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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)	65856	65859	65863
<b>Liquidity Provider broker ID</b>	9692	9692	9692
<b>Issue size</b>	200,000,000 CBBCs	200,000,000 CBBCs	200,000,000 CBBCs
<b>Type</b>	European style cash settled category R bull CBBCs	European style cash settled category R bull CBBCs	European style cash settled category R bull CBBCs
<b>Index</b>	Hang Seng Index	Hang Seng Index	Hang Seng Index
<b>Board Lot</b>	10,000 CBBCs	10,000 CBBCs	10,000 CBBCs
<b>Issue Price per CBBC (HK\$)</b>	0.25	0.25	0.25
<b>Strike Level</b>	24,200	24,100	24,000
<b>Call Level</b>	24,400	24,300	24,200
<b>Index Currency Amount (HK\$)</b>	1.00	1.00	1.00
<b>Divisor</b>	10,000	10,000	10,000
<b>Launch Date</b>	19 March 2015	19 March 2015	19 March 2015
<b>Issue Date</b>	25 March 2015	25 March 2015	25 March 2015
<b>Listing Date</b>	26 March 2015	26 March 2015	26 March 2015
<b>Observation Commencement Date</b>	26 March 2015	26 March 2015	26 March 2015
<b>Expiry Date / Valuation Date<sup>A</sup></b>	27 November 2015	27 November 2015	27 November 2015
<b>Effective Gearing<sup>*</sup></b>	9.77x	9.77x	9.77x
<b>Gearing<sup>*</sup></b>	9.77x	9.77x	9.77x
<b>Premium<sup>*</sup></b>	9.26%	8.85%	8.44%
<b>Funding Cost per CBBC as of Launch Date<sup>#</sup> (HK\$)</b>	0.2263	0.2163	0.2063

<sup>Δ</sup> If such day is not the day on which the relevant Index Futures Contracts expire on the Hong Kong Futures Exchange Limited (or its successor or assign), the day on which the relevant Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

\* 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:

$$\text{Funding Cost} = \frac{\text{Strike Level} \times \text{funding rate} \times n / 365 \times \text{Index Currency Amount}}{\text{Divisor}}$$

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 13.49% (for stock code 65856) , 12.95% (for stock code 65859) and 12.40% (for stock code 65863) .

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

A Mandatory Call Event occurs when the Spot Level on any day on which the Index Exchange (being the Stock Exchange) is scheduled to open for trading during the Observation Period is:

(a) in respect of a series of bull CBBCs, at or below the Call Level; and

(b) in respect of a series of bear CBBCs, at or above the Call Level.

"**Spot Level**" means the spot level of the Index as compiled and published by the Index Compiler.

"**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:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

In respect of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

Where:

"**Maximum Index Level**" means, in respect of a series of bear CBBCs, the highest Spot Level of the Index during the MCE Valuation Period;

"**MCE Valuation Period**" means, subject to any extension (as described in further detail 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 Index Exchange; and

"**Minimum Index Level**" means, in respect of a series of bull CBBCs, the lowest Spot Level of the Index 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:

$$\text{Cash Settlement Amount per Board Lot payable at expiry} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

In respect of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot payable at expiry} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

**"Closing Level"** means the final settlement price for settling the Hang Seng Index Futures Contracts that are scheduled to expire during the month in which the Expiry Date of the CBBCs is scheduled to fall (the **"Index Futures Contracts"**), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng Index Futures (as amended from time to time) of the Hong Kong Futures Exchange Limited (or its successor or assign), subject to our right to determine the Closing Level in good faith on the Valuation Date upon the occurrence of a Market Disruption Event as described further in the terms and conditions of the CBBCs.

**"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:

<i>Liquidity Provider:</i>	BNP Paribas Securities (Asia) Limited
<i>Telephone number:</i>	+852 2108 5600
<i>Address:</i>	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 25 March 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 Index Compiler 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.

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