

HSBC MSCI USA ETF

Simplified Prospectus

10 February 2011

This Simplified Prospectus contains key information in relation to HSBC MSCI USA ETF (the “Fund”), a sub-fund of HSBC ETFs PLC (the “Company”), which is an open-ended investment company with variable capital constituted as an umbrella fund incorporated in Ireland on 27 February 2009 and authorised on 15 June 2009 by the Irish Financial Services Regulatory Authority, under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (as amended).

Potential investors are advised to read the Prospectus dated 10 February 2011, Appendix A, Appendix B and the Supplement dated 10 February 2011 in respect of the Fund (collectively, the “Prospectus”) before making an investment decision. The rights and duties of the investor as well as the legal relationship with the Company are in the Prospectus. Words and terms defined in the Prospectus have the same meaning in this Simplified Prospectus.

The base currency of the Fund is US Dollars.

Investment Objective:	The investment objective of the Fund is to replicate the performance of the MSCI USA Index (the “ Index ”), while minimising as far as possible the tracking error between the Fund’s performance and that of the Index. The Index is a free float adjusted market-capitalisation index designed to measure large and mid cap US equity market performance.
Investment Policy:	<p>In seeking to achieve its investment objective, the Fund will aim to invest in securities included in the Index in the same proportions in which they are included in the Index. Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The Fund may avail of the higher investment limits allowed to certain index-tracking funds, as described at paragraph 4 of the section of the Prospectus headed “Investment Restrictions”.</p> <p>The Fund may use financial derivative instruments (“FDI”), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, certificates and notes which may be used to reduce tracking error between the Fund’s performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is stock replication, as described above, but FDI may be used where stock replication may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in “Use of Financial Derivative Instruments” in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, such leverage will not exceed 100% of the Fund’s total Net Asset Value.</p> <p>Efficient portfolio management means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to hedge the dividends received in a currency other than the Base Currency of the Fund between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes may be used to achieve exposure to a particular stock instead of using a physical security.</p> <p>The Fund may also enter into repurchase, reverse repurchase and securities lending agreements for efficient portfolio management purposes only under the conditions and within the limits stipulated by the Central Bank of Ireland and described in “Portfolio Investment Techniques” in the Prospectus.</p> <p>The volatility level of the Fund will have a strong correlation to the volatility level of the Index and is expected to be medium.</p>

Risk Profile:	<p>Investment in the Fund carries with it a degree of risk including the risks described under “Risk Factors” in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who can not afford to lose all or a significant part of their investment.</p> <p>An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.</p> <p><i>FDI</i></p> <p>In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.</p> <p>For information in relation to the risks associated with the use of FDI, please refer to the “Risk Factors – Particular Risks of Financial Derivative Instruments” section of the Prospectus.</p> <p><i>The Index</i></p> <p>An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund’s investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.</p> <p>The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.</p>
Performance Data:	The Fund has commenced trading but as it has been in existence for less than a year, no performance data is available.
Profile of a Typical Investor:	<p>Investment in the Fund may be suitable for investors seeking capital appreciation with a three-year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.</p> <p>Shares in the Fund will be available to both retail and institutional investors.</p>
Distribution Policy:	The Company intends to declare dividends twice annually.
Fees and Expenses:	<p>Annual Fees and Operating Expenses</p> <p>The total annual fees and operating expenses of the Fund (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) will be up to 0.30% per annum of the Net Asset Value of the Fund (the “Total Expense Ratio” or “TER”). Such fee shall accrue daily and be payable monthly in arrears. The Investment Manager will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.</p> <p>Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Investment Manager, regulators, auditors and certain legal costs of the Company, including establishment expenses.</p> <p>Information on in-kind transaction fees is available from the Administrator. Direct Dealing (Cash Transaction) fees of up to 3% may be charged on both subscription and redemption monies.</p>

Taxation:	<p>The Company is an investment undertaking within the meaning of Section 739B of the Irish Taxes Consolidation Act 1997 and is not chargeable to Irish tax on its relevant income or relevant gains subject to the exceptions as set out in the section entitled "Taxation" in the Prospectus. No Irish stamp duty is payable on the issue, redemption or transfer of shares in the Company.</p> <p>Shareholders and potential investors should consult with their professional advisers in relation to the tax treatment of their holdings in the Company.</p>
Publication of Share Price:	<p>The Net Asset Value per Share will be published each Dealing Day on www.etfs.hsbc.com and in such newspapers and on or through such other media as the Directors may from time to time determine.</p>
How to Buy/ Sell Units/ Shares:	<p>Investors may, subject to the provisions of the Prospectus, subscribe for Shares, redeem, exchange or transfer Shares on any Dealing Day directly through:</p> <p>HSBC Securities Services (Ireland) Limited</p> <p>1 Grand Canal Square</p> <p>Grand Canal Harbour</p> <p>Dublin 2</p> <p>Ireland</p> <p>Fax No.: +353 1 649 7560</p> <p>The Shares were admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 2 June 2010</p> <p>The Company is a recognised scheme in the UK for the purposes of Section 264 of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.</p>
Additional Important Information:	<p>Directors</p> <p>Peter Blessing, Eimear Cowhey, Simeon Brown, David Shubotham</p>
	<p>Administrator and Company Secretary</p> <p>HSBC Securities Services (Ireland) Limited</p>
	<p>Custodian</p> <p>HSBC Institutional Trust Services (Ireland) Limited</p>
	<p>Investment Manager and Promoter</p> <p>HSBC Global Asset Management (UK) Limited</p>
	<p>Auditors</p> <p>PricewaterhouseCoopers</p>
	<p>Distributor and UK Representative</p> <p>HSBC Global Asset Management (UK) Limited</p>
	<p>Registrar and Transfer Agent</p> <p>Computershare Investor Services (Ireland) Limited</p>
	<p>Sponsor</p> <p>J&E Davy</p>
	<p>Additional information and copies of the Prospectus, the latest annual and half yearly reports may be obtained (free of charge) from the Administrator at the address above.</p>