

## NOTICE OF CHANGES TO HSBC TERMS AND CONDITIONS - EFFECTIVE 1 JULY 2019

### What is changing?

#### a) Banking Code of Practice (BCOP)

HSBC Bank Australia Limited ("**HSBC**") has subscribed to the Banking Code of Practice 2019 ("**the Code**"). This means references to the "Code of Banking Practice" or "COBP" in your Terms and Conditions will be changed to the "Banking Code of Practice" or "BCOP". Our practices and procedures will also be updated to reflect the Code and its application to "small business" as defined in the BCOP. The changes will come into effect from 1 July 2019.

For further information on the Code, please visit the Australian Banking Association website: [ausbanking.org.au/code/banking-code-of-practice](http://ausbanking.org.au/code/banking-code-of-practice)

#### b) Australian Financial Complaints Authority (AFCA)

HSBC is committed to ensuring fair outcomes for our customers. In the event HSBC is unable to resolve a complaint raised and you are a small business; you may have access to the Australian Financial Complaints Authority ("**AFCA**"), formerly, Financial Ombudsman Service ("**FOS**"), which provides independent dispute resolution handling complaints about financial services. AFCA defines a "small business" as any business with fewer than 100 employees at group level.

From 1 July 2019 all references to "Financial Ombudsman Service" or "FOS" in your Terms and Conditions will change to "Australian Financial Complaints Authority" or "AFCA". All references to the street address, email, telephone and website of FOS are replaced with the following information (as the context requires):

Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001  
Email: [info@afca.org.au](mailto:info@afca.org.au), Telephone: 1800 931 678.

For further information about AFCA or how to lodge a financial complaint, please visit website: [afca.org.au/](http://afca.org.au/)

## Which HSBC documented standard Terms and Conditions will be updated?

BCOP	AFCA
<ul style="list-style-type: none"> <li>• The HSBC Standard Terms for your Letters of Offer with us (Facility Standard Terms)</li> <li>• The HSBC Corporate Banking Deposit Terms and Conditions</li> <li>• The HSBC Corporate Card and Business Card Facility Terms and Conditions</li> <li>• Guarantee and Indemnity</li> <li>• The Memorandum of General Terms for all Security (excluding Real Property)</li> <li>• The Memorandum of General Terms for all Security (Real Property)</li> <li>• HSBC Financial Services Guide and Banking Code of Practice Guide</li> <li>• HSBCnet Terms and Conditions</li> <li>• Specific Security Deed</li> <li>• Trade Services Terms</li> <li>• HSBC General Conditions</li> <li>• Business Bank Deposit Terms</li> </ul>	<ul style="list-style-type: none"> <li>• The HSBC Corporate Banking Deposit Terms and Conditions</li> <li>• HSBC Financial Services Guide and Banking Code of Practice Guide</li> <li>• The HSBC Corporate Card and Business Card Facility Terms and Conditions</li> <li>• HSBCnet Terms and Conditions</li> <li>• Relationship Terms of Business</li> <li>• Business Bank Deposit Terms</li> </ul>

### Other Changes

We are also continuously reviewing our internally prepared Terms and Conditions for all of our customers to ensure they are fairer and give you adequate notice of important changes and your rights. This is an ongoing process and we will apply these new rights to you even if they are not in your current Terms and Conditions. Please refer to your Relationship Manager if you wish to obtain a copy of the amended Terms and Conditions.

We would like to highlight the changes in Appendix A in particular. These changes will apply to all customers who are subject to HSBC documented Terms and Conditions which set out Default Events and what we can and cannot do if a Default Event under a term facility occurs. Under the changes we will now give you more notice and will only act in certain circumstances.

Please note the new Default Events and associated wording only apply to term facilities. They do not apply to "On Demand" facilities. We will however generally now give you 30 days' notice if we decide to cancel an "On Demand" facility.

**CHANGES TO TERMS AND CONDITIONS DEALING WITH DEFAULT EVENTS  
EFFECTIVE 1 JULY 2019**

<b>Summary of Changes</b>	
A Cancellation Notice Requirement has been added and HSBC can now generally only cancel a facility if it meets the Cancellation Notice Requirement	<p><b>Cancellation Notice Requirement</b> means HSBC's obligation to provide 30 days' notice before exercising any rights it may have to cancel any Facility or exercise any other right it may have under paragraph (a) of the definition of "Cancellation Rights" of this Facility Letter provided that HSBC may provide lesser notice or no notice where it must:</p> <ul style="list-style-type: none"> <li>(a) manage an immediate risk: or</li> <li>(b) comply with the requirements of the law or a Government Agency.</li> </ul>
Additional requirements have been added before we can take action if a non monetary Default Event subsists under an HSBC documented term loan.	<p>If any Default Event (other than a Monetary Default) subsists HSBC will only exercise its Cancellation Rights if:</p> <ul style="list-style-type: none"> <li>(a) the Default Event by its nature is material, or HSBC reasonably considers the event has had, or is likely to have, a material impact on: <ul style="list-style-type: none"> <li>I. the Customer or Transaction Party's ability to meet their financial obligations to HSBC;</li> <li>II. HSBC's credit or security risk (or HSBC's ability to assess these); or</li> <li>III. HSBC's legal or reputation risk where the Default Event is a Misrepresentation Default or Purpose Default; and</li> </ul> </li> <li>(b) it gives the Customer 30 days to remedy any Default Event (other than a Monetary Default) unless HSBC needs to manage an immediate risk or HSBC does not consider that the Default Event is remediable.</li> </ul> <p>For the avoidance of doubt HSBC may exercise its Cancellation Rights at any time if a Monetary Default subsists.</p>
The definition of Default Events is now replaced as follows	<p>Each of the following is a Default Event:</p> <ul style="list-style-type: none"> <li>(a) the Customer or a Transaction Party fails to pay any amount payable by it under a Transaction Document when due (Monetary Default).</li> <li>(b) the Customer or a Transaction Party is subject to Insolvency, or no longer has legal capacity;</li> <li>(c) enforcement proceedings are taken against the Customer or a Transaction Party or their assets by another creditor;</li> <li>(d) early repayment is required under a separate financing arrangement the Customer or a Transaction Party has with HSBC, or default based action is taken against the Customer or a Transaction Party by HSBC, due to a Default Event;</li> <li>(e) HSBC believes on reasonable grounds that the Customer, the Customer's agent or a Transaction Party has not complied with the law or any requirement of a statutory</li> </ul>

	<p>authority, or it becomes unlawful for the Customer or HSBC to continue with the loan;</p> <p>(f) the Customer or a Transaction Party gives HSBC information or makes a representation or warranty to HSBC which is materially incorrect or misleading (including by omission) (Misrepresentation Default);</p> <p>(g) the Customer uses the Facility for a purpose not approved by HSBC (Purpose Default);</p> <p>(h) the Customer's assets or a Transaction Party's assets are dealt with, or attempted to be dealt with in breach of the Facility Terms, or any security or other agreement with HSBC without HSBC's consent;</p> <p>(i) the Customer or a Transaction Party does not provide financial information required by the Customer's agreement with HSBC;</p> <p>(j) the Customer or a Transaction Party does not maintain a licence or permit necessary to conduct its business;</p> <p>(k) the Customer or a Transaction Party does not maintain insurance required by its agreement with HSBC;</p> <ul style="list-style-type: none"><li>i. legal or beneficial ownership, or management control of the Customer or a Transaction Party or their business changes without HSBC's consent;</li><li>ii. where HSBC has specified a financial covenant or a specialised covenant tailored to the Customer's transaction, the Customer or a Transaction Party breaches that covenant; or</li><li>iii. status, capacity or composition of the Customer or a Transaction Party changes without HSBC's consent.</li></ul>
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