

**DISCLOSURE DOCUMENT**  
**NON DISCRETIONARY PORTFOLIO ADVISORY SERVICES**

*(As required under Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993)*

The Disclosure Document (hereinafter referred to as ‘the Document’) has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format, in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993.

The purpose of the Document is to provide essential information about the Non-discretionary Portfolio Management Services (PMS), in a manner, so to assist and enable the investors in making an informed decision for engaging a Portfolio Manager.

The Document gives the necessary information about the Portfolio Manager, required by an investor before investing, and the investor may also be advised to retain the document for future reference.

Details of the Principal Officer

R S Rajagopalan.  
Head of Branch Network, India  
**The Hongkong and Shanghai Banking Corporation Limited**

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This Disclosure Document is dated 04<sup>th</sup> December 2018.

**Portfolio Management Services**  
**The Hongkong and Shanghai Banking Corporation Limited**  
SEBI Registration No: INP000000795

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## 1. Disclaimer

This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 1993, as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of the contents of the Document.

## 2. Definitions

1	Act	The Securities and Exchange Board of India Act, 1992
2	Agreement	Means the Investment Services Agreement between the Customer and the Bank and shall include the Schedules to the Agreement and any supplemental letters or terms and conditions, appendices and accompanying documents, as from time to time amended.
3	Connected Company	Means HSBC Holding Plc and subsidiary thereof.
4	Chartered Accountant	A chartered accountant as defined in The Chartered Accountants Act, 1949 and who has obtained a certificate of practice
5	Customer	Any individual who enters into an Agreement with the Portfolio Manager for provision of non-discretionary portfolio advisory services.
6	Disclosure Document	Shall mean the Disclosure Document issued by the Bank and as specified in Regulation 14 (2) (b) and Schedule V of the SEBI (Portfolio Manager) Regulations and available to the customer in accordance with the same.
7	Portfolio Advisory Services	Means the non-discretionary portfolio advisory services provided by the Bank to the Customer in relation to the Investment Products.
8	Investment Products	Means mutual funds manufactured by a Connected Company or third party fund houses or asset management companies that are selected and considered by the Bank, fit to be offered to the Customer as per the Bank's internal policies and procedures. A list of these products will be available with the Bank and the Customer can check the same on the Bank's website ( <a href="http://www.hsbc.co.in">www.hsbc.co.in</a> ) or by visiting the Bank branch
9	Means of Communications	It means and includes various modes of communication to be used between the Customer and the Bank to communicate their instructions including but not limited to letters, telephone, facsimile transmission/email/internet banking, short message service and/or any kind of digital means of communication.

10	Non-Discretionary Portfolio Advisory Service	Means the service, wherein the Portfolio Manager who, Under agreement with the client, offers Portfolio advisory service and does not exercise any degree of discretion, as to the investments or management of portfolio of the funds of the Client, and who acts solely on instructions given by the Client.
11	Portfolio	It means the Investment Products held by the Customer in line with the Portfolio Advisory Services provided by the Bank and subscribed to by the Customer as per the executed Agreement
12	Profiling	‘Profiling’ means the profiling process comprising of ‘Know Your Customer’ information, risk profile of the Customer, knowledge and experience of the Customer regarding investing in Investment Products, investment goals, financial profile as per the information available with the Bank and availability of emergency funds (as applicable) and a risk profiler; as may be amended by the Customer in writing, from time to time, and which is used by the Bank to ascertain suitable Investment Products for the Customer.
13	Risk-Profiler	Means the questionnaire used as part of the Customer profiling process, to assess the Customer’s attitude towards risk in respect of the Investment Products and as may be amended by the Customer in writing, from time to time.
14	Portfolio Manager	The Hongkong and Shanghai Banking Corporation Limited, India, which has obtained certificate of registration from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, vide Registration no. INP000000795 and providing non-discretionary Portfolio advisory services
15	Principal Officer	Means one who is responsible for the activities of portfolio management and has been designated as the Principal Officer by the Portfolio Manager.
16	Regulations	The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and amendments thereto
17	SEBI	Means the Securities and Exchange Board of India
18	RBI	Means the Reserve Bank of India established under the Reserve Bank of India Act, 1934
19	The Hongkong and Shanghai Banking Corporation (or the Bank or HSBC India)	Means a company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region (HKSAR), having its registered office at 1, Queen’s Road Central, Hong Kong and its India corporate office at 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, acting through its branch / office in India (the “Bank” or “HSBC India”)

### **3. Corporate Profile and Details of Advisory Offering**

#### *3.1. History, Present Business and Background of the Portfolio Manager:*

The origins of The Hongkong and Shanghai Banking Corporation Limited in India dates back to 1853 when the Mercantile Bank of India was established in Mumbai. The Mercantile Bank was bought in 1959 by The Hongkong and Shanghai Banking Corporation Limited.

The Hongkong and Shanghai Banking Corporation Limited in India, offers a full range of banking and financial services. HSBC is one of India's leading financial services groups, with 26 branches and over 36,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India, and a leading international bank for individuals and companies with global aspirations, facilitating their needs with presence in 66 countries. With its extensive reach across Asia, the Americas and Europe, HSBC has the capacity to offer complete banking and financial solutions to India's burgeoning economy. It has also formed a joint venture life insurance company with Canara Bank and Oriental Bank of Commerce.

The Bank has been granted Certificate of Registration as Portfolio Manager, from SEBI, with Registration No. INP000000795.

Besides the Portfolio Management Services, i.e. non-discretionary portfolio advisory services, the Bank also offers a wide range of other products and services to various Customer segments, such as:

- Bank Accounts and Fixed Deposits;
- Debit and Credit Cards;
- Fund and non-fund based loans and advances to corporate and individual Customers;
- Wealth Management Services including distribution of mutual funds, sale of insurance products and referral of third party products;
- Remittance services;
- Foreign exchange services;
- Treasury Services;
- Payments and Cash Management services;
- Factoring Solutions;
- Trade Services;
- Custody and Depository Services;

Given below is a brief summary of the financial performance of the Bank for the last 4 years:

(Rs. in crores)

Year	Deposits	Total Advances	Investments	Gross Earnings	Net Profit	Paid Up Capital	Reserves
2014-15	85,255	46,617	49,721	10,464	1,629	4,499	12,985
2015-16	87,943	54,970	53,425	10,308	1,934	4,499	14,355
2016-17	87,024	46,269	45,907	11,064	2,391	4,499	15,984
2017-18	92,169	51,450	56,428	10,471	2,312	4,499	17,123

### *Promoters of the Portfolio Manager, Directors and their background*

#### 3.1.1. Promoter

The Hongkong and Shanghai Banking Corporation Limited, India is a branch of The Hongkong and Shanghai Banking Corporation Limited. Established in Hong Kong and Shanghai in 1865, The Hongkong and Shanghai Banking Corporation Limited (HBAP) is the founding member of the HSBC Group and its flagship in the Asia-Pacific region. It is the largest bank incorporated in Hong Kong and one of Hong Kong's three note-issuing banks.

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves our customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. HSBC Group serves customers worldwide from approximately 3,800 offices in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,603bn at 30 September 2018, HSBC is one of the world's largest banking and financial services organizations.

#### **The Hongkong and Shanghai Banking Corporation Limited**

*Incorporated in the Hong Kong SAR with limited liability*

Registered Office and Head Office: HSBC Main Building, 1 Queen's Road Central, Hong Kong

3.1.2. Board of Directors of The Hongkong and Shanghai Banking Corporation Limited (HBAP) *As at 15<sup>th</sup> November 2018*

1. John Michael Flint, Chairman
2. L M L Cha\*, Deputy Chairman
3. Z Mody\*, Deputy Chairman
4. P T S Wong, Deputy Chairman and Chief Executive
5. G J Bradley\*,
6. Dr C W C Cheng \*,
7. Dr R K F Ch'ien\*,
8. I Y L Lee\*
9. V T K Li #
10. M M T Yang\*
11. Tan Sri Dr F S P Yeoh\*,
12. Jennifer X Z Li\*
13. Kevin Anthony WESTLEY
14. Cheang Wai Wan Louisa, Chief Executive of Hang Seng Bank Ltd.
15. CHOI, Yiu Kwan
16. QUEK (née CHUA) Bin Hwee#

\* Independent non-executive Director

# Non-executive Director

## **The Hongkong and Shanghai Banking Corporation Limited (India Branches)**

### 3.1.3. Members of Executive Committee of HSBC India as on 31 Oct 2018

#### ***Surendra Rosha: CEO, HSBC India***

Surendra Rosha, Chief Executive Officer of India is responsible for HSBC Group's business in the country. Rosha is a member of Asia Pacific Executive Committee, underlining the importance of the India business within HSBC.

Rosha joined HSBC in 1991, after completing his MBA from IIM Ahmedabad, and has held several senior positions within the Markets business, including Head of Sales for India and Head of Markets for Indonesia.

In his previous role, Rosha was the Head of Financial Institutions Group (FIG) for Asia-Pacific. He was responsible for leading HSBC's origination effort across the integrated FIG franchise in Asia-Pacific.

Outside of work his interests include golf, reading and spending time with his two sons.

#### ***Peter Olive: Chief Risk Officer***

Peter Olive has joined HSBC India as CRO from 1st Nov'2017.

In his previous role, Peter was the Chief Risk Officer for Argentina, a key market for the Group in Latin America, prior to which he was Chief Risk Officer for Kazakhstan. Peter has previously led functional and business portfolios across geographies including Hong Kong, Kuwait, Taiwan, UAE and UK. He is an International Manager with extensive experience across the first and second lines of defence.

Peter is M.A Economics and Politics (Joint Honours) from Edinburgh University

#### ***Hitendra Dave: Head – Global Banking and Markets***

Hitendra Dave, Managing Director, Head of Global Markets, India, is responsible for managing the Foreign Exchange, Fixed Income and Derivatives Sales and Trading businesses. He is also responsible for Balance Sheet Management and Equities businesses for the Bank in India. Hitendra has more than 20 years of experience in the Indian Financial Markets, spanning Fixed Income, Foreign Exchange, Derivatives and Debt Capital Markets.



### ***Abadaan Viccaji: Head - Regulatory Compliance***

Abadaan Viccaji joined HSBC in April 1998 and is responsible for Regulatory Compliance for HSBC India. For the last 19 years in HSBC, he has managed the compliance function for various businesses including Global Banking and Markets, HSBC Securities Services and Commercial Banking before taking over as the Head Compliance in April 2012. The current role has a broad remit and is responsible for leading implementation and management of all aspects of Regulatory Compliance, including impact analysis of regulatory changes and driving coordination and execution of the various Regulatory Compliance work streams and assurance in India. Prior to HSBC, he has worked in the National Stock Exchange of India (NSE) for 3 years.

### ***Amit Moghay: General Counsel***

Amit Moghay qualified as a lawyer from National Law School of India University and joined the HSBC Group in 2003 in the Legal and Compliance function of HSBC Securities and Capital Markets (India) Private Limited. Amit has handled key M&A and advisory transactions, including those for the HSBC Group in India. Amit specializes in banking and commercial law, with strong emphasis on corporate law and structured finance. Amit has been instrumental in driving legal policies, as well as implementing procedures and processes to manage legal risks in India.

### ***N Suresh: Head Financial Crime Compliance***

N Suresh was appointed as the Head Financial Crime Compliance for HSBC India in September 2017.

He has been with HSBC bank for more than 24 years and has held various positions across varied functions and lines of businesses including RBWM, Wealth Management, Business Re-Engineering, Consumer Risk and Operations. In his previous role, he has been Head of Operations for HSBC India before this managing operations covering Payments, FCC, consumer banking, Wholesale banking, KYC/CDD and Supplied services.

The India Head of Financial Crime Compliance is a key strategic risk management leadership role that has a broad remit and responsibilities for providing oversight and management, of all aspects of Financial Crime Risk including impact analysis of regulatory changes, and driving coordination and execution of the various Financial Crime Compliance work streams and assurance across the Bank, while ensuring alignment with Global Standards.

## **Ramakrishnan S: Head Retail Banking & Wealth Management**

Ramakrishnan S was appointed as the Country Head of RBWM effective from 1 June 2015.

Ramakrishnan joined HSBC in November 2010, as Head of Branch Banking in India. He was also on short term assignment in Hong Kong in the role of Head – Sales Management, Global Wealth Sales & Distribution. Prior to HSBC, Ramakrishnan worked with HDFC Bank from 1999 to 2010, where he held various senior positions, including in the areas of Products, Sales and Distribution.

### ***Ranjan Bhattacharya, Head – Strategy & Planning, HSBC India***

Ranjan Bhattacharya is a career HSBC banker having joined HSBC in 2001, with more than 15 years of specialized experience in banking solutions for Financial Institutions and Corporates.

Mr. Bhattacharya heads Strategy & Planning for HSBC in India, a global priority market for HSBC - currently ranked fourth in terms of PBT contribution, amongst more than 70 markets globally.

In his previous role, he was heading the Custody business for HSBC Securities Services in India. He has been involved across multiple leadership roles in HSBC successfully leading strategic initiatives of the bank across both FI and Corporate Customers of HSBC Global Banking and Markets as well as Commercial Banking. With vast exposure across the domains of product management, Customer relationships, sales, business management and service delivery, he is recognized as a subject matter expert in the area of transaction banking solutions in India, and Financial Institutions sector. He has been a speaker in key industry events and contributed to industry publications, supporting HSBC's efforts for market change and investor reforms. He has also led HSBC's services to be recognized by many industry awards and felicitations.

Mr. Bhattacharya has an MBA in Finance and is an associate of the Indian Institute of Bankers. He is a keen supporter of social initiatives and has been a founder member of a Rotary International club in Mumbai.

### ***Rajat Verma: Head - Commercial Banking, India***

Rajat Verma, is the Managing Director and Head of Commercial Banking for The Hongkong and Shanghai Banking Corporation Limited in India which covers a wide spectrum of businesses ranging from large international corporate clients, mid corporates and small businesses.

Prior to this role, he was the MD & Head, Corporate Banking for the Bank in India and has also served stints across different business segments within the Bank. He is a key member of the HSBC India top team and is a member of the Bank's Executive Committee in the country.

Rajat joined HSBC Group in 1997 and has worked across several business verticals which include Personal Banking, Payment & Cash Management, Global Banking and Commercial Banking.

He is an Engineer (BE Electrical) from Delhi University holds an MBA from the Indian Institute of Management, Lucknow with a major in Finance and Marketing.

***Vikram Tandon: Head - Human Resources***

Vikram Tandon is the Head of Human Resources for HSBC in India, and has the responsibility for driving HSBC's People Strategy in India and working towards building a high performance organisation.

Mr. Tandon is a Human Resources professional with 20+ years' experience in the setting up and rapid scaling up of multiple businesses – Life Insurance, General Insurance, Private Equity, Asset Management, Real Estate Development & Investments, Mortgage Guaranty, Consumer Finance, Software Services, Business Process Outsourcing (BPO) and Wealth Management in different geographies across the Mediterranean, Middle East and South Asia region.

Mr. Tandon has experience in leading teams of 150+ H R Professionals and has played a key role in enabling diverse businesses to succeed quickly by acquiring Top Management talent, leveraging Leadership Development & Training and instituting a strong Performance and Accountability orientation. He also has a thorough exposure to Banking, Grocery Retailing, FMCG distribution and Hospitality sectors.

Before taking up his current role in November 2010, Mr. Tandon was the Regional Human Resources Director, Mediterranean, Middle East & South Asia Region for American International Group (AIG).

***Aman H Ullah: Head – Communications***

Aman is currently the Head of Communications, India and joined HSBC in October 2014. Aman is a senior corporate communications professional with over 14 years of experience in the field of communications and image management.

Prior to joining HSBC Aman was head of the Corporate and Finance practice at Perfect Relations, a leading PR consultancy in India. In this role at Perfect Relations, he worked closely with CEOs and Country Heads of leading Indian and international companies, providing media relations, internal communications and issues management advice. Aman started his career in communications with HDFC Ltd.

Aman holds a Master in Financial Management degree from the Jamnalal Bajaj Institute of Management Studies, Mumbai. He also holds a Post graduate Diploma in communications from the Xavier Institute of Communications. Aman is a Commerce graduate from the Mumbai University.

***Massimo Villa Multedo: Chief Financial Officer***

Massimo Villa Multedo is currently Chief Financial Officer (CFO), India having taken up this position in April 2016. Massimo joined HSBC in July 2013. From 2013 to April 2016 Massimo was Head of Business Finance Global Wealth Management and Premier based out of London HSBC Headquarters.

Prior to HSBC, Massimo has worked for GE Capital for more than 15 years. During this time, Massimo held various leadership roles including CFO of GE Capital Italy – a banking Group offering both corporate and consumer products, CFO of GE Capital Commercial Finance UK, and Head of Audit GE Capital Europe.

Massimo graduated with Honors from “La Sapienza” University of Rome with a major in Business Administration.

***Jai Pawani: Chief Operating Officer, India***

Jai Pawani has been appointed as Chief Operating Officer, India effective 1 March 2017.

In his previous role, Jai was COO, Taiwan and also Executive Director of the Board. Prior to that he was COO in Vietnam, heading all technology, operations, professional service and transformation functions and Deputy to the CEO/Country Manager for Vietnam as well as an Executive Member of the Board of HSBC in Vietnam. The countrywide role included overseeing the strategic relationship and providing consultancy from HSBC to the Bao Viet and TechComm Bank from a Technology and Operations perspective.

Jai has worked in various Business, Operations, Technology and Change Leadership roles in HSBC, Hong Kong, leading several successful global/regional programs and projects across Insurance, Wealth Management and Sales and Distribution domains. Jai also brings with him prior business experience in Credit Cards (ANZ, India), Training and Strategy & Planning roles in the Retail business within HSBC (Hong Kong).

Jai holds Masters in Business Administration (MBA) from Melbourne Business School, (University of Melbourne, Australia). Holds a graduate degree in Science from Loyola College, (University of Madras, Chennai, India) and an Advanced Diploma in Systems Management (NIIT, Chennai, India).

***Vinay Mehta: Head of Internal Audit, India***

Vinay Mehta heads a team of 11 auditors who form the Country Audit Team (CAT) in India. The India Country Audit Team (CAT) was formed to comply with the Reserve Bank of India (RBI) requirements and the prime requirement for this team is to fulfil audit work that is required by regulation. The Head of Internal Audit India (INA IND) reports at an entity level to the INM CEO and functionally to the Head of GBL INA Asia Pacific (ASP).

Vinay sits on the Executive Committee of HSBC India. He has recently joined the HSBC Group and was previously with the Royal Bank of Scotland where he held multiple senior roles such as Head of Regulatory Reporting, Product Control and Treasury Finance based out of London and India. During his long stint with RBS/ABN, he has operated in multiple geographies including Gurgaon, Mumbai and Hong Kong in Asia Pacific. Prior to working in RBS, Vinay also worked with the Barclays Group in London and ABN AMRO in the Netherlands and UK.

Vinay is a Chartered Management Accountant from the UK, with a degree in Accounting and Finance from University of London.

Away from work Vinay is a keen sports enthusiast, enjoys traveling and reading.

### **3.2. Group Companies of the Portfolio Manager in India**

Top 10 Group companies/firms basis turnover in accordance with audited financial statements for the financial year ended 31<sup>st</sup> March 2018

<b>SL NO.</b>	<b>Name of Group entity</b>
1	HSBC Electronic Data Processing India Private Limited
2	HSBC Software Development (India) Private Limited
3	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
4	HSBC Securities and Capital Markets (India) Private Limited
5	HSBC Asset Management (India) Private Limited
6	HSBC Invest Direct Financial Services (India) Limited
7	HSBC InvestDirect (India) Limited
8	HSBC Professional Services (India) Private Limited
9	HSBC InvestDirect Employee Welfare Trust
10	HSBC InvestDirect Sales & Marketing (India) Limited

### **3.3. Details of the services being offered: Non-discretionary Portfolio Advisory services / Advisory**

#### **Non-Discretionary Portfolio Advisory Service**

Non-Discretionary Portfolio Advisory services relates to the service whereby, the Portfolio Manager will provide the advice on Investment Products to help the Customer to make investment decisions. The non-discretionary Portfolio Advisory Services will be in the nature that, the Bank may recommend to the Customer such Investment Products, as the Bank reasonably believes to be suitable for the Customer and which are in accordance with the Customer's investment objectives, as derived through the Profiling process undergone

by the Customer. The recommendations will be in the form of portfolio discussions and recommendations shared thereto. The Portfolio Manager's investment professionals will also help the Customer to review his/her portfolio as per the Customer's investment objectives.

The Bank will share reference asset mix or portfolio as per the Customer's risk profile as part of the non-discretionary portfolio advisory services. The reference asset mix gives an illustration of a breakdown of asset mix for the different customer risk profiles indicating ways in which customers falling within a particular risk profile may want to diversify their portfolio. The Bank will review and update the reference asset mix periodically basis external or internal triggers .

With respect to the reference asset mix, the Customer should also note that it is:

- NOT personalized to meet the specific needs or situation of any individual customer;
- NOT binding on the part of customers. Customers must choose an asset mix that works best for them based on their individual circumstances and risk appetite and must make their own decisions in this regard;

The Customer will have to manage funds/ securities held in their name and the Portfolio Manager will not exercise discretion to make investments decisions (according to customer's risk profile and aligning the existing portfolio basis the respective asset mix ) on behalf of the Customer and shall solely act on the instructions given by the Customer. The Bank shall conduct review of the customer's existing portfolio in accordance with the terms of the portfolio advisory services offered by it.

It is important for the Customers to note that for investment products, past performance is not necessarily indicative of likely future performance; the value of the investment products (whether or not based on the advice provided by the Bank) may go up as well as down and it should be acknowledged by the customer that he/she may not get back the initial amount invested. Customers should read the Statement of Additional Information (SAI)/Key Information Memorandum (KIM)/Scheme Information Document (SID) and addendums as applicable, issued from time to time by the manufacturers of investment products carefully before investing.

The following are the characteristics of the service:

**Investment decision**

The Customer will have total discretion to handle his/her portfolio and make investment decisions pertaining to the investment products held in their portfolio.

**Bank and Wealth Management relationship account**

The Portfolio Manager will help the Customer to open a bank account and wealth management relationship in the Customer's name. The Portfolio Manager will act only on the Customer's instructions.

## **Execution services**

Execution Services means the execution of transactions in Investment Products based on instructions from the Customer. The execution services would be segregated from the activities or services rendered in the capacity of a Portfolio Manager/ Adviser.

### Details of Portfolio Advisory Services

1. To enable the Bank to provide Portfolio Advisory Services to the Customer, upon execution of the Agreement, the Customer shall undergo the Profiling process administered by the Bank. Any Portfolio Advisory Services will be provided by the Bank in its discretion and the Bank shall not be compelled to provide any Portfolio Advisory Services to the Customer.
2. Thereupon, the Bank may, but is not obliged to, recommend to the Customers such Investment Products as the Bank reasonably believes to be suitable for the Customer and which are in accordance with the Customer's investment objectives (including the Customer's strategic asset allocation) as stated during Profiling.
3. The Bank may make recommendation on a Portfolio level. The Bank may consider a number of different asset classes with recommended percentage investment allocation for each asset class to match the Customer's risk profile and investment objectives, and then recommend such Investment Products for the relevant asset class.
4. The Bank may also, from time to time, provide updates on Indian financial markets and select investment opportunities to the Customer including information on new or innovative Investment Products. Such updates shall be on a purely informative basis to enable the Customer to take well-informed investment decisions and shall not constitute any 'recommendation' or 'advice' of the Bank.
5. In the event that the Customer proposes to undertake one or more transactions in Investment Products other than those recommended by the Bank or that are not in conformity with his/her responses during Profiling, or in any other mutual fund, the Bank may, at its sole discretion, require the Customer to sign an 'Execution Only' document stating that he/she is not relying on advice from the Bank.
6. Notwithstanding the above, any amounts invested by the Bank on behalf of the Customer in any Investment Product, shall only be undertaken by the Bank upon the Customer issuing specific instructions to the Bank through any Means of Communication as permitted by the Bank from time to time.
7. Notwithstanding anything to the contrary in the Agreement, or any instructions that may be issued by the Customer, the Customer shall take his/her own decision as regards his/her dealing in any Investment Product and the Customer shall not hold the Bank responsible or liable for any 'recommendation' or 'advice' given by the Bank or any transaction undertaken by the Bank on behalf of the Customer pursuant to this Agreement.

8. The Bank shall conduct review of the Customer's Portfolio, as required by the SEBI (Portfolio Manager) Regulations or as mutually agreed between the Customer and the Bank from time to time.
9. The Bank may offer to discuss or review the Portfolio of the Customer prior to the expiry of the review period (as defined in the Agreement) in the event the Bank is of the opinion that market developments, deployment of liquid cash generated etc. or any other relevant factor necessitates a review of the Portfolio of the Customer. Notwithstanding the above, the Bank will not independently monitor the Customer's Portfolio on an ongoing basis and has no obligation to review the Customer's Portfolio on a regular basis. The Customer is responsible for monitoring and reviewing the Portfolio on a regular basis and shall contact the Bank should he/she/it wish to make any changes to thereto.
10. The Bank may contact the Customer on any matter relating to the Customer's investments by any Means of Communications subject to any restriction which the Customer may impose on it; make/receive telephone calls to/from the Customer in connection with Investment Products to be acquired or already held and, in the interests of security, record such telephone calls with the Customer, without the use of a warning tone and use such recording as evidence of the conversations/communications. The Bank may also monitor telephone calls for training purposes, with the objective of improving its service. Any query relating to a confirmation or other written communication sent to the Customer in such respect must be raised immediately by the Customer upon its receipt.
11. Notwithstanding anything to the contrary in the Agreement between the Bank and the Customer or any instructions that may be issued by the Customer from time to time, any Portfolio Advisory Services shall be provided solely at the option of the Bank.
12. All proceeds (upon maturity) of any Investment Product invested by the Bank on behalf of the Customer basis specific customer's instructions shall be credited to the account(s) of the Customer as may be notified to the Bank from time to time.
13. On the redemption of mutual fund investments, in addition to any transaction charges levied by the Bank, a redemption fee and certain tax liabilities may be applicable to the Customer, as detailed in the relevant Investment Product offering memorandum and documentation.
14. The Customer shall seek independent professional/tax advice from his/her financial/tax advisor on matters relating to the Investment Products, as necessary.



**4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.**

***4.1 All cases of penalties imposed by the SEBI or directions issued by SEBI under the Act or Rules or Regulations made there under, the nature of the penalty/direction and penalties imposed for any economic offence and/ or for violation of any securities laws.***

- During last three years, no penalties have been imposed on the Portfolio Manager by SEBI and no material adverse directions have been issued by SEBI under the Act or Rules or Regulations made thereunder. SEBI has though notified the bank to ensure compliance with the provisions of SEBI (Portfolio Managers) Regulations 1992 and the directives/ circulars issued therein, pursuant to observations noted during the inspection carried out by SEBI in the month of March 2017.

***4.2 Any pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any.***

**As on 31<sup>st</sup> October 2018**

There are local court cases by the Bank/Bank's customers in the normal course of banking business.

Other disputes that are pending / settled are:

1. State Consumer Dispute Redressal Commission, Bangalore

Tara Rao

Vs

The Hongkong and Shanghai Banking Corporation Limited & Others

**Still Pending**

2. City Civil Court, Mumbai

Dhanesh Madhusudan Ruparel

Vs

The Hongkong and Shanghai Banking Corporation Limited & Others

**Still Pending**

3. City Civil Court, Mumbai

Nakul Mehta & Avanti Mehta

Vs

The Hongkong and Shanghai Banking Corporation Limited & Others  
**Still Pending**

***Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.***

There has been no deficiency in the systems and operations of the Portfolio Manager, observed by SEBI or any regulatory agency.

***4.3 Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.***

**Enquiries against HSBC Securities and Capital Markets (India) Private Limited**

- SEBI initiated an enquiry against HSBC Securities and Capital Markets (India) Private Limited (“HSCI”) and accordingly issued a Show Cause Notice dated July 30, 2008, calling upon HSCI to show cause as to why further action should not be taken against HSCI, for the violations alleged to have been committed by HSCI under Regulations 25 and 38 of the SEBI (Intermediaries) Regulations, 2008. HSCI had filed a detailed response in this regard on September 10, 2008, and had sought a personal hearing in the matter. Accordingly, submissions were made by HSCI’s counsel at the hearing held on October 6, 2008. Pursuant to the said hearing, SEBI has, vide its letter dated March 4, 2009, informed HSCI of the enquiry officer’s recommendation, i.e. the matter is not a fit case to levy any penalty.
- An enquiry was held under the SEBI (Procedure for Holding Enquiry by the Enquiry Officer and Imposing Penalty) Regulations, 2002, in the matter of a voluntary open offer made by Mr. V.K. Modi, Dr. B.K. Modi, Mod Fashions and Securities Private Limited and Modikem Limited, in concert with Witta International Inc. and Sidh International Limited (collectively the Acquirers) to the shareholders of Modi Rubber Limited. Subsequent to the enquiry officer’s recommendations of a major penalty, a show cause notice dated August 1, 2003, was issued, requiring HSCI to show cause as to why HSCI’s certificate of registration should not be suspended for 6 months. HSCI submitted its reply and sought a personal hearing, wherein submissions were made by HSCI’s counsel at the hearing held on October 9, 2003. SEBI, vide its order dated December 9, 2003, confirmed that HSCI had not acted negligently, and that imposition of a penalty was not warranted.

## **Penalties issued against HSBC Securities and Capital Markets (India) Private Limited**

- SEBI had initiated an enquiry against HSBC Securities and Capital Markets (India) Limited (“HSCI”) under the SEBI (Procedure for Holding Enquiry by the Enquiry Officer and Imposing Penalty) Regulations, 2002, in the matter of the Open Offer made by Global Green Company Limited to the shareholders of Saptarishi Agro Industries Limited in September 2000, under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequent to the enquiry officer’s recommendations of a minor penalty, that HSCI be censured, a show cause notice was issued by SEBI, requiring HSCI to show cause as to why the said penalty should not be imposed. SEBI had subsequently vide its order dated March 7, 2007, imposed a minor penalty of censure on the certificate of registration of HSCI. Thereafter, HSCI appealed against the said order before the Securities Appellate Tribunal, Mumbai on April 23, 2007, wherein SAT upheld the Order passed by SEBI.
- A Show cause Notice was issued to HSCI vide a letter dated June 9, 2000, in the matter of the rights issue of Siemens Limited, in which HSCI was acting as the Lead Manager, requiring HSCI to show cause as to why action should not be taken against HSCI for non-disclosure in the offer document of certain litigations against Siemens Limited, involving ex-employees. Subsequently, SEBI, vide its letter dated September 26, 2000, advised HSCI to be cautious in future assignments.
- SEBI had issued an administrative warning letter dated February 29, 2008, to HSCI in respect of a matter, wherein incorrect Customer codes and Customer type was punched during execution of a trade on behalf of its Customer HSBC Financial Services (Middle East) Limited in the scrip of Anant Raj Industries Limited.
- HSCI was appointed as a manager to the open offer made by India Star (Mauritius) Limited (“India Star”) to the shareholders of Garware Offshore Services Limited, which was completed in 2008. An individual shareholder had filed a complaint with SEBI in January 2012, against India Star, alleging inadequate disclosures with regard to (i) the ultimate shareholders of India Star and (ii) one of the directors who had certain criminal charges pending against him. SEBI had dismissed the complaint stating that the disclosures made during the open offer were in terms of the SEBI Takeover Regulations. Thereafter the complainant filed an appeal before the Securities Appellate Tribunal in November 2012, where HSCI was also inducted as a party. SAT passed an order dated September 3, 2013, directing SEBI to reconsider the complaint but did not express any opinion on the merits of the case. SEBI has passed an order dated November 21, 2014, reprimanding India Star and HSCI for non-disclosures with regard to the ultimate shareholders of India Star. The non-disclosures of litigation against one of the directors has been held to be not required as per the Takeover Regulations.
- SEBI vide its letter dated April 11, 2017 has issued administrative warning to HSCI in regard to record keeping of one of the Qualified Institutional Placement transaction and

maintaining of outward record of documents. Further, SEBI also informed HSCI of initiation of adjudication proceedings under SEBI Act, 1992, in connection with one of the open offer transaction managed by them. HSCI is awaiting further details from SEBI.

### **HSBC Asset Management (India) Pvt. Ltd**

- SEBI issued a Show Cause notice dated August 7, 2009, to the Trustees of the Mutual Fund, Mutual Fund, AMC & CEO, pertaining to the changes made in the Scheme Information Document of HSBC Gilt Fund, via an Addendum. SEBI stated in the said Show Cause notice that the change made to the name, benchmark index and duration of the Scheme would be construed as a change in the fundamental attribute of the Scheme and hence the applicable provisions of the SEBI (Mutual Funds) Regulations, 1996, with respect to the same, should have been complied with. The AMC has, on behalf of the Trustees of the Mutual Fund, the Mutual Fund and CEO, filed its response with relevant supporting documents with SEBI. Subsequently, the personal hearing took place before the Whole Time Member, SEBI. After considering the submissions made by the AMC, the Whole Time Member, SEBI, vide his order dated April 23, 2010, disposed off the show cause notice dated August 7, 2009, and warned the Board Trustees of the Mutual Fund, the Mutual Fund, and of AMC and its CEO that they should strictly comply with the law governing the conduct and business of mutual fund in the securities market.

Against the SEBI Order dated April 23, 2010, two appeals were filed with the Securities Appellate Tribunal (SAT) by certain aggrieved investors of HSBC Gilt Fund.

SAT issued an Order dated May 3, 2011, and July 5, 2012, to the Mutual Fund, Trustees of the Mutual Fund, AMC and CEO of the AMC pertaining to the change effected in modified duration in HSBC Gilt Fund during January 2009. SAT held that the changes brought about in the scheme altered the fundamental attributes of the same, affecting the interest of unitholders. SAT therefore directed the AMC and related parties to comply with regulation 18(15A) of the SEBI Regulations and provide an exit option to the appellants of the case.

An appeal was filed by the AMC against these Orders before the Supreme Court. The Supreme Court, vide its Order dated January 15, 2014, upheld the Order of SAT and dismissed the appeal filed by the AMC. The AMC has complied with the Order of the Supreme Court, read with the SAT Order.

### **HSBC InvestDirect Securities (India) Limited**

HSBC InvestDirect Securities (India) Private Limited has filed an application with SEBI to settle the proceedings initiated vide SEBI Show Cause Notice dated July 30, 2009, for the alleged violations with reference to certain customer transactions in the year 2000/2001. SEBI has subsequently issued Settlement Order no.S0/EFD-2/SD/182/JAN/2018 on January 17, 2018 accepting settlement terms and the matter is considered closed.

## **5. Description of Customer Risk Tolerance and linkage to Investment objectives**

The Investment Objectives are based on the Customers' Risk Tolerance, as generated by the Customer completing the Risk Profiler. There are five levels of risk tolerance defined, depending on the level of risk that the Customer is willing to take. The five levels of risk tolerance from the lower to the higher degree of risk tolerance for the Customer are: **a) Very cautious, b) Cautious, c) Balanced d) Aggressive, and e) Very aggressive.**

### **a) Very Cautious**

The Customer is generally comfortable with achieving minimal level of return potential on his/her investment coupled with minimal risks. Capital values of products that are potentially suitable for the Customer can fluctuate and may fall below the original investment. In normal market conditions fluctuation is expected to be minimal (although this is not guaranteed), and the Customer is comfortable with this level of fluctuation.

### **b) Cautious**

The Customer is generally comfortable with achieving a low level of return potential on his/her investment coupled with a low level of risk. Capital values of products that are potentially suitable for the Customer can fluctuate and may fall below the original investment. In normal market conditions fluctuation is expected to be low (although this is not guaranteed), and the Customer is comfortable with this level of fluctuation.

### **c) Balanced**

The Customer is generally comfortable with achieving a moderate level of return potential on his/her investment coupled with a moderate level of risk. Capital values can fluctuate and may fall below the original investment. Fluctuation is expected to be higher than products that are suitable for investors in lower risk tolerance categories, but not as much as for higher risk tolerance categories.

### **d) Aggressive**

The Customer is generally comfortable with achieving a high level of return potential on his/her investment coupled with high level of risk. Capital values can fluctuate significantly and may fall quite substantially below the original investment. The Customer understands the risk/reward equation, and is comfortable with this level of fluctuation.

### **e) Very Aggressive**

The Customer is generally comfortable with maximizing his/her return potential on investment coupled with maximized risk. Capital values can fluctuate widely and may fall

substantially below the original investment. The Customer understands the risk-reward equation, and is comfortable with this level of fluctuation.

The investment objective, as noted above, is recommendatory in nature and the acceptance of the same is not obligatory on the Customer. The Customer has to judge the same, based on various other factors, which includes but are not limited to risks, returns (not guaranteed), personal objectives etc. on which the Portfolio Manager has no discretion or control and indeed, the Customer may make investment decisions on their own accord, which may be outside of the investment philosophy or investment objective applicable to the Customer.

### **Investment Pattern and Type of Securities**

Based on the investment objective defined by the Customer, and subject to Regulations, including any overseas regulations, that may apply to non-resident Customers, the Portfolio Manager will recommend the Customer to make investment decisions (according to customer's risk profile and aligning the existing portfolio basis the respective asset mix ) in any of the Investment Products, as defined hereinabove. The Portfolio Manager may recommend to the Customer such Investment Products as the Portfolio Manager reasonably believes to be suitable for the Customer and which are in accordance with the Customer's investment objectives, as stated in the Profiling process undergone by the Customer. The recommendations will be in the form of portfolio discussions and proposals such that the recommendations will provide the rationale for investment decisions (according to customer's risk profile and aligning the existing portfolio basis the respective asset mix ) of a particular Investment Product.

## **6. Risk factors**

### **General Risk Factors**

- Investment Products are subject to market risks and the Portfolio Manager does not, in any manner whatsoever, assure or guarantee that the objectives of the Services will be achieved.
- The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios by the Customer, or any investment advice provided to the Customer.
- The value of the Portfolio can go up or down depending on the factors and forces affecting the capital market and the Bank is not responsible or liable for losses resulting from the operations of the Portfolio by the Customer.
- The Customer shall not question any act, deed, omission or commission of the Bank under this Agreement, taken in good faith except on grounds of malafide, negligence, conflict of interest and/or fraud.

- All the risks arising out of loss or damage occasioned, including but not limited to market conditions, force majeure circumstance, delay or refusal by a company or corporation or other authorities including government authorities to register the transfer of any of the securities in respect of the Customer's account, the securities which are purchased and refused to be transferred in the name of the Customer, by the company or corporation concerned, will be at the sole risk and responsibility of the Customer concerned.
- The Customer agrees and undertakes to furnish any information, papers and documents as may be required by the Bank in connection with tax incidence or implications and also for the proper operation of the Customer's account thereto.
- Customers under the Services are not being offered any guaranteed/ assured returns.
- The Non-Discretionary Portfolio Advisory Service is subject to risk arising from the investment objective, investment strategy and asset allocation selected by the Customer.
- The Non-Discretionary Portfolio Advisory Service is subject to risk arising out of non-diversification when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments so as to spread the individual risk of the investment across a basket of investments in the portfolio.
- The Customer understands and acknowledges that past performance is not necessarily indicative of likely future performance.
- The values of the Customer's Portfolio may be affected by changes in the general market conditions, factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- The Bank does not provide any warranty (express or implied) as to the appreciation in the value of the Investment Products in which the Bank provides Portfolio Advisory Services.
- The tax benefits described in this Disclosure Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the Portfolio Manager regarding the law and practice in force in India and the Customers should be aware that the relevant fiscal rules or their interpretation may change and will not be applicable to the customers not resident in India. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will endure

indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.

- Prospective investors should review / study this Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their portfolio, acquisition, holding, capitalization, disposal (sale, transfer or conversion into money) of portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding portfolio of securities before making an investment.
- Investments are subject to certain risks viz. limited liquidity in the market, settlement risk, impeding readjustment of portfolio composition, highly volatile stock markets in India, etc. Such loss could arise due to factors which, by way of illustration, include, default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, or disputes raised by third parties. Mis-judgment by the Portfolio Manager or his incapacitation due to any reason, however remote, is also a risk. Thus, the investment in Indian capital markets involves an above average risk for investors, compared with other types of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income there from falling as well as rising, depending upon the market situation. There is also a risk of total loss of value of a security and possibilities of recovery of loss in investments only through legal process.
- The investments made are subject to external risks such as war, natural calamities, policy changes of local/international markets etc., beyond the control of the Bank which affects stock markets.
- Any policy change / technology change / obsolescence of technology would affect the investments made in a particular industry.
- The Customer has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document before entering into the Agreement.
- The value of the Customer's Portfolio may increase or decrease depending upon various market forces affecting the capital markets



- **Mutual Fund Risk:** The investment products offered by the Bank as part of the Portfolio advisory services comprise of those mutual funds and/or schemes of mutual funds that are established and/or managed by asset management companies registered in India, in accordance with the Bank's internal policies and procedures, a list of which will be available with the Bank and may be accessed by the Customer through the Bank's website ([www.hsbc.co.in](http://www.hsbc.co.in)) or by visiting any HSBC Bank branch. It is therefore important for the Customer to note the risk arising from investing in units of mutual funds as mentioned specifically here. The other risks associated with investment products have been explained in the rest of the section. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. In addition, events like change in name of the Fund Manager of the Scheme, take over and mergers of mutual funds, foreclosure of Schemes or plans, change in government policies could affect performance of the investment in mutual fund units.
- **Macro-economic risks:** Overall economic slowdown, unanticipated corporate performance, environmental or political problems, changes to government policies and regulations with regard to industry and exports may have direct or indirect impact on the investments, and consequently on the growth of the investments held in the Portfolio of the Customer.
- **Liquidity Risks:** Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investment product's underlying investments. Transacting may become difficult due to extreme volatility in the market resulting in constriction in volumes.  
The liquidity of the Customer's portfolio investments is inherently restricted by transaction volumes in the investment products in which the investment is made.
- **Credit Risk:** Debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations. The investment products also face reinvestment risk, which refers to the interest rate levels at which cash flows received for the securities in the investment products are reinvested. Investments in debt instruments are subject to reinvestment risks, as interest rates prevailing on interest or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
- **Interest Rate Risk:** Customers intending to invest in securities linked to interest are aware that such products are associated with movements in interest rate, which depend on various factors, such as government borrowing, inflation, economic performance, etc. The value of investment will appreciate/depreciate if the interest rates fall/rise. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. Acts of state, or sovereign action, acts of nature, acts of war, civil disturbance, etc., may also cause the interest rate to fluctuate and accordingly impact the market value of fixed income investments.

- **Legal Risk:** The Customer stands the risk of total loss of value of an asset, which forms part of the Portfolio. The Customer also bears the risk of its recovery through legal process, which could be expensive. Some of the risks, by way of illustration, include default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, or disputes raised by third parties.
- **Derivative risks:** Derivatives will entail a counter party risk to the extent of amount that can become due from the party. The cost of the hedge can be higher than the adverse impact of market movements. An exposure to derivatives can also limit the profits from a genuine investment transaction. Efficiency of a derivatives market depends on the developments of a liquid and efficient market for underlying securities and also on the suitable and acceptable benchmarks.
- **Price/Volatility Risk:** Equity Markets can show large fluctuations in prices, even in short periods of time. Investors should be aware of this and only invest in equity or equity related products if their investment horizon is long enough to support these important price movements.
- **Conflict of Interest:** HSBC is subject to conflicts of interest relating to portfolio advisory, execution and settlement services on account of the various HSBC group entities that may be involved in conflicting activities.

HSBC Asset Management is an investment manager offering a variety of mutual fund schemes. The Bank maintains an arms-length relationship with the Asset Management entity. The Bank may or may not advise on investing in funds offered by HSBC Asset Management based on its independent analysis and suitability for its Customers.

HSBC may be involved in a public offering of securities of various companies, providing investment banking services or market making in securities on which advisory is provided. Disclosures of any conflicts shall be made to Customers appropriately.

- HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Portfolio advisory business. Information barrier procedures are in place between the Investment Banking and Retail Banking and Wealth Management businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.

**General Risk Factors – Disclaimer:** *The investment pattern, as advised by the Portfolio Manager, should not be construed as an offer or recommendation or solicitation of any offer to buy or sell or hold any security or other financial instruments. The material/information contained herein is not to be construed as tax, investment professional or legal advice. In the event that a Customer seeks to invest his/her funds on the basis of the advice of the Portfolio Manager, the Customer must do so at his/her sole risk and must consult with his/her own legal, business, professional and tax advisors to*

*determine the appropriateness and the consequences of such an investment and arrive at an independent evaluation of the same. HSBC shall not, in any manner, be liable for the consequences arising out of such investment made by the Customer. The Customer assumes the entire risk of any use made of the statement/material/information enclosed/provided herein. HSBC and its employees/agents are not, in any way, representing as to having any interest therein and to the truth, and/or completeness, and/or accuracy of any information contained herein/attached here with and the same is subject to change without notice or intimation and is intended only for the person or entity to which it is addressed to, and may contain confidential and/or privileged material, and is not for any type of circulation. It may not (directly or indirectly) be reproduced, further distributed to any person or published, in whole or in part, for any purpose whatsoever. The investment patterns, as advised, may not be suitable for all investors. Customers/Investors who undertake multiple and frequent transactions in their portfolio, based on their Portfolio Manager's advice, shall be doing so entirely at their own risk and HSBC and its Employees/Agents shall not be liable for the same. On the redemption of mutual fund investments, in addition to any transaction charges charged by the Bank, a redemption fee and certain tax liabilities may be applicable to the customer/investor, as detailed in the relevant Investment Product offering memorandum and documentation. Customer/Investor should seek independent legal, business, tax and financial advice prior to undertaking the redemption transaction.*

## **7. Customer Representation**

<b>7.1 Category of Customers</b>	<b>No. of Customers</b>	<b>Portfolio Under Advice (Rs. Cr)</b>	<b>Discretionary/ Non Discretionary (if available)</b>
<b>Associates / Group companies</b>			
As at 30 September 2018	0	0	NA
As at 31 May 2018	0	0	NA
As at 30 September 2017	0	0	NA
As at 31 May 2017	0	0	NA
As at 30 November 2016	1	INR 169 CR	Non-Discretionary Portfolio Advisory Services
As at 30 September 2016	1	INR 352 CR	Non-Discretionary Portfolio Advisory Services
As at 31 March 2016	1	INR 410 CR	Non-Discretionary Portfolio Advisory Services
As at 30 September 2015	1	INR 394 CR	Non-Discretionary Portfolio Advisory Services
As at 31 March 2015	1	INR 382 CR	Non-Discretionary Portfolio Advisory Services

<b>Others</b>			
As at 30 September 2018	915	INR 2,355 CR	Non-Discretionary Portfolio Advisory Services
As at 31 May 2018	803	INR 1,646 CR	Non-Discretionary Portfolio Advisory Services
As at 30 September 2017	611	INR 1,760 CR	Non-Discretionary Portfolio Advisory Services
As at 31 May 2017	564	INR 1,329 CR	Non-Discretionary Portfolio Advisory Services
As at 30 November 2016	1029	INR 36,980 CR	Non-Discretionary Portfolio Advisory Services
As at 30 September 2016	1038	INR 37,731 CR	Non-Discretionary Portfolio Advisory Services
As at 31 March 2016	1061	INR 32,393 CR	Non-Discretionary Portfolio Advisory Services
As at 30 September 2015	1101	INR 31,947 CR	Non-Discretionary Portfolio Advisory Services
As at 31 March 2015	1120	INR 31,962 CR	Non-Discretionary Portfolio Advisory Services

**7.2. Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.**

Please refer Annexure I

**8. Financial Performance of the Portfolio Manager (based on audited financial statements)**

**Balance Sheet**

(Currency: Indian rupees in thousands)

	2017-18	2016-17	2015-16
<b>A) CAPITAL AND LIABILITIES</b>			
Capital	44,991,660	44,991,660	44,991,660
Reserves and surplus	171,232,242	159,836,826	143,549,223
Deposits	921,692,963	870,241,644	879,438,211
Borrowings	208,747,639	78,639,978	195,223,095
Other liabilities and provisions	97,583,377	151,042,036	146,374,359
<b>TOTAL</b>	<b>1,444,247,881</b>	<b>1,304,752,144</b>	<b>1,409,576,548</b>
<b>B) ASSETS</b>			

Cash and balances with Reserve Bank of India	42,929,466	36,500,868	35,037,076
Balances with banks and money at call and short notice	204,551,317	193,781,677	148,574,504
Investments	564,286,509	459,072,761	534,254,728
Advances	514,504,291	462,691,694	549,702,670
Fixed assets	7,657,960	8,333,651	11,226,759
Other assets	110,318,338	144,371,493	130,780,811
<b>TOTAL</b>	<b>1,444,247,881</b>	<b>1,304,752,144</b>	<b>1,409,576,548</b>
Contingent liabilities	9,649,050,867	7,690,878,553	7,762,988,676
Bills for collection	255,442,649	353,920,276	164,985,072

### Profit and Loss

(Currency: Indian rupees in thousands)

	2017-18	2016-17	2015-16
<b>INCOME</b>			
Interest earned	87,696,878	87,918,397	84,779,541
Other income	17,017,399	22,729,389	18,302,650
<b>TOTAL</b>	<b>104,714,277</b>	<b>110,647,786</b>	<b>103,082,191</b>
<b>EXPENDITURE</b>			
Interest expended	35,535,128	39,776,083	41,267,616
Operating expenses	26,434,288	28,277,344	26,999,042
Provisions and contingencies	19,618,140	18,681,570	15,474,345
<b>TOTAL</b>	<b>81,587,556</b>	<b>86,734,997</b>	<b>83,741,003</b>
<b>Net profit for the year</b>	<b>23,126,721</b>	<b>23,912,789</b>	<b>19,341,188</b>
Profit brought forward	17,288,888	13,059,837	11,833,323
<b>TOTAL</b>	<b>40,415,609</b>	<b>36,972,626</b>	<b>31,174,511</b>
<b>APPROPRIATIONS</b>			
Transfer to statutory reserve	5,781,680	5,978,197	4,835,297
Transfer to (from) investment reserve	(298,782)	(153,023)	(38)
Transfer to specific reserve	284,036	209,985	181,152
Transfer to Remittable Surplus retained in India for Capital to	-	6,529,919	5,916,662

Risk-weighted Assets Ratio (CRAR) requirements			
Profit Remitted to Head Office	11,260,253	6,529,918	5,916,661
Transfer to Capital Reserve - Surplus on sale of immovable properties	-	588,742	1,264,940
Balance carried over to balance sheet	23,388,422	17,288,888	13,059,837
<b>TOTAL</b>	<b>40,415,609</b>	<b>36,972,626</b>	<b>31,174,511</b>

## 9. Nature of expenses

The following are the general costs and expenses to be borne by the Customer availing the services of the Portfolio Manager.

Mutual Fund Advisory Fees	AUM based Charges: Subject to a maximum of 1.2% levied on the monthly average Equity AUM held by the customer plus any applicable governmental taxes and levies chargeable (or as agreed between the Bank and the Customer)
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Note: The Bank also receives upfront and trail commissions from third party providers for investment in Investment products Disclosures of the fees / commissions is available on the Bank's website <http://www.hsbc.co.in/1/2/personal/wealth-management>

## 10. Taxation Implications and Benefits for Customers-Discloses the implications of investments in securities and the tax provisions on Income/ Loss or Tax Deduction at Source on various investors.

It may be noted that the information given hereinafter is only for general information purposes and is based on the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the scheme/option will be accepted by the tax authorities or will continue to be accepted by them indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Portfolio Manager to induce any investor to invest, whether directly from the Portfolio Manager or indirectly from any other persons, by the secondary market operations. In view of the above, and since the individual nature of tax consequence may differ, in each case on, its merits and facts, each investor is advised to consult his/her or its own professional tax advisor with respect to the specific tax

implications arising out of its particular portfolio or investment transactions made, as an investor.

**In view of the above, it is advised that the investors appropriately consult their investment/tax advisors in this regard –**

**i. General**

In view of the individual nature of tax consequences, each customer is advised to consult his or her tax advisor with respect to the specific consequences to him/her for the investment transactions or portfolio. The following provisions are as per the existing Income-Tax Act, 1961 (“the Act”). The Portfolio Manager shall not be responsible for assisting in or completing the fulfillment of the customers’ tax obligations.

**Tax deduction at source**

If any tax is required to be withheld on account of any present or future legislation, the payer will be obliged to act in accordance with the regulatory requirement in this regard.

**Advance tax installment obligations**

It will be the responsibility of the customer to meet the advance tax obligation installments payable on the due dates under the Act.

**ii. Interest on Securities**

Income by way of interest on securities will be taxed at the slab rates applicable to the assessee under the head “Income from other sources”

**iii. Dividend**

Dividends declared, distributed or paid on or after April 1, 2003, by domestic companies will be exempt in the hands of the shareholder recipient in case the investor is domestic corporate.

In case investor is resident individual, Hindu undivided family and firms, dividend income exceeding Rs. 10 lacs is taxable at the rate of 10 percent in the hands of the investor.

Further, tax on distributed profits of 15 percent (as increased by surcharge and education cess will be payable by the domestic company declaring and distributing the dividend.

Income distributed on or after April 1, 2003, by a mutual fund specified u/s 10(23D) of the Act will be exempt in the hands of the unit holders, but a tax on distributed income will be paid as under:

In case of distribution by an equity oriented funds

- There is 10 percent tax on distribution of income by mutual fund in case of equity oriented funds.

In case of distribution by a Debt fund, money market mutual fund or a liquid fund:

- 25 per cent when income is distributed to any person being individual or Hindu Undivided Family and NRI; and
- 30 per cent when income is distributed to any other person and Foreign Company,

With effect from 1 October 2014, the rates mentioned above would be grossed up.

Further, the tax on such distribution will be increased by surcharge @12 per cent and further increased by the health and education cess @ 4 per cent

#### **iv. Capital Gains Tax**

Profit on sale of investments, (being a security other than a unit) listed in a recognized stock exchange in India] or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or [a unit of an equity oriented fund] or a zero coupon bond) held for a period of more than 12 months (24 months in the case of unlisted shares of a company, 36 months in case of any other investments) immediately preceding the date of transfer, will be treated as long term capital gains; in all other cases, it would be treated as short-term capital gains. The taxability of long-term and short-term capital gains is discussed below:

##### A. Transactions in securities on recognized stock exchange and in units of an equity oriented fund:

#### **Long term Capital Gain**

Long term capital gains on sale of equity share in a company and on units of an equity oriented fund are taxable at the rate of 10 percent (plus surcharge and education cess wherever applicable) when the transactions for purchase and sale take place on recognized stock exchanges and are subject to the Securities Transactions Tax (“STT”).

Such long term Capital Gains arising to a company shall be taken into account in computing the book profit and income tax payable u/s 115JB of the Act.

#### **Short term Capital Gain**

Short term capital gains on sale of listed securities and units of an equity oriented fund are taxable at the rate of 15 percent (plus surcharge and education cess wherever applicable) ,when the transactions for sale take place on recognized stock exchanges and are subject to the STT

##### B. Transactions in Other Securities or transactions not on recognized stock exchanges



## **Long term Capital Gain**

On Long-term Capital Gains in respect of

- unit of Mutual Fund (other than equity oriented mutual fund irrespective of the fact that whether listed in a recognized stock exchange or not); or
- Unlisted securities (means other than listed securities).

### For Domestic Companies:

Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, @ 20 percent<sup>^</sup> with indexation. However, indexation cannot be availed on debentures. Further listed securities (other than a unit or zero coupon bond) can be taxed at 10% without indexation.

### For Resident Individuals and HUFs :

Long-term Capital Gains will be chargeable under Section 112 of the Income-tax Act, 1961, @ 20 percent<sup>^</sup> with indexation. However, indexation cannot be availed on debentures. Further listed securities (other than a unit or zero coupon bond) can be taxed at 10 per cent without indexation.

Where the taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be charged at the flat rate of 20 percent<sup>^</sup> with indexation.

### For NRIs:

Long-term capital gains on sale of unlisted securities will be taxed at the rate of 10 percent<sup>^</sup>. However, no benefit of Cost Inflation Index will be available and the requirement of computation of gains in foreign exchange will not apply.

However, Long Term Capital Gains (other than unlisted securities) are taxable @ 20 percent<sup>^</sup> with indexation.

These are the tax rates applicable to capital gains, in case the rate of tax is lower than 20 per cent and if the NRI does not have a Permanent Account Number, then for the purpose of TDS, the withholding tax rate would be 20 per cent.

The tax rates are subject to DTAA benefits available to NRIs.

*<sup>^</sup> Plus applicable surcharge, if any and health and education cess at 4 percent on tax and surcharge, if any.*

*A surcharge of 10 percent will be applicable in case the total income of the individual/HUF and NRI exceeds 50 lacs but less than 1 crore and 15 per cent will be applicable to the capital gains tax rate in case the total income of the Individual / HUF and NRI exceeds INR 1 Crore.*

*In the case of a non-domestic company, surcharge of 2 per cent will be levied if the total income exceeds Rs. INR 1 Crore but less than 10 crore and 5 per cent if the total income exceeds INR 10 Crore.*

**v. Securities Transaction Tax**

STT is levied on the value of taxable securities transactions as follows:

<b>Sr. No.</b>	<b>Taxable securities transaction</b>	<b>Rate (per cent)</b>	<b>Payable by</b>
<b>1.</b>	Purchase of an equity share in a company where (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share	0.1	<i>Purchaser</i>
<b>2.</b>	Purchase of a unit of an equity oriented mutual fund, where (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for the purchase of such unit is settled by the actual delivery or transfer of such unit	Nil	<i>Purchaser</i>
<b>3.</b>	Sale of an equity share in a company where - (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such share is settled by the actual delivery or transfer of such share	0.1	Seller
	Sale of an units of an equity oriented mutual fund where - a) the transaction of such sale is entered into in a recognized stock exchange; and b) the contract for the sale of such unit is settled by the actual delivery or transfer of such units	0.001	Seller
	Sale of an equity share in a company or a unit of an equity oriented fund, where – (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit	0.025	Seller

## **11. Foreign Account Tax Compliance Act (FATCA)**

The Hiring Incentives to Restore Employment Act (the “Hire Act”) was signed into US law in March 2010. It includes provisions generally known as FATCA. The intention of these is that details of U.S. investors holding assets outside the US will be reported by financial institutions to the IRS, as a safeguard against U.S. tax evasion. As a result of the Hire Act, and to discourage non-U.S. financial institutions from staying outside this regime, financial institutions that do not enter and comply with the regime will be subject to a 30% penalty withholding tax with respect to certain U.S. source income (including dividends) and gross proceeds from the sale or other disposal of property that can produce U.S. source income. Sections 1471 through 1474 of the U.S. Internal Revenue Code impose a 30% withholding tax on certain payments to a foreign financial institution (“FFI”) if that FFI is not compliant with FATCA. The Company is a FFI and thus, subject to FATCA. Beginning 1 July 2014\*, this withholding tax applies to payments to the Company that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation) and beginning on 1 January 2017, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments. These FATCA withholding taxes may be imposed on payments to the Company unless (i) the Company becomes FATCA compliant pursuant to the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder, or (ii) the Company is subject to an appropriate Intergovernmental Agreement (“IGA”) to improve international tax compliance and to implement FATCA. The Company intends to comply with FATCA in good time to ensure that none of its income is subject to FATCA withholding.

\* or such date as may be applicable

The IGA between India and USA was signed on 9th July, 2015. It provides that the Indian FIs will provide necessary information to the Indian tax authorities, which will then be transmitted to USA periodically.

To combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad requiring cooperation amongst tax authorities, the G20 and OECD countries working together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). India has also signed a Multilateral Competent Authority Agreement on June 3, 2015, to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters under the Common Reporting Standard (CRS). Further, India has notified Income Tax rules for compliance with FATCA and CRS regulations. The Portfolio Manager intends to take any measures that may be required to ensure compliance under the terms of the IGA and local regulations. In order to comply with its FATCA/CRS obligations, the Company will be required to obtain certain information from its investors so as to ascertain their reportable status under FATCA/CRS. If the investor is a reportable person or does not provide the requisite documentation, the Company may need to report information on these investors to the appropriate tax authority, as far as legally permitted. If an investor or an intermediary through which it holds its interest in the Company either fails to provide the Company, its agents or authorised representatives with any correct, complete and accurate information

that may be required for the Company to comply with FATCA/CRS or is a NPFFI, the investor may be subject to reporting and the relevant information on payments of US source income to such investor would need to be provided to upstream payer's to enable withholding to occur, may be compelled to block the customer's account in the Company. The Company may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Company deems appropriate or necessary to comply with FATCA/CRS, subject to this being legally permitted under the IGA or the Indian laws and regulations. Investors should consult their own tax advisors regarding the FATCA/CRS requirements with respect to their own situation. In particular, investors who hold their Units through intermediaries should confirm the FATCA/CRS compliance status of those intermediaries to ensure that they do not suffer FATCA/CRS reporting on their investment returns.

*Disclaimer: The above is only a summary; the Customer should take proper advice on the above matters through a qualified Chartered Accountant/Tax Practitioner."*

## **12. Accounting Policies**

The service envisages Non-Discretionary Portfolio Advisory Service and hence, the portfolio transaction per se will not be reflected in the books of the Portfolio Manager. However, the fee-based income of the Portfolio Manager will be accounted based on the guidelines issued from time to time by Reserve Bank of India/Securities Exchange Board of India/Institute of Chartered Accountants of India.

## **13. Investor Services**

**Where the customer has any grievances, he/she/it should promptly notify the same to the Bank in writing giving sufficient details to enable the Bank to take necessary steps. The Bank, on receipt of any such grievances, shall take prompt action to redress the same.**

*13.1 Name, address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints.*

### **Name of the Investor Relations Officer**

Rashmi Vivek

Chief Nodal Officer

The Hongkong and Shanghai Banking Corporation NESCO - IT Park Bldg 3,

9th Flr, Nesco Complex, Western Express Highway, Goregaon (East)

Mumbai – 400063.

Email: [pnohsbcbank@hsbc.co.in](mailto:pnohsbcbank@hsbc.co.in)

You may also contact the Nodal Officer Team between 09:30 AM to 06:00 PM, Monday to Friday on contact number: +91 44 - 4594 1217, +91 44 – 3911 1217, fax number: +91-44-30134046

## **Grievance Redressal and dispute settlement mechanism**

The Portfolio Manager shall attend to and address any customer query or concern as soon as possible to mutual satisfaction.

### **Mechanism**

The Bank has a robust mechanism to address the customer concerns. For detailed information on the Bank's grievance redressal policy, you may visit the following link- <http://www.hsbc.co.in/1/2/miscellaneous/grievance-redressal>

As per the terms of Investment Service Agreement any dispute, controversy or claims arising out of, or relating to, agreement or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996. The arbitral tribunal shall comprise of a sole arbitrator appointed by the Bank. The place of arbitration shall be Mumbai and any award whether interim or final, shall be made, and shall be deemed for all purposes between the Parties to be made, in Mumbai. The arbitral procedure shall be conducted in the English language and any award or awards shall be rendered in English. The procedural law of the arbitration shall be Indian law.

### 13.2 SEBI Scores Platform

SEBI has launched a centralized web based complaints redress systems (SCORES), which enables investors to lodge and follow up their complaints and tracks the status of redressal of such complaints from anywhere. This also enables the Portfolio Manager to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing.

For your information, Scores can be accessed at: <http://scores.gov.in/>

For and on behalf of

**The Hongkong and Shanghai Banking Corporation Limited**

**Name:**

**Designation:**

**Signature:**

**Name:**

**Designation:**

**Signature:**

**Date:**

**Place: Mumbai**

## Annexure I

### ***Related parties***

The related parties of the Bank are broadly classified as follows:

#### ***a) Parent***

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong is the Head office of the Bank and HSBC Holdings plc is the ultimate holding company of the Bank.

#### ***b) Branch Offices***

Branch offices comprises all branches of The Hongkong and Shanghai Banking Corporation Limited outside India.

#### ***c) Fellow subsidiaries***

Fellow subsidiaries comprises companies, which have a common ultimate holding company, HSBC Holdings plc. These are as follows:

HSBC Bank plc  
Hang Seng Bank Limited  
HSBC Bank Brasil S.A – Banco Multiplo  
HSBC Global Operations Company Limited  
HSBC Private Equity Management (Mauritius) Limited (Liaison office)  
HSBC Bank of Middle East  
HSBC Bank Canada  
HSBC Private Banking Holdings (Suisse) SA  
HSBC Republic Bank (UK) Ltd.  
HSBC Bank Malaysia Berhad  
HSBC Trinkaus and Burkhardt AG  
HSBC Bank Mauritius Limited  
HSBC Bank Australia Ltd  
HSBC Bank Argentina S.A.  
HSBC Bank Egypt S.A.E.  
HSBC Bank Kazakhstan  
HSBC Bank International Limited  
HSBC France  
HSBC Bank USA, N.A.  
HSBC Bank (China) Company Limited  
HSBC Private Bank (UK) Ltd  
HSBC Iris Investment (Mauritius) Ltd  
HSBC Software Development (Guangdong) Ltd  
HSBC Bank Oman SAOG  
HSBC Bank A.S. Turkey  
HSBC Bank Polska S.A.  
HSBC Bank (RR) Moscow  
HSBC Software Development (Malaysia) Sdn Bhd

HSBC Service Delivery (Czech Republic) S.R.O  
HSBC Non-Insurance North America (HUSI)  
HSBC Bank PLC (IT BCHS) Milan  
HSBC Bank PLC (SPA BHS) Madrid  
HSBC Investsmart Financial Services Limited  
HSBC Asset Management (India) Private Limited  
HSBC Professional Services (India) Private Limited  
HSBC Electronic Data Processing India Private Limited  
HSBC Software Development (India) Private Limited  
HSBC Global Shared services (India) Private Limited  
HSBC Invest Direct (India) Limited  
HSBC Invest Direct Securities (India) Private Ltd  
HSBC Invest Direct Financial Services (India) Ltd  
HSBC Invest Direct Distribution Services (India) Limited  
HSBC Invest Direct Academy for Insurance and Finance (India) Ltd  
HSBC Invest Direct Sales & Marketing (India) Ltd  
HSBC Agency (India) Private Limited  
HSBC Software Dev (Guangdong) Ltd  
HSBC Markets (Asia) Limited  
HSBC Bank (Taiwan) Limited  
HSBC Insurance Brokers (India) Private Limited  
HSBC Securities and Capital Markets (India) Private Limited

d) Other Related Parties

- Canara HSBC Oriental Bank of Commerce Insurance Company Limited,
- The Saudi British Bank

e) ***Key management personnel and subsidiaries***

The Acting Chief Executive Officer & MD-Head of GBM, Mr. Hitendra Dave is considered the Key Management Personnel of the Bank.

HSBC Agency (India) Private Limited is the only subsidiary of the Bank.

The transactions of the Bank with related parties are detailed below except where there is only one related party (i.e. key management personnel and subsidiary in line with RBI circular DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015):

(Rs '000)

	Parent		Fellow Subsidiaries	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Interest Paid	-	-	69,007	129,245
Interest Received	-	-	8	-
Rendering of Services	-	-	189,392	187,942
Receiving of Services	2,099,074	2,236,725	3,648,661	2,803,727

(Rs '000)

	Branch offices	
	31 March 2018	31 March 2017
Interest Paid	686,995	677,393
Interest Received	147,782	90,479
Rendering of Services	447,773	87,691
Receiving of Services	4,535,057	4,339,291

Balances with related parties are as follows:

(Rs '000)

Parent	As at 31 March 2018	Maximum during the year 2018	As at 31 March 2017	Maximum during the year 2017
Borrowings	-	-	-	-
Deposit	-	-	-	-
Placement of deposits/other asset	-	-	-	-
Advances	-	-	-	-
Nostro balances	-	-	-	-



Other Liabilities	2,099,074	2,099,074	3,907,522	3,907,522
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(Rs '000)

<b>Branch offices</b>	<b>As at 31 March 2018</b>	<b>Maximum during the year 2018</b>	<b>As at 31 March 2017</b>	<b>Maximum during the year 2017</b>
Borrowings	38,556,674	67,520,935	43,240,527	113,136,791
Deposit/other liability	3,812,374	14,466,880	5,872,186	15,488,899
Placement of deposits/other asset	23,877,831	37,670,264	30,484,160	104,009,638
Advances	-	-	-	-
Nostro balances	897,659	7,786,870	468,111	1,437,519
Positive MTMs	5,183,212	8,210,903	8,210,943	17,477,502
Negative MTMs	10,175,550	15,059,943	15,020,343	20,957,378
Derivative notionals	585,287,778	648,137,369	630,148,384	861,963,817
Non Funded Commitments	8,632,558	8,703,182	1,357,475	6,856,746

(Rs '000)

<b>Fellow Subsidiaries</b>	<b>As at 31 March 2018</b>	<b>Maximum during the year 2018</b>	<b>As at 31 March 2017</b>	<b>Maximum during the year 2017</b>
Borrowings	-	1,616,125	-	1,019,250
Deposit/other liability	15,556,662	64,627,969	3,541,751	60,345,479
Placement of deposits/other asset	112,969	152,015	-	-
Advances	-	-	-	-
Nostro balances	1,757,696	11,148,929	1,804,608	6,369,147
Positive MTMs	1,535,120	2,481,656	1,394,276	4,564,658
Negative MTMs	2,768,017	5,220,801	3,100,064	7,592,264

(Rs '000)

<b>Fellow Subsidiaries</b>	<b>As at 31 March 2018</b>	<b>Maximum during the year 2018</b>	<b>As at 31 March 2017</b>	<b>Maximum during the year 2017</b>
Derivative notionals	248,436,886	309,297,190	180,397,451	323,866,043
Investments	100	100	100	100
Non Funded Commitments	10,923,342	12,264,908	4,698,584	8,425,890

#### **Material related party transactions**

A related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category. Following are such related party transactions. All amounts are Indian Rupees in thousands.

#### **Interest paid:**

Payment of interest to The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 686,165 (previous year: Rs. 676,630).

#### **Interest received:**

Interest received from The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 147,782 (previous year: Rs. 90,479) Rendering of services: The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 441,358 (previous year: Rs. 66,692)

Rendering of services:

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 441,358 (previous year: Rs. 66,692)

#### **Receiving of services:**

Expenses for receiving of services from The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 4,436,148 (previous year: Rs. 4,288,950), HSBC Electronic Data Processing India Private Limited Rs. 1,953,057 (previous year: Rs. 1,691,806) and The Hongkong and Shanghai Banking Corporation Limited, (Head Office) Rs. 2,099,074 (previous year: Rs. 2,236,725).

#### **Borrowings:**

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 38,556,674 (previous year: Rs. 43,240,527).

**Placement of deposits/other asset:**

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 23,877,831 (previous year: Rs. 30,484,160).

**Nostros:**

The HSBC Bank Plc Ops Rs. 1,259,890 (previous year: Rs. 824,352), HBAP Hongkong, Rs. 543,430 (previous year: Rs. 170,448) and HSBC Bank, Japan Rs. 270,714 (previous year: Rs. Nil)

**Deposits/other liability:**

HSBC Bank USA N.A Rs. 4,867,179 (previous year: Rs. 2,158,217), HSBC Software Development (India) Pvt Ltd Rs. 5,436,048 (previous year: Rs. 57,321), HSBC Electronic Data Processing India Pvt Ltd Rs. 3,978,190 (previous year: Rs. 300,056) and The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 3,406,497 (previous year: Rs. 4,498,001)

**Non Funded Commitments:**

HSBC France Rs. 2,774,850 (previous year: Rs. 2,412,898) and The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 5,672,704 (previous year: Rs. 791,683).

**Derivative Notionals:**

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 573,713,156 (previous year: Rs. 610,359,826) and HSBC Bank plc Rs. 187,493,755 (previous year: Rs. 117,299,772)

**Positive MTM:**

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 5,169,600 (previous year: Rs. 8,198,309) and HSBC Bank Plc Rs. 1,141,457 (previous year: Rs. 1,166,060)

**Negative MTM:**

The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch Rs. 9,172,790 (previous year: Rs. 13,279,286) and HSBC Bank Plc Rs. 2,299,771 (previous year: Rs. 1,125,040).

FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993  
(Regulation 14)

The Hongkong and Shanghai Banking Corporation Limited  
52/60 Mahatma Gandhi Road,  
Fort, MUMBAI 400001  
Telephone No.: (022) 45053039  
E-mail : rsrajagopalan@hsbc.co.in

We confirm that:

i) The Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by SEBI from time to time;

ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / Investment in the Portfolio Management Services;

iii) The Disclosure Document has been duly certified on, 04/12/2018 by **Sajan Shivaji Patade , M/s. S. S. Patade & Associates, Chartered Accountants, Shivanjali Co Ho HsgSoc Ltd, A Wing 2nd Floor Flat no 03, Sector 2 , Sanpada, Navi Mumbai, 400705, bearing membership no.115447 & Firm registration no. 137962W 022-49709009** (enclosed is a copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision).

Date:

Sd/-

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R S Rajagopalan  
Principal Officer  
Place: Mumbai

Name and address of the Principal Officer:

Name: R S Rajagopalan

**The Hongkong and Shanghai Banking Corporation Limited  
52/60, M.G.Road, Fort Mumbai 400 001.**

**Note: Form C and copy of chartered accountant's certificate to the effect as stated above were submitted to SEBI on December 2018**