

SmartMoney International Account (SIA) facility Terms and Conditions

HSBC India

Definitions:

'Amounts Due' means all amounts due and payable by the borrower(s) to the Bank in respect of the SmartMoney International Account facility availed of by the borrower.

'Application Form' means, as the context may permit or require, the application form submitted by the borrower(s) to the Bank for applying for and availing of the facility, together with all other information, particulars, clarifications and declarations, if any, furnished by the borrower(s) or any other person(s) from time to time in connection with the facility.

'Bank' means The Hongkong and Shanghai Banking Corporation Limited, India, 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 having its India Corporate office at 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

'Borrower(s)' means an existing accountholder of the Bank who is desirous of availing of the SmartMoney International Account facility provided by the Bank.

'Borrower(s) Account(s)' means the current and/or savings account(s) of the borrower with the Bank which the Bank allows to be overdrawn for utilisation of the facility as per the terms and conditions contained in the agreement.

'Borrower(s) Dues' means and includes the outstanding principal amount of the facility, interest on the facility, all other interest, fees, costs, charges, expenses, stamp duty and sums whatsoever payable by the borrower(s) to the Bank in accordance with this agreement and the transaction documents, as well as all other monies whatsoever stipulated in or payable by the borrower(s) under the loan terms.

'Effective Date' means the date of the execution of this agreement, from which this agreement comes into force, specified as such in the agreement.

'Facility' means the SmartMoney International Account facility which is a fluctuating overdraft facility, on the borrower's account against the security of lien on the single/joint fixed deposits of the borrower with the Bank, details of which are as per borrower's request received by the Bank either in writing, on e-mail or telephonically as per the terms and conditions laid down by the Bank.

'Material Adverse Effect' means the effect or consequence of any event or circumstance which is or is likely to be: (a) Adverse to the ability of the borrower(s) or any person to perform or comply with any of their respective obligations under the terms of this agreement; or (b) Prejudicial to any of the businesses, operations or financial condition of the borrower(s) or of any person who is party to any transaction document.

'Transaction Documents' include all writings and other documents executed or entered into, or to be executed or entered into, by the borrower(s) or, as the case may be, any other person, in relation, or pertaining, to the facility and each such transaction document as amended from time to time.

Scope of SmartMoney International Account facility:

As per the terms of the facility, the Bank has agreed to grant on a temporary and stand by basis, an amount not exceeding 90% of the total amount in the linked fixed deposit account(s), and the renewal(s) thereof, with the Bank or such lesser sum and for so long as the Bank in its sole discretion may deem fit at the following interest rate:

The borrower(s) agree(s) and confirm(s) that the interest on amount overdrawn will be charged at the rate of 2% over the weighted average of the interest rates applicable to the linked fixed deposits, subject to a maximum of the Bank's Prime Lending Rate, as may be declared by the Bank from time to time. Overdraft limit on FCNR deposit under SmartMoney International Account facility is subject to change on account of daily exchange rate fluctuation. Interest on overdraft facility granted against FCNR(B) fixed deposits, will be subject to a maximum of the Bank's Prime Lending Rate, as may be declared by the Bank from time to time. The interest on the overdraft is calculated on the daily outstanding balance from the date of overdraft at the above specified interest rate till such date that the overdraft inclusive of interest/charges is repaid. The overdraft interest accrued shall be debited to the facility at the beginning of every month.

*Illustration of weighted average:

If one fixed deposit (D1) is for 400,000 at 4%(R1) interest and one deposit (D2) for 100,000 at 6%(R2) interest rate, then the overdraft interest rate, will be 6.4% (Weighted Average** + 2%)

****Weighted Average**
= $[D1 * R1\% + D2 * R2\%] / (D1 + D2)$
= $[(400,000 * 4\%) + (100,000 * 6\%)] / (400,000 + 100,000)$
= 4.4%

The borrower(s) also agree(s) and confirm(s) that in case the borrower fails to service the interest payable on the utilisation of the facility, the Bank may at its sole discretion, after providing the borrower 30 days notice at the last correspondence address updated with the Bank, recall the said facility and adjust the monies available with the Bank in any accounts held with the Bank including but not limited to the fixed deposit account opened under this facility towards the outstanding amount including interest thereon and/or any related charges.

The borrower(s) further understand(s) and accept(s) that in case the linked fixed deposit is to be withdrawn, the amount so withdrawn shall first be adjusted against the outstanding amount including interest thereon and/or any related charges in the linked savings account. In case of premature withdrawal of the fixed deposit, the overdraft interest rate that will be considered will be the weighted average of original contracted interest rates of the fixed deposits and not the fixed deposit interest rate at the time of such premature withdrawal. It will also be subject to other terms and conditions governing such premature encashment of fixed deposit. The facility may be closed or converted to a regular savings bank account at anytime, vide a written application to the Bank, duly signed by all the joint borrowers. The outstanding amount including charges/interest due on the overdraft facility will be recovered before the closure/conversion of the facility. Pursuant to the closure of the facility, the terms and conditions as applicable to standalone savings account will apply.

If the value of the overdraft exceeds 90% of the linked deposit value, the overdraft interest will be calculated at the Unauthorised Overdraft Rate on the overdraft value (beyond 90%), until such time that it is regularised within 90% of the linked deposit value. The Unauthorised Overdraft Rate are available on the Bank's website www.hsbc.co.in Currently, the applicable Unauthorised Overdraft Rate of the Bank is 35% p.a., which is subject to change from time to time.

SmartMoney International Account facility cannot be clubbed with Cluster Deposit facility.

Eligibility:

A Resident Indian of a minimum age of 18 years can avail of the facility. The minimum fixed deposit value that is eligible for the facility is as defined on the Bank's website (www.hsbc.co.in), under SmartMoney International Account facility.

An existing savings account can be converted into the facility subject to the fulfillment of specific documentary requirements applicable to the facility.

Borrower(s) covenants:

- i) The borrower(s) declare(s) that as and by way of security for the facility availed of by the borrower(s), he/she/they have created a lien in favour of the Bank on the fixed deposits as mentioned in the application form and all other fixed deposits opened with the Bank from time to time.
- ii) The borrower(s) declare(s) that any fixed deposit account opened in future by him/her/them shall also be deemed to be charged in favour of the Bank without the necessity of any further concurrence on his/her/their part and the Bank shall be authorised to exercise its right of set-off and lien on all such fixed deposits with the Bank.
- iii) The borrower(s) understand(s), agree(s) and accept(s) that in case the fixed deposit is prematurely sought to be withdrawn by him/her/them for any reason whatsoever, the amount so withdrawn shall be first adjusted against the outstanding amount in the borrower's account(s).
- iv) The borrower(s) agree(s) and undertake(s) to pay the Unauthorised Overdraft Rate as mentioned above or such other rates as specified by the Bank from time to time for overdrafts against fixed deposits for all amounts overdrawn on the borrower's account(s) within the overdraft limits authorised by the Bank.
- v) The borrower(s) further understand(s) and agree(s) that in case the facility is terminated by the borrower(s) or the Bank and the borrower(s) continue to maintain the borrower's account(s), the tariff (including average quarterly/monthly balance or Total Relationship Balance criteria requirements) and other terms and conditions as applicable to a standalone savings/current account shall apply.
- vi) The borrower(s) further understand(s) and accept(s) that the Bank may at its sole discretion, recall the facility and apply the monies lying in the fixed deposit account(s) of the borrower towards the outstanding amount including interest thereon and/or any applicable charges in case the borrower(s) fail to service the interest payable by the borrower(s) on the use of this facility, after giving a prior notice of 30 days at the borrower(s) correspondence address as recorded with the Bank.
- vii) The borrower(s) further understand(s) and accept(s) that in absence of a maturity instruction on a fixed deposit which has been linked to avail of the facility, the Bank will have right to renew automatically the fixed deposit(s) on the maturity date for an identical period at the prevailing interest rate unless instructions to the contrary are received from the borrower prior to maturity. The renewal will be in accordance with the Reserve Bank of India (RBI) specification in force at the time of the renewal.
The facility will also continue on renewal of the said fixed deposit unless informed otherwise by the borrower.
- viii) The borrower(s) further understand(s) and accept(s) that on fixed deposit with maturity instruction with facility, the Bank will follow the maturity instruction stated by the borrower at the time of placing the fixed deposit and the facility will also continue on the said fixed deposit unless informed otherwise by the borrower.
- ix) The borrower(s) further understand(s) and accept(s) that a fixed deposit (with facility availed of by the borrower at the time of placing the fixed deposit) with a maturity instruction of crediting the proceeds of fixed deposit to the linked savings/current account, the Bank will credit the proceeds of fixed deposit to linked savings/current account and discontinue the facility unless

informed otherwise by the borrower.

- x) The borrower(s) shall:
 - a) Promptly notify the Bank of any action or steps taken or legal proceedings started by or against him/her/them in any court of law for his/her/their insolvency, bankruptcy or for the appointment of a receiver, administrator, trustee or similar officer of/over any of the borrower(s)' assets.
 - b) Promptly notify the Bank of any litigation, arbitration, administrative or other proceedings initiated or threatened against the borrower(s) or his/her/their assets.
 - c) Promptly notify the Bank of any circumstances and conditions which have/may have a material adverse effect.
 - d) Promptly, and not later than 7 days from the occurrence of any of the following events, notify the Bank in writing with full details of the same:
 - Death of any of the borrower(s); and all change(s) in the location/address of any of the borrower(s)' office or residence or place of business.
 - e) If required by the Bank, the borrower agrees and undertakes to provide and furnish to the Bank, to their satisfaction, such security as required to secure the facility. Failure of the borrower to do so shall be termed as an Event of Default.
- xi) Notwithstanding anything contained in any of the documents executed by and between the borrower(s) and the Bank, upon the occurrence of any event of default by the borrower(s) in repayment of the facility, the Bank shall be entitled without prejudice to its other rights under these terms and conditions, to appropriate the amounts lying in the fixed deposits with the Bank along with any other amounts that may be held by the Bank either in fixed deposits, savings/current account or any amounts that may be due and payable to the borrower(s), present and/or represent cheques or post dated cheques, if any, issued by the borrower(s) in favour of the Bank in connection with the facility.
- xii) The following acts, as set out below, shall each constitute an 'Event of Default' by the borrower(s) for the purposes of this facility:
 - a) Default (including, but not limited to, any payment default) has occurred in the performance of any covenant, condition or agreement on the part of the borrower(s) under this facility.
 - b) Breach of any covenant, representation, warranty, declaration or confirmation has occurred/been committed by the borrower(s) and/or the borrower(s) has/have committed any fraud/failed to submit any material information as required by the Bank.
 - c) The borrower(s) has, or there is a reasonable apprehension that the borrower(s) has or would, voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law, or becomes bankrupt or insolvent or if the borrower(s) has taken or suffered to be taken any action for insolvency or bankruptcy or if a receiver has been appointed or allowed to be appointed of/over all or any part of the properties of the borrower(s) or if an attachment or distraint has been levied on the assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the borrower(s) or if one or more judgements or decrees have been rendered or entered against the borrower(s).
 - d) Death of the borrower(s), or any one of them.
 - e) The borrower(s) is/are unable or has/have admitted in writing his/her/their inability to pay any of his/her/their indebtedness as they mature or when due.
 - f) An event of default howsoever, described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfillment of any other applicable condition or any combination of the foregoing would constitute an event of default) occurs under any agreement or document relating to any indebtedness of the borrower(s) or if any other lenders of the borrower(s) including financial institutions or banks with whom the borrower(s) has/have entered into agreements for financial assistance have recalled its/their assistance or any part thereof.
 - g) One or more events, conditions or circumstances (including any change in law) occur or exist, which in the sole opinion of the Bank, could have a Material Adverse Effect. The borrower(s) shall promptly notify the Bank in writing upon becoming aware of any default and any event which constitutes (or, with the giving of notice, lapse of time, determination of materiality or satisfaction of other conditions, would be likely to constitute) an event of default and the steps, if any, being taken to remedy it.

Rights and remedies of the Bank

- i) On the happening of any of the events of default, the Bank may, by a notice in writing to the borrower(s) and without prejudice to the rights and remedies available to the Bank under this agreement or otherwise call upon the borrower(s) to pay all the borrower(s)' dues in respect of the facility.
- ii) The Bank shall be entitled, at the sole risk and cost of the borrower(s), to engage one or more person(s) to collect the borrower(s)' dues and the Bank may (for such purposes) furnish to such person(s) such information, facts and figures pertaining to the borrower(s) as the Bank deems fit. The Bank may also delegate to such person(s) the right and authority to perform and execute all acts, deeds, matters and things connected therewith, or incidental thereto, as the Bank deems fit.
- iii) The Bank shall not in anyway be liable/responsible, by reason of exercise or non-exercise of any rights and remedies available to as aforesaid.
- iv) Notwithstanding any suspension or termination of the facility, all rights and remedies of the Bank as per the agreement shall continue to survive until the receipt by the Bank of the borrower(s)' dues in full.
- v) The Bank shall be at liberty not to:
 - a) Allow drawings beyond the sanctioned limits;
 - b) Grant additional limits due to growth in business etc., at its sole discretion and after review of the account and facilities;

and

- c) Allow drawings if any, of the borrower(s) account is classified as a Non-Performing Asset (NPA) or due to breach of the aforesaid terms and conditions.
- vi) In case the borrower(s) commits any default in repayment of any amount of the facility or interest/charges due thereon, the Bank and/or the (RBI) will have an unqualified right to disclose or publish the details of such default along with the name of the borrower(s) and/or its directors/partners/co-applicants, as applicable, as defaulters in such manner and through such media as the Bank and/or RBI may, in their absolute discretion, think fit.
- vii) The borrower(s)' liability for repayment of the borrower(s)' dues shall, in cases where more than one borrower has jointly applied for the facility, be joint and several. If the borrower is an individual doing business as a sole proprietary concern, the borrower shall be solely responsible for the liabilities of the aforesaid concern and will be personally liable for making repayment/ payments of all amounts in respect of the facility to the Bank.

Miscellaneous

- i) The borrower(s)' dues shall not be revoked or cancelled or affected by the death or insolvency of the borrower(s) or any third party, and the Bank shall, so long as the whole (or any part) of the borrower(s)' dues remains outstanding/payable to the Bank, be entitled to act upon and enforce all of its rights pursuant to, and in accordance with this agreement and the transaction documents executed by the borrower(s) in favour of the Bank.
- ii) The entries made in the accounts/account books/records of the Bank maintained in accordance with its usual practice and in compliance with the statutory requirements and/or any statement signed by a designated officer of the Bank with respect to the borrower(s)' dues, shall be final and binding on the borrower(s). Such entries and/or statements shall be conclusive evidence of the existence and amount of outstanding obligations of the borrower(s) as therein recorded in respect of the facility and the borrower(s)' dues.
- iii) All notices or other communications under or in connection with the borrower(s)' dues and/or this agreement shall be given in writing in English and at the last known address supplied by the borrower. Any such notice or other communication will be deemed to be effective: (a) if sent by letter, when delivered personally or if dispatched by post, when recall of the letter is outside the control of the sender; provided, however, that no notice or communication to the Bank shall be effective unless actually received and acknowledged by the Bank. Notices or communication may be made to the Bank's office address mentioned herein. In the event of any failure by the borrower(s) to notify the Bank in writing of any changes in his/her/their contact address or details, service of a notice/correspondence to the address specified in the application form or last given by the borrower(s) shall be deemed to be proper and sufficient service on the borrower(s) irrespective of whether or not such notice shall be returned 'unserved' to the Bank.
- iv) The Bank may, at anytime, assign or transfer all or any of its rights, benefits and obligations under this agreement and the other transaction documents. Notwithstanding, any such assignment or transfer, the borrower(s) shall, unless otherwise notified by the Bank, continue to make all payments under this agreement to the Bank and all such payments when made to the Bank shall constitute a full discharge to the borrower(s) from all its liabilities in respect of such payments.
- v) Any provision of the agreement, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of the prohibition or unenforceability but that shall not invalidate the remaining provisions of the agreement or affect such provision in any other jurisdiction.
- vi) No delay in exercising or omission to exercise any right, power or remedy accruing to the Bank upon any default or otherwise under the agreement shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Bank in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Bank in respect of any other default. The rights of the Bank under the agreement may be exercised as often as necessary, are cumulative and not exclusive of their rights under the general law and may be waived only in writing and specifically and at the Bank's sole discretion.
- vii) In line with the directives of the RBI, the Bank would be free to disclose my/our names to any agency, regulator, entity, debt collection/recovery agent, legal practitioner and whomsoever the Bank deems it fit and proper to recover its dues.
- viii) The Bank would be entitled to assign the outstanding debt arising out of this facility partly or fully in favour of one or more entities on such terms and conditions at the Bank's discretion, without seeking any consent from me/us.
- ix) Any questions, dispute or claim or legal action(s) and/or proceedings arising out of/in connection with the agreement, including any questions on its existence, validity or termination shall be referred to and finally adjudicated through arbitration by a sole arbitrator appointed by the Bank in accordance with the Arbitration and Conciliation Act, 1996. The venue of such arbitration shall be Mumbai.
- x) The terms and conditions of the facility shall be governed by, and construed in accordance with laws of India and the courts in Mumbai shall have exclusive jurisdiction to entertain and try all such claims and disputes.
- xi) The Bank reserves the right at anytime without previous notice to add, alter, modify, change or vary all or any of these terms and conditions or to replace, wholly or in part, this facility by another facility, whether similar to this facility or not, or to withdraw it altogether.
- xii) The Bank and other members of the HSBC Group are required to and may take any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime (Financial Crime Risk Management Activity) and act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to Financial Crime. The Bank may take, and may instruct (or be instructed by) any other member of the HSBC Group to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests.

Such action may include but is not limited to: (a) screening, intercepting and investigating any instruction, communication, drawdown request, application for services, or any payment sent to or by you, or on your behalf, (b) investigating the source of

or intended recipient of funds, (c) combining customer information with other related information in the possession of the HSBC Group, and/or (d) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming your identity and status, (e) share information on a confidential basis with such HSBC Group offices whether located in India or overseas in relation to prevention of Financial Crime.

Exceptionally, our Financial Crime Risk Management Activity may lead to us delaying, blocking or refusing the making or clearing of any payment, the processing of your instructions or application for services or the provision of all or part of the services. To the extent permissible by law, neither we nor any other member of HSBC Group shall be liable to you or any third party in respect of any loss (whether direct or consequential and including, without limitation, loss of profit or interest, however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

In certain circumstances, the action which the Bank may take may prevent or cause a delay in the processing of certain information. Therefore, neither the Bank nor any member of the HSBC Group warrants that any information on the Bank's systems relating to any payment messages or other information and communications which are the subject of any action taken pursuant to this clause is accurate, current or up-to-date at the time it is accessed, whilst such action is being taken.

For the purpose of the present clause:

'Compliance Obligations' means obligations of the HSBC Group to comply with:

- (a) laws or international guidance and internal policies or procedures,
- (b) any demand or request from authorities or reporting, disclosure or other obligations under laws, and
- (c) laws requiring us to verify the identity of our customers.

'Financial Crime' includes money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any laws relating to these matters'.

xiii) Documents/Correspondence

- a) Know Your Customer/Due Diligence requirement – In line with the requirements of the Bank's policy, the Know Your Customer (KYC) documents along with other documentation need to be submitted at the time of opening a new account or as and when requested by the Bank. The Bank reserves a right to allow/restrict operations in a newly opened/existing accounts maintained with the Bank, if the customer is not able to satisfy the due diligence requirements in line with the Bank's policy.
- b) Undelivered correspondence – The Bank reserves a right to block transactions/allow operations in a newly opened/existing accounts maintained with the Bank, if the account deliverables/welcome letter/welcome pack/bank correspondences not limited to account statements, etc., are returned undelivered and the Bank is unable to contact the accountholder at the address/contact number provided by them at the time of account opening/updated in the Bank's records.

xiv) Tax representation

- a) Individual accounts: You are responsible for fulfilling any obligation that you may have with respect to the filing of returns or other required documentation in respect of and the payment of all relevant taxes, including, without limitation, all income, capital gains, wealth and estate duties, stamp duties, Service Tax, Value Added Tax and any other applicable taxes. The creation and continued operation of your account and/or the acquisition, holding or disposal of investments or assets in such account, as well as any income, distributions or losses realised in relation to the operation of the account may expose you to tax consequences depending on a number of factors including, but not limited to, your applicable domicile, your place of residence, your citizenship or the type of assets you hold in your account. Certain countries may have tax legislation with extraterritorial effect regardless of your place of domicile, residence or citizenship. The Bank does not provide any legal or tax advice and you should seek legal and/or tax advice from an independent legal and/or tax adviser. You acknowledge and agree that the Bank has no liability in respect of any of your tax obligations and/or any legal and/or tax advice provided to you by third parties.
- b) Non individual accounts: Customer (and each Connected Persons) is responsible for fulfilling its own obligations with respect to the filing of returns or other required documentation in respect of reporting and payment of all relevant taxes, including, without limitation, all income, capital gains, wealth and estate taxes. The creation and continued operation of the account and/or the acquisition, holding or disposal of investments or assets in such account, as well as any income, distributions or losses realised in relation to the operation of the account may expose you (or any Connected Person) to tax consequences depending on a number of factors including, but not limited to, applicable domicile, place of residence, citizenship, place of incorporation or the type of assets held in the account. Certain countries may have tax legislation with extra territorial effect regardless of place of domicile, residence, citizenship or incorporation. The Bank does not provide any legal or tax advice and you (and each Connected Person) should seek legal and/or tax advice from an independent legal and/or tax adviser. You acknowledge and agree that the Bank has no liability in respect of any of your tax obligations (or those of any Connected Persons) and/or any legal and/or tax advice provided to you by third parties.