

# HSBC Derivatives Clearing Services (DCS) Fees Disclosure

This document discloses the fees charged by Hongkong & Shanghai Banking Corporation Limited (HSBC) for the provision of services to clients clearing derivative trades through LCH Ltd. (LCH) which is a CCP authorised or recognized under EMIR, together with details of any discounts or premium charges in respect of those fees, and the circumstances in which such may apply. All fees and charges are agreed individually with each client.

The document is provided for information purposes only and may be updated from time to time.



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## HSBC DCS Standard Fee Schedule

The fees described in the table below are indicative and represent HSBC's standard terms for a new client. Clients should note that all CCP fees, external broker fees and costs, taxes and regulatory levies or similar will be passed through to the client, in addition to the fees disclosed in this document.

### Cleared Over-the-Counter ("OTC") Derivatives

#### LCH Ltd. SwapClear Client Clearing Service (SwapClear Clearing Member Model 'SCM')

<b>Transaction Fee</b>	A transaction fee subject to a maximum of USD 450, or currency equivalent, per trade.
<b>Risk-Based Maintenance Fee</b>	A risk-based maintenance fee subject to a maximum of 100 bps of the LCH Initial Margin requirement.
<b>Portfolio-Based Maintenance Fee</b>	A portfolio-based maintenance fee no greater than 50 currency units per million of notional.
<b>Default Fund Capital Fee</b>	A basis point charge on initial margin to cover the cost of capital. This charge will be influenced by the default fund policy of LCH and the capital treatment of default fund contributions.
<b>Intra-day Margin Financing</b>	Intra-day margin calls financed by HSBC will be charged at 200bp over the relevant currency benchmark overnight rate.
<b>Account Fees</b>	Account opening fees and / or annual service fees to cover the provision of the client's chosen account(s) at the CCP.

### Minimum Account Fees

All HSBC clients are required to meet a HSBC Group-wide minimum revenue threshold, currently set at £250,000 per annum, or local currency equivalent. For all accounts generating less than the revenue threshold, HSBC reserves the right to apply a minimum monthly fee for the provision of derivative clearing services.

### Discounts to the Standard Fee Schedule

Discounts to the standard fee schedule may be available to individual clients based upon any one or more of the following criteria:

- ◆ The credit standing of the client
- ◆ The client's overall relationship with the HSBC group
- ◆ The risk profile of cleared portfolio
- ◆ High trade volumes
- ◆ The use of markets where CCP's provide HSBC with a highly automated, efficient service
- ◆ The simplicity of the account structure and the operational processes
- ◆ Automation of trade allocation / trade processing procedures
- ◆ The ability to meet intraday margin calls

## **Premiums Applied to the Standard Fee Schedule**

Premiums to the standard fee schedule may be charged to individual clients based upon any one or more of the following criteria:

- ◆ The credit standing of the client
- ◆ The complexity of the account structure
- ◆ A high number of individual accounts
- ◆ A low volume of transactions per account
- ◆ Bespoke technology requirements
- ◆ Non-standard operational processes
- ◆ Service requirements on markets subject to additional regulatory requirements

## Disclaimer

This document is intended as an outline only of the product(s) described herein and does not purport to list or summarise all of the terms and conditions of a particular transaction, nor to identify or define all or any of the risks that would be associated with the purchase or sale of such product(s). Prior to making an investment decision, you should conduct such investigation and analysis regarding the product(s) described herein as you deem appropriate and to the extent you deem necessary obtain independent advice from competent legal, financial, tax, accounting and other professionals, to enable you to understand and recognise fully the legal, financial, tax and other risks arising in respect of such product(s) and the purchase, holding and sale thereof. Please note that any prices or levels and any terms or conditions contained herein are indicative, are provided for discussion purposes only and may vary in accordance with changes in market conditions. No liability is accepted whatsoever for any direct, indirect or consequential loss arising solely from your use or distribution of this document in jurisdictions where such use or distribution may be restricted by law. The information contained herein is confidential to the addressees thereof and may not be reproduced or otherwise disseminated (except to your professional advisers for the purposes of advising you hereon). This document shall not be circulated to the public under any circumstances whatsoever. The Hongkong and Shanghai Banking Corporation Limited (HSBC), its affiliates and/or individuals associated therewith may have (or may liquidate) from time to time positions in the product(s), security or securities and/or underlying asset(s) (including derivatives thereof) referred to herein, or in any other asset, which may directly or indirectly affect the return to you under the product(s) described herein.

Notwithstanding any explanation on product or transaction suitability made by HSBC or any of its affiliates, you must make your own independent assessment as to whether the product or transaction is suitable to you based on your own financial conditions, risk appetite, investment experience and objectives. Product suitability will be adversely affected if any such information if so provided by you is inaccurate, misleading or incomplete for which neither HSBC nor any of its affiliates assumes any responsibility. Where applicable, product or transaction suitability is conducted before you invest in the product or enter into the transaction. Therefore, neither HSBC nor any of its affiliates has an ongoing responsibility to ensure that a product continues to remain suitable for you throughout the term of that product as your personal circumstances, financial conditions, investment objectives as well as market conditions may change. By placing an order or entering into the transaction, you are deemed to have acknowledged that you are fully aware of and understand the terms of the product or the transaction including the risks of investing in the product or the transaction. If you are in doubt on any aspect about this product, you should consult your own legal, financial, tax or other professional investment advisers.

Should you intend to sell or otherwise transfer or supply (directly or indirectly) the product(s) (or any interest therein) described herein to any third party (and without prejudice to any contractual requirement to obtain the consent of HSBC (or any of its affiliates) in respect of such sale, transfer or supply), you (rather than HSBC or any of its affiliates) will be responsible for complying with all applicable laws, regulations and rules in respect of any such sale, transfer or supply (including without limitation as to the suitability of such product(s) for such third party) and the provision of all appropriate risk warnings and disclosures. In addition, you accept that in no circumstances shall any such third party be treated as a customer of HSBC (or any of its affiliates) in respect of such sale, transfer or supply. Neither HSBC nor any of its affiliates shall be liable for any loss or damages any such third party may incur.

**The Hongkong and Shanghai Banking Corporation Limited (February 2017)**