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HSBC DERIVATIVES WITHIN NEW LEGAL FRAMEWORK IN MAURITIUS

HSBC Mauritius organised today a breakfast seminar on "Derivatives - the new legal framework and business opportunities". Over 100 HSBC domestic corporate clients, as well as Global Business Management Companies, attended the seminar which was held at Four Points, Sheraton in Ebene.

At the opening of the seminar, **Sandeep Uppal**, CEO HSBC Mauritius said, '*Derivatives are risk management tools which companies can use in their hedging strategies to mitigate the impact of currencies and interest rates volatilities. The global awards received by HSBC Global Markets year after year are an excellent indication of our capabilities in this area.*'

HSBC also welcomed a guest speaker, **Iqbal Rajabally**, renowned legal counsel from BLC Chambers. He gave an overview of the netting aspect of the recently introduced Insolvency Act, which was effective as from June 2009.

Patrick Ah-Vee, HSBC Treasurer, added, "*The recent enactment of the Insolvency Act 2009 is a major development for Mauritius as it provides for the legal enforceability of "netting" for financial instruments such as derivatives. The new legal framework will facilitate the settlement of transactions on derivative products and allow us, for instance, to implement standard international legal documentation such as the ISDA (International Swaps and Derivatives Association) agreements.*"

During the seminar, Patrick Ah-Vee gave a brief presentation, putting emphasis on the prudent and intelligent use of derivatives. HSBC was the first bank in Mauritius to implement a local currency option in 2007 and has since extended its range of derivatives products to include foreign currency options, non-deliverable forwards, interest rate swaps and structured deposits. Depending on client's requirements, HSBC Mauritius is able to offer customised solutions with the aim to mitigate risks and uncertainties.



The presentation glossed over several case studies on how companies can integrate derivatives within their risk management strategy. Examples used include:

- a hotel receiving income in Euros and facing a depreciation of the currency;
- a Global business company set up in Mauritius to invest into India facing exchange rates volatility affecting the value of its investment funds;
- a company protecting itself against rising borrowing costs (interest rates) by fixing its interest payments through an interest rate swap; and
- structured deposits to enhance the yields and returns on held funds.

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Notes to editors:

1. The HSBC

In Mauritius, HSBC operates 11 full-service branches and an offshore unit, which for many years has played a leading role in facilitating cross-border investment activity. It offers a wide range of products and services to a diverse domestic and cross border customer base, from accounts services to credit cards, savings, investments, home loans, personal loans and custodian services. Through our new locally incorporated subsidiary, the HSBC Bank (Mauritius) Ltd (HBMU), HSBC is able to offer many of its global customers more sophisticated financial products and structures that benefit from the extensive range of international double taxation avoidance treaties that Mauritius has negotiated.

2. The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2, 422 billion at 30 June 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

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