

14 December 2012

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Dear Sir/Madam

**Re: Comments on OECD Model Tax Convention: Revised Proposals Concerning the Meaning of “Beneficial Owner” in Articles 10, 11 And 12**

We welcome the opportunity to comment on the OECD’s revised proposals on the meaning of the term Beneficial Ownership in the OECD’s model tax convention.

HSBC Group is one of the largest banking and financial services organisations in the world, with assets of US\$2,455 billion at 31 December 2010. Headquartered in London, HSBC serves customers worldwide from more than 8,000 offices in 87 countries and territories in six geographical regions. HSBC’s businesses encompass a very broad range of financial services and products, including personal financial services, commercial lending, global banking and markets, private banking, asset management and insurance.

We have reviewed the proposals and welcome the improvements that have been made in clarifying the meaning of beneficial owner following the consultation on this issue in 2011.

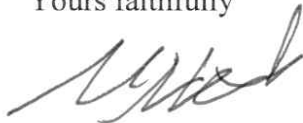
However, we would like to refer to the concerns raised in our original submission dated 14 July 2011 with respect to derivatives.

Whilst we consider that the new wording of paragraph 12.4 is helpful, we are still concerned that the present drafting will lead to potential misinterpretation and uncertainty.

In this respect, we have had the benefit of reviewing the submission made by the Capital Markets Tax Committee of Asia (“CMTC”) on these proposals, dated 14 December 2012, and would like to endorse their comments, suggestions and recommendations. Although the CMTC submission makes specific reference in some places to Asia, we consider that their comments have global application.

We trust you find the above comments helpful.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Herbert', written in a cursive style.

Mark Herbert

Tax Manager, HSBC Bank plc Global Banking and Markets