

HSBC

HSBC BANK USA, National Association

CUSIP NUMBER: 40428ETE9

USD 1,534,000
INDEX-LINKED CERTIFICATE OF DEPOSIT
due July 29, 2011
linked to the S & P 500 Index Linked Average with early redemption charges
(the "CD")

This certifies that on July 29, 2005 (the "Issue Date") there has been deposited with HSBC Bank USA, National Association, a national banking association organized under the laws of the United States (the "Issuer"), **\$1,534,000 (One Million, Five hundred, Thirty – four thousand United States Dollars)**, payable as set forth below, TO THE ORDER OF CEDE & Co., as nominee of the Depository Trust Company ("DTC"), 55 Water Street, New York, New York, as custodian for Chase Manhattan Bank and other D.T.C Participants, each acting for itself and for others.

The terms of the CD are as follows:

REDEMPTION AMOUNT

On July 29, 2011 (the "Maturity Date") the Issuer shall pay the Redemption Amount. The Redemption Amount is equal to the sum of the Principal Amount of the CD plus the Variable Amount. The Variable Amount shall be computed by the Calculation Agent as the product of (i) the Principal Amount multiplied by (ii) Variable Return which shall be an amount (expressed as a percentage) to be determined in accordance with following formula:

$$\text{Max [Minimum Return, Index Average Return]}$$

i.e. the greater of the (i) Minimum Return, and (ii) Index Average Return,

where:

"Index Average Return" means the percentage change between the Final Level and the Initial Level, or expressed as a formula below.

Minimum Return is 10.5%,

$$\left[\left(\frac{\text{Final Average Level}_i - \text{Initial Level}_i}{\text{Initial Level}_i} \right) \right]$$

For purposes of determining the Variable Amount, the following definitions shall apply:

“Final Average Level_i” means, at each Observation Date, the arithmetic average of the Final Levels of the Index (as defined below) at all Observation Dates that occur prior to, and includes, the Observation Date at which the calculation of arithmetic average is made.

“Final Level” means the closing level of the Index on Observation Date.

“Initial Level” means the closing level of the Index on July 26, 2005, 1231.16

“Index” means the S&P 500 Index (“S&P500®”).

“Observation Date” means the 26th calendar day of each July, October, January, and April, commencing October 26th 2005, up to and including the Valuation Date (24 observations). If any such day is not an Exchange Business Day, the Index Level from the next immediate Exchange Business Day will be used, subject to Calculation Agent determination of such date upon the occurrence of a Market Interruption Event as set forth below.

“*Early Redemption*” means holders have the right to redeem the CDs with the Issuer in whole, but not in part, on any Early Redemption Date upon notice to the Issuer no less than five Business Days prior to such Early Redemption Date at a market price determined by the Calculation Agent.

“Early Redemption Dates” Annually means July 31, 2006, July 31, 2007, July 31, 2008, July 30, 2009, and July 30, 2010, provided if any such day is not an Exchange Business Day, the following Exchange Business Day. No later than 5 Business Days prior to each Early Redemption Date.

“*Redemption Proceeds on Early Redemption Date*” means Early Redemption Price - (Principal Amount Invested x Redemption Charge).

Early Redemption Charges (% of principal amount):

Year	1	2	3	4 thru 6
Charge	3.50%	2.50%	1.50%	0.0%

“Valuation Date” means July 26, 2011 subject to a different date determination under “Observation Date”..

REDEMPTIONS

Early Redemption Feature: The Issuer will permit early Redemption of the CDs on the dates set forth below. In its discretion, the Issuer may impose a penalty for Early Redemption that reflects, among other things, its cost of replacing the withdrawn funds. Such cost may include the liquidation of investments entered into by the Issuer to protect itself from the risks of issuing the CDs. The following dates will be Early Redemption Dates: July 31, 2006, July 31, 2007, July 31, 2008, July 31, 2009, and July 30, 2010. No later than 5 Business Days prior to each Early Redemption Date, you may obtain from the Broker an initial Early Redemption Price prepared by the Issuer. The initial Early Redemption Price is provided for informational purposes only and neither the Broker nor the Issuer will be bound by the initial Early Redemption Price. Holders of CDs will be entitled solely to the final Early Redemption Price as calculated by the Issuer. Such Redemption proceeds will be less any applicable Early

Redemption Charges of 3.5% in Year 1, 2.5% in Year 2, 1.5% in Year 3, 0% in Year 4, 0% in Year 5, 0% in Year 6. Holders of CDs may request early redemption by notifying the Broker no later than 3:00 p.m. (EST) on the Business Day prior to the Early Redemption Date. CDs may be withdrawn in whole, not in part. All early redemption requests (whether oral or written) by holders of CDs are irrevocable. The final Early Redemption Price will be determined by the Issuer at the close of business on Early Redemption Date. The Issuer will make final payment of the Early Redemption Amount on the third Business Day after the Early Redemption Date, without accrual of any interest on the Early Redemption Amount.

MARKET DISRUPTION

If a Market Disruption Event occurs on the 26th calendar day of a month and the next ten (10) calendar days thereafter, the Calculation Agent shall designate the relevant Observation Date in its sole discretion. To the extent the Valuation Date occurs on a date that is after the Maturity Date because of the occurrence of a Market Disruption Event, the principal amount of the CD shall be paid on the Maturity Date, and the Variable Return three days after the Valuation Date; no interest shall accrue for the period from and include the Maturity Date to and include the date the Variable Return is paid.

“Market Disruption Event” means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case, the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Scheduled Closing Time, or (iii) Early Closure. For the purposes of determining whether a Market Disruption Event occurs in respect of a security included in the Index at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security, and (y) the overall level of the Index, in each case, immediately before the occurrence of such Market Disruption Event.

“Early Closure” means the closure on any Exchange Business Day of any relevant exchange(s) relating to securities that comprise 20 percent or more of the level of the Index), prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange system for execution at the Scheduled Closing Time on such Exchange Business Day.

“Exchange” means New York Stock Exchange, AMEX and NASDAQ or other applicable exchange as determined by the Calculation Agent in its sole discretion.

“Exchange Business Day” means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange notwithstanding any such Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, securities that comprise 20 percent or more of the level of the Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant exchange.

“Scheduled Closing Time” means, in respect of an Exchange and a Scheduled Trading Day, the scheduled weekly closing time of such Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Trading Day” means any day on which each exchange is scheduled to be open for trading for its regular trading sessions.

“Trading Disruption” means any suspension of or limitation imposed on trading by the relevant exchange or otherwise and whether by reason of movements in price exceeding limits permitted by such an exchange or otherwise (i) relating to securities that comprise 20 percent or more of the level of the Index, or (ii) in futures or options contracts relating to the Index on any relevant exchange.

ADJUSTMENTS TO THE INDEX

If the Index is (i) not calculated and announced by the relevant Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or substantially similar formula for and method of calculation as used in the calculation of the Index, that Index (the “Successor Index”) will be deemed to be the Index.

If (i) on or prior to any Observation Date, a sponsor of an Index announces that it will make a material change in the formula or the method of calculating that Index, or in any other way, materially modifies that Index (other than modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events), (an “Index Modification”), or permanently cancels an Index, and no successor index or exchange traded fund exists (an, “Index Cancellation”), or (ii) on any Observation Date, the index sponsor fails to calculate and announce a relevant Index (an “Index Disruption” and together with an Index Modification and an Index Cancellation, each an “Index Adjustment”), then, the Calculation Agent shall determine if such Index Adjustment event has a material effect on the transaction, and if so, shall calculate the relevant Closing Price or the Variable Return, or other applicable variables, as the case may be, using in lieu of a published level for that Index, the level for that Index as at that Observation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index, as applicable, last in effect prior to the change, failure or cancellation, but using only those securities that comprised the Index immediately prior to that Index Adjustment event.

CORRECTIONS TO INDEX

In the event that any level published by the Index Sponsor and which is utilized for any calculation or determination made under this Transaction is subsequently corrected and the correction is published by the Index Sponsor after the original publication, Calculation Agent will notify the parties of such correction, and determine the amount that is payable or deliverable as a result of that correction, and to the extent necessary, will adjust the terms of this Transaction to account for such correction; provided that no adjustment or payment will be made if Issuer has paid the relevant amount to the holder(s) of the Notes based on the Initial Level prior to the related correction.

INDEX

The Index is the S&P 500-100 ® sponsored by the McGraw Hill Companies, Inc. The closing value of the Index is determined by Standard & Poors. The S & P 500 Index is published in the Eastern Edition of The Wall Street Journal on the Business Day following the date of the Index. If, due to a misprint, there is a difference between the closing value of the Index as determined by Standard & Poors and the closing value of the Index as published the next Business Day in The Wall Street Journal, then the closing value of the Index as determined by Standard & Poors shall be the value of the Index used to determine the Variable Return for this Account.

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OTHER TERMS:

Calculation Agent: HSBC Bank USA, National Association

Payments. All payments due under the CD will be remitted to the order of CEDE & Co., as nominee as aforesaid, in federal or other immediately available funds on each day on which such payments are due hereunder.

Business Days. Any payment which would be due on a day that is not a Business Day shall be made on the first following Business Day, unless that day falls in the next calendar month, in which case such payment shall be made on the first preceding Business Day. A Business Day is any day on which commercial banks and foreign exchange markets are generally open to settle payments in London and New York.

Transferability. The CD may not be sold or transferred (in whole or in part) by the holder except with the consent of, and subject to the conditions to transfer established by, the Issuer.

Additions and Early Withdrawals; Renewals. No additions may be made to the CD. No withdrawals may be made from the CD prior to the Maturity Date unless as provided herein.. The CD will not be automatically renewed at maturity.

Governing Law. The CD shall be governed by and construed in accordance with New York law without giving effect to any choice of law doctrine.

FDIC INSURANCE. The principal of the CD will be protected up to \$100,000 per depositor through the Bank Insurance Fund (“BIF”) of the Federal Insurance Corporation (“FDIC”), an agency of the Federal government, and is subject to all the rules and regulations promulgated by the FDIC.