

MODIFICATION NOTICE

To	HSBC Bank Middle East Limited (“HBME”)
Address	Level 1, Building No. 8, Gate Village, DIFC, Dubai, UAE
DFSA Firm Reference No.	F003452
Notice No.	W571/2018

THE DFSA HEREBY GIVES NOTICE THAT:

The Rules specified in the left hand column of the table herein do not apply to the above mentioned Person in the form appearing in the Rulebook but instead apply as modified in the right hand column of the table.

RULES MODIFIED

The Rules specified in the left hand column are modified to the extent shown in the right hand column of the table below. In this table, underlining indicates new text and striking through indicates deleted text, otherwise the Rule remains unaltered. Where a significant number of the paragraphs of the Rule remain un-altered the entire Rule may not be reproduced in the table. In such circumstances the un-altered parts of the Rule will be referred to by the relevant identifying paragraph number or letter, as the case may be.

Rule	Modified Text
PIB A9.3.1	<p>(1) Outflows (liabilities), <u>except for those from Retail Clients</u>, must be included in the Maturity Ladder according to their earliest contractual maturity. <u>Outflows (liabilities) from Retail Clients must be included in the Maturity Ladder using conservative behavioural assumptions derived from analysis of historical data covering the operations of at least the previous five years.</u></p> <p>(2) Contingent liabilities may be excluded from the Maturity Ladder only if there is a likelihood that the conditions necessary to trigger them will not be fulfilled.</p> <p>(3) Inflows (assets) must be included in the Maturity Ladder according to their latest contractual maturity, except that:</p> <ul style="list-style-type: none"> (a) undrawn committed standby facilities provided by other banks are included at sight; (b) marketable assets are included at sight, at a discount, and (c) assets which have been pledged as Collateral are excluded from the Maturity Ladder.

CONDITIONS

1. HBME must ensure that behavioural assumptions determining the outflows (liabilities) from Retail Clients are approved in writing by the DFSA before they are used to calculate the net cumulative Maturity Mismatch position under PIB Rule 9.3.11.
2. HBME must ensure that it reviews and updates at least annually the behavioural assumptions determining the outflows (liabilities) from Retail Clients. The results of any review including any revised assumptions must be submitted to, and approved in writing by, the DFSA, before being used to calculate the net cumulative Maturity Mismatch position under PIB Rule 9.3.11.
3. HBME must immediately notify the DFSA in writing of any event or potential event that has or is likely to have any impact on the Rules as modified by this notice.
4. If any one or more of the conditions stated above is breached, this notice ceases to have effect forthwith and the Rules specified in the table herein apply to the above mentioned Person to whom this notice applies in their unmodified form as they appear in the applicable module of the Rulebook in force at the relevant time.

EFFECTIVE PERIOD

This notice comes into effect on the date of issue and remains in force until further written notice from the DFSA.

INTERPRETATION

The provisions in this notice are to be construed in accordance with GEN section 6.2 as if these provisions are provisions of the Rulebook.

Defined terms are identified in this notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

THIS NOTICE IS ISSUED UNDER ARTICLE 25 OF THE REGULATORY LAW 2004 BY:

Name: Bryan Stirewalt

Position: Managing Director, Supervision

DATE OF ISSUE: 10 July 2018