

Offer of choice of segregated accounts at CSD level under CSDR Article 38(5) – HSBC MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC acting through its HSBC Securities Services business

The European Union's Central Securities Depositories Regulation ("CSDR") is currently being implemented across the European Economic Area ("EEA"). CSDR requires Central Securities Depositories ("CSDs") to become authorised by their National Competent Authority, which is generally the national regulator. Much of CSDR will become effective for a CSD when that CSD receives its authorisation. For CSDs in most countries in the EEA, this authorisation is expected to occur in 2019.

One effect of CSDR Article 38(5), which becomes effective upon CSD authorisation, is to require HSBC MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC, ("us", "we", "our" or "HSBC"), as a CSD participant in the EEA CSDs, Euroclear Bank SA/NV through which we hold your securities, to offer you the choice to hold your securities in at least either an Individual Client Segregated Account ("ISA") or Omnibus Client Segregated Account ("OSA") at the CSD and to inform you of the costs and risks associated with each option. In addition, CSDR Article 38(6) requires us publicly to disclose the levels of protection and costs associated with the different levels of segregation that the accounts provide, and to offer those services on reasonable commercial terms; the levels of protection and costs associated with the different levels of segregation that the accounts provide are set out in HSBC's CSDR Article 38(6) CSD Participant Risks Disclosure and CSDR Article 38(6) CSD Participant Costs as made available on our website.

We are not required to offer the choice of ISAs and OSAs except where HSBC is the participant of a CSD in the EEA. The offer is not made in respect of securities which we may hold for you through a sub-custodian who in turn is the CSD participant for your securities.

Therefore, we now offer you the choice to hold your securities in an ISA or OSA in accordance with CSDR Art 38(5). In the case of securities which we hold for you as client assets in our capacity as a participant in an EEA CSD, please advise us:

- If you require us to set one or more ISAs at CSD level to hold your securities, where those securities are currently held in an OSA; or
- If you require us to move any of your securities into an OSA at CSD level to hold your securities, where those securities are currently held in an ISA.

A CSDR CSD Account Election Form to advise us of your wishes to change any account structures at CSD level is made available on our website. If you do wish to change your account structures, please follow the instruction in the form and we will advise you of the associated charges, if any. There is no need to respond if you wish to leave your account structures as they are.

If you have any queries relating to CSDR and how it affects your dealings with HSBC, please let your usual HSBC relationship manager know.

Yours sincerely

