



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

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Non-collateralised Structured Products

Launch Announcement for Callable Bull/Bear Contracts ("CBBCs")

to be issued by

BNP PARIBAS ARBITRAGE ISSUANCE B.V.

(incorporated in the Netherlands with its statutory seat in Amsterdam)

unconditionally and irrevocably guaranteed by

BNP PARIBAS ("Guarantor")

(incorporated in France)

Sponsor

BNP Paribas Securities (Asia) Limited

Particulars of CBBCs

We intend to issue the following CBBCs:

CBBCs	
Stock code(s)	67776
Liquidity Provider broker ID	9692
Issue size	100,000,000 CBBCs
Type	European style cash settled category R bull CBBCs
Trust	CSOP FTSE China A50 ETF ^A
Units	Existing issued HKD-traded units of the Trust (stock code: 2822)
Board Lot	2,000 CBBCs
Issue Price per CBBC (HK\$)	0.25
Strike Price (HK\$)	12.20
Call Price (HK\$)	12.50
Launch Date	30 December 2014
Issue Date	6 January 2015
Listing Date	7 January 2015
Observation Commencement Date	7 January 2015
Expiry Date[□]	30 December 2015
Valuation Date	The Trading Day (being a day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions) immediately preceding the Expiry Date, subject to any potential postponement upon the occurrence of a Market Disruption Event.

CBBCs	
Stock code(s)	67776
Entitlement	1 Unit(s)
Number of CBBC(s) per Entitlement	10 CBBCs
Effective Gearing*	5.42x
Gearing*	5.42x
Premium*	8.41%
Funding Cost per CBBC as of Launch Date (HK\$)#	0.1140

△ The name of the Trust is included here for identification purposes only. “**FTSE®**” is a trade mark of London Stock Exchange Group (“**LSEG**”) and is used by FTSE International Limited (“**FTSE**”) under licence. The CBBCs are not sponsored, endorsed, sold, or promoted by FTSE, LSEG or CSOP Asset Management Limited (“**CSOP**”). FTSE, LSEG and CSOP make no representations or warranties with respect to this document or to the holders of the CBBCs or any member of the public regarding the advisability of investing in the CBBCs.

□ If such day is a Saturday, Sunday or public holiday in Hong Kong, the immediately succeeding day which is not a Saturday, Sunday or public holiday in Hong Kong.

* This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Entitlement} \times (\text{Strike Price} \times \text{funding rate} \times n / 365)}{\text{Number of CBBC(s) per Entitlement}}$$

Where,

- (i) “**n**” is the number of days remaining to expiration; initially, “**n**” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs. As of the Launch Date, the funding rate was 9.34% (for stock code 67776).

How much will you receive upon occurrence of a Mandatory Call Event?

A Mandatory Call Event occurs when the Spot Price on any Trading Day during the Observation Period is at or below (in respect of a series of bull CBBCs) or at or above (in respect of a series of bear CBBCs) the Call Price.

"Spot Price" means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Rules of the Exchange (the "Trading Rules"), excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable) (as the case may be) in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

"Observation Period" means the period commencing from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both days inclusive).

"Trading Day" means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions.

Subject to Product Condition 3.3(b), upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs and you may receive a Residual Value (if positive) per Board Lot in Hong Kong Dollars calculated as follows:

In respect of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

In respect of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

Where:

"Maximum Trade Price" means, in respect of a series of bear CBBCs, the highest Spot Price of the Units during the MCE Valuation Period;

"MCE Valuation Period" means, subject to any extension (as described in further details in the terms and conditions of the CBBCs), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange; and

"Minimum Trade Price" means, in respect of a series of bull CBBCs, the lowest Spot Price of the Units during the MCE Valuation Period.

If the Residual Value is equal to or less than the Exercise Expenses (if any), you will lose all of your investment.

How much will you receive on expiry?

If no Mandatory Call Event occurs during the Observation Period, the CBBCs will be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero. You will receive a Cash Settlement Amount per Board Lot in Hong Kong dollars (net of any Exercise Expenses) calculated as follows (if positive):

In respect of a series of bull CBBCs:

$$\begin{array}{l} \text{Cash Settlement} \\ \text{Amount per Board Lot} \\ \text{payable at expiry} \end{array} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

In respect of a series of bear CBBCs:

$$\begin{array}{l} \text{Cash Settlement} \\ \text{Amount per Board Lot} \\ \text{payable at expiry} \end{array} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

"Closing Price" means the closing price of one Unit, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment in accordance with the terms and conditions of the CBBCs on the Valuation Date.

"Exercise Expenses" means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of the CBBCs upon expiry.

Listing of the CBBCs

We will make an application to the Stock Exchange for listing of and permission to deal in the CBBCs on the Stock Exchange.

Where do you obtain quotes?

You may request to obtain a quote for the CBBCs by calling the following telephone number:

Liquidity Provider: BNP Paribas Securities (Asia) Limited
Telephone number: +852 2108 5600
Address: 59th-63rd Floors, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

We do not have any special arrangements in place with any brokers with respect to our CBBCs.

Where can you inspect the relevant documents?

The following documents ("**Listing Documents**"), each in separate English and Chinese versions, are available for inspection until the Expiry Date at BNP Paribas Securities (Asia) Limited, 59th-63rd Floors, Two International Finance Centre, 8 Finance Street, Central, Hong Kong:

- 1 our base listing document dated 2 April 2014, the addendum to the base listing document dated 5 May 2014 and the addendum to the base listing document dated 8 September 2014; and
- 2 the supplemental listing document for the CBBCs to be dated on or about 6 January 2015.

IMPORTANT INFORMATION

Unsecured nature of the CBBCs

The issue of the CBBCs was authorised by our board of directors on 2 June 2014. The CBBCs constitute our general, unsecured and contractual obligations and of no other person, and the Guarantee executed by the Guarantor in respect of the CBBCs constitutes the general, unsecured and contractual obligations of the Guarantor and of no other person. The CBBCs will rank equally among themselves and with all our other unsecured obligations and all other unsecured obligations of the Guarantor (save for those obligations preferred by law) upon our liquidation. You are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the CBBCs against the Trust which has issued the underlying Units, the trustee or manager of the Trust or any other person. If we become insolvent or default on our obligations under the CBBCs, or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

Guarantor

Our obligations in relation to the CBBCs will be unconditionally and irrevocably guaranteed by the Guarantor.

Credit ratings

The Issuer's long term credit rating is:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.	A+(negative outlook)

The Guarantor's long term credit ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody's Investors Service, Inc., New York	A1(negative outlook)
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.	A+(negative outlook)
Fitch France S.A.S.	A+(stable outlook)

Are we regulated by any bodies referred to in Rule 15A.13(2) or (3)?

We are not regulated by any of the bodies referred to in Rule 15A.13(2) or (3) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited. The Guarantor is regulated by the Hong Kong Monetary Authority. The Guarantor is also regulated by Comité des Etablissements de Crédit et des Entreprises d'Investissement.

Selling restriction

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

Investment risks

The price of the CBBCs may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by us.

We or the Liquidity Provider may be the only market participant for the CBBCs. The secondary market for the CBBCs may be limited.

You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the CBBCs are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.