommended that in order to avoid creating unnecessary suspicion into your actions any substantial expenses (which can be referenced by corresponding documentation) are recorded by you and your *Line Manager*. Substantial expenses include for example, a large order of currency to finance the purchase of a property.

HSBC Group

HSBC Holdings plc and all its subsidiaries

HSBC Group Securities

securities issued by any member company of the *HSBC Group* and not just *securities* issued by HSBC Holdings plc itself, together with American Depository Receipts (**ADRs**), warrants, options and other derivatives thereon

Inside Information

Information that is not generally available and, if the information were generally available a reasonable person would expect it to have a material effect on the price or value of a financial products. Such information is sometimes referred to as price sensitive information.

Insiders

Employees with Inside Information

Investments does include:

- Bonds
- Bullion and precious metals
- Contracts for differences
- Dealing in rights
- Depositary receipts
- Derivatives – includes all forms of financial products which includes elements of options, forwards or swaps; or any combination thereof Exchange Traded Funds (ETFs)
- FX including FX Spot, FX Forwards, FX Futures and FX Options (with the exception of FX Spot solely for managing *Household Expenses* as defined in the *PAD Policy*).
- REITs
- Securities (for the avoidance of doubt, comprise shares, debt securities, warrants, depositary receipts, options, futures, contracts for differences and any other instrument capable of being traded or executed)
- Warrants

Investments does not include:

- Certificates of deposit
- Exercise of an option or warrant with the right to release an equity security
- Foreign Currency spot for the purpose of managing household expenses
- Shares in an open-ended investment company (OEIC)
- Structured deposits
- Taking up of a scrip dividend in lieu of cash or the receipt of scrip/bonus shares
- Unit Trusts

Line Manager

is the individual or individuals to whom *you* report, as notified by HR.

Public Information

this covers information that is freely available to the public and employees, things like published press releases and public phone directories.

Restricted Person(s)

a small number of individuals working in the businesses who must follow the "[Code for Dealing in Group Securities](#)" when dealing in *HSBC Group Securities*.

Employees who are "Restricted Persons" are notified of their Restricted Person status which provides guidance as to the procedures to be followed before dealing in *HSBC Group Securities*; this includes compliance with the requirement not to *deal* in any *HSBC Group Securities* without obtaining clearance to *deal* in advance. *Employees* who have not been advised that they are a "Restricted Person" should consider themselves as "Non Restricted"

Significant interest

any investment in an unlisted company or partnership or any other *investment* with a market value in excess of AUD25,000.

2. Part A – Applicable to all employees

2.1. Purpose

This Policy constitutes notice of restrictions as required under the Corporations Act 2001 (“Corps Act”); particularly the insider trading prohibitions (Division 3 Corps Act) and rules on managing conflicts (Corps Act s. 961J).

The Policy is designed to ensure you are aware of the restrictions on your personal account transactions and of the measures established by HSBC in connection with your personal transactions. The Policy is designed to:

- i. Prohibit insider dealing and/or market manipulation;
- ii. Prevent the front running or tailgating of customer orders and/or research recommendations;
- iii. Manage actual, potential or perceived conflicts of interest;
- iv. Avoid dealing on margin in order that employees do not find themselves in serious financial trouble
- v. Reduce the ‘velocity’ of trading (during working hours employees should be working for HSBC and not concentrating on their own financial activities); and
- vi. Discourage speculative dealing

Apart from legal and regulatory obligations, HSBC Group policies also stipulate the requirement to have effective policies in place to manage employees' personal trading. Some of these requirements are outlined in the GSM 5.11, Compliance FIM B2.11, Markets FIM B3.3 and CMB FIM B5.8.

Dealing whilst in possession of inside information or passing inside information to others or procuring others to deal while in possession of inside information are criminal offences.

2.2. Application of this Policy

This Policy applies to all HBAU employees. Any personal investment made by employees is subject to this Policy.

Any Investment made by employees on behalf of the following is also subject to the terms of this Policy:

- a) any other person who has given permission or authority to the employee's member in their personal capacity to invest on his/her behalf. For example, spouse, children, parents, other relatives, cohabitees and friends (Connected Persons);
- b) any company, partnership or other unincorporated body controlled by the employee and/or by any Connected Person(s), or in which the employee or the Connected Person(s) individually or in aggregate has an interest in excess of 50 percent; or
- c) in the employee's capacity as a personal representative of an estate, as an executor or as a trustee of a trust (in or under which there is a significant interest held by employees and/or any associated person (including a company), except, in making the decision to invest, employees are relying entirely on the advice of another

person from whom it is appropriate to seek investment advice in the circumstances.

For the avoidance of doubt all dealings undertaken by Connected Persons are subject to this Policy; unless the Employee confirms that such dealings are managed on an arm's length basis and the Employee has no influence over the decision making for such dealings. (Please refer to the Glossary for the definition of Connected Persons.)

2.3. HSBC Staff Dealing Principles

The guiding principles on which this Policy is based are:

- a) client interests remain paramount at all times and under no circumstances may be prejudiced;
- b) whilst employees are free to manage their own Investments, they should not speculate and/or overtrade which may prejudice the interests of any HSBC Group Company or its clients; and
- c) the HSBC Group's reputation for integrity and honesty is of the highest priority and should be maintained at all time.

The following HSBC Group Staff Dealing Principles and Rules apply to **ALL** employees' investments including transactions which do not require prior approval:

- (a) Employees must not deal or procure advise or cause any other person to deal in any Investment if in possession of inside information or Confidential Information about an issuer. This prohibition applies no matter how the information was obtained, i.e. whether or not the information in possession is a result of his or her employment with the Group.
- (b) Employees must not deal in circumstances which present a conflict of interest with the Group's customers or clients or the employee's duties: -
 - i. Employees whose role is to execute or deal in, or advise on, securities, Investments or financial instruments for clients or for the Group are prohibited from engaging in personal investment in their coverage sector product, e.g. a FX trader should not deal in currencies or related Investments (other than for household expenses, holiday expenditure, or salary repatriation)
 - ii. Employees whose role is not directly involved in executing or dealing, but whose business line carries out such activities, are permitted to request to deal in securities or Investments, subject to submission to Line Management and Regulatory Compliance with appropriate pre- approval arrangements.
 - iii. Research analysts and research associates should not deal in any security in their sector or on which they write or are intending to write.
 - iv. Employees cannot deal in a security in circumstances where he or she know, or should know, that a Group company intends to publish a written recommendation or a piece of research analysis which could reasonably be expected to affect the price of that security.

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- c) Dealing must be for normal investment reasons; speculative dealing e.g. spread betting is not permitted.
 - d) Employees must not deal if such dealing could potentially commit him/her to a financial liability which could not easily be met from readily available funds or which over-stretches his or her financial resources.
 - e) Employees are not permitted to deal on margin or undertake any leveraged trading.
 - f) Employees must not deal if such dealing could affect the employee's good standing or reputation, or the good standing, reputation or best interests of the Group or his/her employing company.
 - g) Employees must not deal in circumstances which affect his or her duties to the Group or to his or her employing company.
 - h) Employees must observe the spirit of these principles and any applicable regulatory requirements or legislation.
 - i) Employees must observe the HSBC Group policy on dealings in HSBC Group Securities as laid down from time to time.
 - j) If employees are prohibited from dealing under any circumstances, he/she must not:
 - i. procure any other person to deal on his or her behalf; or
 - ii. communicate any information or opinion to any other person if they know, or have reason to believe, that the person will, as a result, enter into a transaction, or counsel or procure some other person to do so.
 - k) Employees must comply with the dealing restrictions listed on the Share Dealing Restricted List ("SDRL"), available through the hyperlink – <https://compliance.systems.uk.hsbc/SDRL/>
 - l) The SDRL changes on a regular basis and the onus is on employees to check it prior to any dealing.
 - m) Employees are not permitted to sell short and carry out any transaction which he or she could not settle if call upon to do so.
 - n) Employees should not collude with others for the purpose of creating trading volume or price movement.
 - o) Accounts managed by a discretionary account or investment manager on behalf of employees i.e. where the employee has no involvement in decision making regarding the Investments that enter or leave the account, are exempt from this policy (this principle does not however apply when dealing in HSBC securities, or if the request to deal is from a restricted person).
 - p) New Recruits - For some new recruits, this Policy may conflict with their existing investment strategy. Where new employees maintain Investments and/or positions that conflict with this Policy they should refer to Compliance. In certain circumstances they may be requested to close out such positions within three months of joining

HSBC.

2.4. Dealing in HSBC Group securities

In addition to the requirements in the preceding sections, the Code for Dealing in HSBC Group Securities (“the Code”) imposes additional requirements upon “Restricted Persons” who wish to deal in HSBC Group securities. Restricted Persons are notified of their status directly by HSBC Group Company Secretary.

If you are a "restricted person" as defined in the Code, you are required to comply with the Code in addition to the HSBC Group Staff Dealing Principles and Rules (GSM 5.11). However, in respect of prior authorisation to deal in Group securities, you only need to obtain the usual authorisation from Group Company Secretary or a designated Director as stipulated in paragraph 4(e) of the Code, local authorisation in addition is not required.

If you do not fall within the definition of "restricted person" in the Code, you are still required to comply with this Policy and the Code in relation to dealing in HSBC Group Securities. For those relevant individuals as set out on page three prior approval is also required.

2.5. Non - Compliance

Employees are bound by this Policy and are required to observe it at all times. Breach of any part of this Policy will be considered a serious breach of your terms of employment and disciplinary action (up to and including dismissal) may be taken against you.

2.6. HSBC Group Executives Share option schemes (“HSBC option schemes”) and restricted share plan

There are existing HSBC Share Option Schemes which apply to employees. These schemes includes the Overseas Savings-Related Share Option Schemes or other Share Saving Plan, which can be offered each year to employees who have completed one year service, and the Restricted Share Plan , which is a long-term remuneration plan designed to reward executives of HSBC Holdings plc. and its subsidiaries by way of delivering rewards of HSBC Holdings shares. Participation in these plans is at the discretion of the HSBC Group’s Remuneration Committee.

The exercise of any part of the plans or the receipt of shares under the plans is **NOT** a dealing requiring prior approval for the purposes of this Policy or the Codes governing dealings in HSBC Group securities by employees. **Any subsequent dealing in HSBC shares obtained under these plans requires prior approval according to this Policy and the Code.**

3. Part B – Applicable only to employees employed in the areas detailed under “Scope” (Page 3)

3.1. Transactions subject to approval

Prior approval is required for the following transactions:

- (a) any dealing (including purchase, sale or transfers) in any equity or debt securities (including preferred or convertible securities) of any company or corporation incorporated anywhere in the world whether listed or not, including transactions in any debt securities issued by or on behalf of a government, a government body, a local authority or other public or state owned entity and derivatives in such Investments or any other company.
- (b) any disposal of shares subscribed for under initial public offering (IPO) whether or not approval was required under this Policy to subscribe for the IPO;
- (c) any dealing in any other depositary receipts or certificates representing securities (e.g. ADRs/GDRs or securities similar to ADRs/GDRs);
- (d) subscription of shares pursuant to a rights issue which is beyond the proportional entitlement as an existing shareholder;
- (e) any dealing in derivatives including but not limited to options, warrants, futures or contracts;
- (f) Foreign Exchange Currency Spot Transaction (other than for the purpose of managing household expenses, holiday expenditure and salary repatriation) and derivatives related to FX (FX Forwards, FX Futures and FX Options).
- (g) any dealing in REITs. **Pre-approval required for employees within GBM only.**
- (h) any dealing in Exchange Traded Funds (ETFs). **Pre-approval required for employees within GBM only.**
- (i) dealing in bullion and precious metals. **Pre-approval required for employees within GBM only.**

If an employee is considering an investment and he/she is uncertain as to whether or not approval is required, the employee should contact HBAU Regulatory Compliance for clarification.

Employees should note that dealings in certain securities and derivatives may be prohibited from time to time. A list of prohibited securities and derivatives is contained in the Share Dealing Restricted List <https://compliance.systems.uk.hsbc/SDRL/>. It is the responsibility of the employee to check the SDRL prior to submitting a request for dealing approval.

3.2. Transactions Exempted

For the avoidance of doubt under this Policy, prior approval **is NOT required** for dealing in the following:

- (a) unit trusts and mutual funds;
- (b) the subscription for equity or debt securities under new issues or initial public offering (“IPO”) decided by ballot and under which no part of the allocation to the employee is by way of placement regardless of whether an HSBC Group company is involved in the issuance subject to the following:
 - i. Insiders in the issuance may not subscribe for public tranche of securities or REIT units offering where HBAU is involved as advisor, sponsor, bookrunner underwriter;
 - ii. Insiders must not participate in the placing tranche of securities or REIT units offering where HBAU is involved as advisor, sponsor, bookrunner or underwriter.
 - iii. **Employees** who receive allocation in an IPO should declare details of the allotment as soon as practicable but not later than 2 weeks of receipt of the allotment notice. The 30 day holding period applies for IPO allotment.
- (c) purchase of structured deposit;
- (d) the exercise of an option or warrant with the right to receive an equity security;
- (e) Foreign Currency Spot Transaction for the purpose of managing household expenses, holiday expenditure and salary repatriation;
- (f) certificates of deposit;
- (g) taking up of a scrip dividend in lieu of cash or the receipt of scrip/bonus shares;

Employees may have assets managed on a fully discretionary basis by a professional fund manager PROVIDED THAT in relation to any transaction undertaken for the account, he or she does not give instructions to effect (or advise on) the particular transaction (i.e. the account must be managed entirely at the fund manager’s discretion).

Employees should also note that all scrip/bonus shares taken up are subject to a 30 Calendar day holding period, further details of which are set out in section six below.

3.3. Dealing account arrangement

Employees may deal through a broker, bank or other investment firm if they wish to deal in Investments to which these procedures apply.

It is the responsibility of each employee to ensure Regulatory Compliance receives a copy of contract notes for all deals that are subject to these procedures.

Employees must instruct their broker, bank or investment firm to forward a copy of contract notes directly to Regulatory Compliance.

3.4. Validity of approved dealing request

Approval for a Market Price Order request is valid for 24 hours from the time the request is approved. For clarity, if a request is approved at 11am on day one, the approval will expire at 10.59 the next day. If the order is not executed within this time and the employee still wishes to deal, a new approval to deal must be sought.

Approval for Target Price order request is valid for seven Business Days from the day and the time the request is approved. In this type of order, the executed price should be equal to or better than the approved target price; i.e. the shares should be bought at equal or lower price than the approved target price or they should be sold at equal or higher price than the approved target price.

In instances where a Market Price deal is not completed in 24 hours or a Target Price deal is not completed in 7 Business Days, employees must re-apply for approval.

3.5. Authorisation for dealing and dealing procedures

Employees must seek prior approval from the respective Authorised Person (See Appendix 2). In addition, approval must be obtained from the respective Regulatory Compliance Manager supporting their business area. The relevant dealing request form at Appendix 1A, 1B or 1C must be completed and emailed to “PERSONAL ACCOUNT DEALING HBAU/HBAU/HSBC” for formal approval. Where an Authorised Person wishes to deal, prior approval must be obtained from the CEO and Head of FCC and RC.

Employees may only obtain approval from an assigned Authorised Person or alternatively in the Authorised Person's absence, a person delegated by the Authorised Person ('Approved Delegate'). In any case, approval to deal should not be sought from an employee of equivalent or less senior band. Regulatory Compliance will assist in such instances.

Permission to deal may be declined for any reason HBAU deems fit. You must not disclose to anyone that such refusal has occurred.

Shadow dealing (i.e. investment by employees through a nominee company or through another individual) is **STRICTLY PROHIBITED**.

Following the end of the financial year each employee who falls within the scope of this section must provide a confirmation that:

- a) They are familiar with the obligations under this Policy, and
- b) They have abided by the requirements of this Policy, including obtaining all necessary approvals for any dealing.

3.6. Holding Period

Employees may not sell Investments **within 30 Calendar days of purchase**. A

derivative transaction may not be used to circumvent this holding period rule. In addition, no dealing in derivatives may take place if the derivative is due to expire within one month of the date of the dealing and a derivative position may not be closed within one month of an opening transaction.

The 30 Calendar Day holding period is NOT applicable to:

- (a) shares, or related securities, acquired as a result of an existing holding or interest (e.g. pursuant to a rights or capitalisation issue on a demutualisation, or the sale of shares acquired through the exercise of an option); and the products which are exempted as detailed in section two above.
- (b) securities subscribed for under new issues decided by ballot where no HSBC Group company is involved as adviser, sponsor, bookrunner or underwriter;

Exceptions to the holding period will be considered on a case by case basis and may be granted under exceptional circumstances such as unanticipated significant change in personal financial circumstance and liquidation of investment portfolio with a security held less than 30 days is required. Employees should consult with their Authorised Person and Regulatory Compliance for dispensation in such circumstances. Approval will not be granted due to poor market performance of securities or other Investments.

Employees must consider the holding period requirement when formulating an investment strategy.

4. Appendices

Appendix 1 – Staff Dealing Request Form



Appendix 1A
equities, derivatives,



Appendix 1B
commodities 271114 c



Appendix 1C FX
271114 clean version

Appendix 2 – Authorised Persons



Appendix 2
091214.doc

Appendix 3 – Staff Confirmation



PA Dealing Staff
Confirmation 080814.