

HSBC ETFs PLC
an umbrella fund with segregated liability between its sub-funds
25/28 North Wall Quay
I.F.S.C.
Dublin 1

Date: 28 February 2019

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take you should seek advice from your investment consultant, tax adviser and/or legal adviser as appropriate.

If you have sold or transferred all of your Shares in any of the sub-funds of HSBC ETFs plc (the “Company”), please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

Unless otherwise defined herein, all capitalised terms used herein shall bear the same meaning as capitalised terms used in the prospectus of the Company dated 11 May 2018 (the “Prospectus”). A copy of the Prospectus is available upon request during normal business hours from the Company or from the local representative of the Company in any jurisdiction in which the Company is registered for public distribution.

The Directors accept responsibility for the accuracy of the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Please note that the Central Bank has not reviewed this letter.

RE: HSBC ETFs plc – Notification of Various Changes

Dear Shareholder,

1. INTRODUCTION

The Company is authorised by the Central Bank as an open-ended investment company with variable capital incorporated under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “Regulations”). The Company is organised as an umbrella fund with segregated liability between its sub-funds.

Registered Office as above. Registered Number: 467896
Directors: Carmen Gonzalez-Calatayud (Spanish), Eimear Cowhey, Feargal Dempsey, Guillaume Rabault (French),
Vikramaaditya (Indian)

The purpose of this letter is to notify you of:

- (i) a change to the Depositary of the Company; and
- (ii) the impact of Brexit on the Plan d'Epargne en Actions (PEA) eligibility of certain Funds.

2. CHANGE OF DEPOSITARY

The current depositary of the Company, HSBC Institutional Trust Services (Ireland) DAC ("HTIE") has informed the Board that it will merge with and into HSBC France and its business will be operated by a Dublin branch of HSBC France ("HSBC France, Dublin Branch") (collectively, the "Merger"). The Merger will occur by operation of law pursuant to European Union ("EU") cross border merger legislation.

Rationale for the Change

In light of recent and upcoming changes in HTIE's political and regulatory framework (i.e. notably in the context of the United Kingdom ("UK") leaving the EU as of 29 March 2019 and the potential consequences this may have on HTIE offering financial services in the EU) HSBC Group has decided to organise its business in a way that supports its pan-European proposition for customers.

Effective date of the Change

The Merger shall take effect on or around the 1 April 2019, or such later date as may be notified to you.

Impact of the Change / action to be taken

The current custody and safekeeping arrangements under the existing Depositary Agreement will remain in place for the Company and will be unaffected by the Merger.

All of the existing securities accounts, associated services and sub-delegation arrangements that are in place for the Company will be operated by HSBC France, Dublin Branch.

All personal data and other data concerning you as a Shareholder which was held by HTIE will now be held by the HSBC France, Dublin Branch in accordance with the existing arrangements of the Company.

There will be no increase in the depositary fees payable by the Company in respect of the sub-funds following the Merger. The costs relating to the Merger shall be borne by the Investment Manager and/or an affiliate of the Investment Manager.

Following the Merger, HTIE will cease to exist. The Company will be serviced by HSBC France, Dublin Branch in the same way as it is currently being serviced by HTIE.

No action is required by you as a Shareholder in relation to this change.

3. IMPACT OF BREXIT ON THE PLAN D'EPARGNE EN ACTIONS (PEA) ELIGIBILITY OF CERTAIN FUNDS

**HSBC FTSE 100 UCITS ETF
HSBC FTSE 250 UCITS ETF
HSBC MSCI EUROPE UCITS ETF (together “the PEA Sub-Funds”)**

The following notification applies to investors holding their shares in a French Plan d'Epargne en Actions.

The PEA Sub-Funds will no longer be eligible in respect of the Plan d'Epargne en Actions (“PEA”) as of the date on which the UK formally leaves the EU.

In order to claim eligibility to the PEA, the total amount invested by a sub-fund in equity or equity-equivalent securities of companies (as defined by art. L221-31 of the French Monetary and Financial Code) which have their registered office in a country member of the EU or the European Economic Area (provided that the said country has concluded with France an agreement with a clause of administrative assistance aiming at fighting against tax fraud or evasion), and which are liable to corporate income tax, must not be less than 75% at any point in time (the “75% Minimum Investment”).

Rationale for the Change and Effective date of the Change

Under the regulation in force, the PEA Sub-Funds will no longer comply with the 75% Minimum Investment and will stop being eligible in respect of the PEA from the date on which the UK formally leaves the EU on 29 March 2019 11.00 PM GMT.

However, based on the information available as at the date of this communication, the French tax authorities may grant a grace period, in respect of shares of the PEA Sub-funds recorded into PEA wrappers before 29 March 2019 (the “Grace Period”), which terms are to be determined in the coming weeks.

Impact of the Change / action to be taken

If you hold Shares in any of the PEA Sub-Funds, as from the Effective date of the Change, those Shares will stop being eligible in respect of the PEA. You should act in order to avoid closure of your whole PEA and all related tax consequences. We encourage you to liaise with your financial adviser, tax adviser or client relationship manager to decide what you should do with your investment.

A further notification will be sent to you should further information on the terms of the Grace Period, if any, become available.

4. CONCLUSION

A revised copy of the Prospectus, Supplements, and revised key investor information documents (KIIDs) to reflect the foregoing changes, where necessary, will be issued on or around the 1 April 2019 and will be available on the Company's website: www.etf.hsbc.com. Should you have any questions relating to the changes detailed above, you should contact the Company or the Administrator, HSBC Securities Services (Ireland) DAC, or alternatively you should contact your investment consultant, tax adviser and/or legal adviser as appropriate.

Yours sincerely,



Director
for and on behalf of
HSBC ETFs PLC