

HSBC HOLDINGS PLC  
Form POSASR  
February 22, 2017  
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As filed with the Securities and Exchange Commission on February 22, 2017.

Registration No. 333-202420

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Post-Effective**

**Amendment No. 2 to**

**FORM F-3**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**HSBC Holdings plc**

**(Exact name of Registrant as specified in its charter)**

**England  
(Jurisdiction of**

**98-0209906  
(I.R.S. Employer**

**incorporation)**

**Identification Number)**

**8 Canada Square**

**London E14 5HQ**

**England**

**Tel. No.: (011-44-20) 7991-8888**

**(Address and telephone number of Registrant's principal executive offices)**

**William L. Kuhn, IV**

**HSBC North America Holdings Inc.**

**452 Fifth Avenue**

**New York, NY 10018**

**Tel. No.: (212) 525 5000**

**(Name, address and telephone number of agent for service)**

*Please send copies of all communications to:*

**David I. Gottlieb, Esq.**

**Cleary Gottlieb Steen & Hamilton LLP**

**55 Basinghall Street**

**London EC2V 5EH**

**England**

**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is filed as a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

### CALCULATION OF REGISTRATION FEE

|  | <b>Amount</b>                   |                         |
|--|---------------------------------|-------------------------|
|  | <b>To Be</b>                    |                         |
|  | <b>Registered/</b>              |                         |
|  | <b>Proposed</b>                 |                         |
|  | <b>Maximum</b>                  |                         |
| <b>Title of Each Class of</b>                      | <b>Aggregate</b>                | <b>Amount of</b>        |
| <b>Securities To Be Registered</b>                 | <b>Offering Price(1)(2)</b>     | <b>Registration Fee</b> |
| Debt securities                                    |                                 |                         |
| Contingent Convertible Securities                  | Indeterminate <sup>(1)(2)</sup> | \$0 <sup>(1)(2)</sup>   |
| Preference Shares, \$0.01 par value <sup>(3)</sup> |                                 |                         |
| Ordinary Shares, \$0.50 par value <sup>(4)</sup>   |                                 |                         |

(1)

An indeterminate aggregate initial offering price and number or amount of the securities of each identified class is being registered as may from time to time be sold at indeterminate prices, in addition to the \$30,000,000,000 aggregate amount of securities registered on Post-effective Amendment No. 1 to this Registration Statement, filed on February 25, 2016 by the Registrant ( Amendment No. 1 ). Separate consideration may or may not be received for securities that are issuable upon conversion of, or in exchange for, or upon exercise of, convertible or exchangeable securities. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the Securities Act ), the Registrant is deferring payment of all of the registration fee other than the amount previously paid with Amendment No.1, as noted below. In connection with the securities offered hereby, the Registrant will pay pay-as-you-go registration fees in accordance with Rule 456(b) under the Securities Act, except for the following amounts of fees that may be offset pursuant to Rule 457(p) under the Securities Act: \$783,949.78 of fees paid with respect to unsold securities registered on Amendment No. 1.

- (2) This Registration Statement also covers an undeterminable amount of the registered securities that may be reoffered and resold on an ongoing basis after their initial sale in market-making transactions by affiliates of HSBC Holdings plc. Pursuant to Rule 457(q) under the Securities Act, no separate registration fee is required for the registration of an indeterminate amount of securities to be offered solely for market-making purposes by affiliates of HSBC Holdings plc.
- (3) The Preference Shares are being registered solely in connection with market-making transactions with respect to the outstanding 52,200,000 American Depositary Shares, Series A (each representing one-fortieth of a share of 6.20% Non-cumulative Dollar Preference Shares, Series A). The Preference Shares will be represented by American Depositary Shares. American Depositary Receipts evidencing American Depositary Shares issuable on deposit of Preference Shares have been registered pursuant to Registration Statement on Form F-6 No. 333-128246.
- (4) The Ordinary Shares are being registered solely in connection with the registration of the Contingent Convertible Securities and the Ordinary Shares we may issue in connection with the conversion of such Contingent Convertible Securities pursuant to the terms thereof.

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**EXPLANATORY NOTE**

The prospectus contained herein relates to both of the following:

the initial offering of dated subordinated debt securities, undated subordinated debt securities, senior debt securities and contingent convertible securities of HSBC Holdings plc on a continuous or delayed basis; and

market-making transactions that may occur on a continuous or delayed basis in (1) the dated subordinated debt securities, undated subordinated debt securities, senior debt securities or contingent convertible securities after they are initially offered and sold, (2) the dated subordinated debt securities, undated subordinated debt securities, senior debt securities or contingent convertible securities in one or more of the same classes that were initially registered under registration statements previously filed by HSBC Holdings plc and (3) the outstanding 52,200,000 American Depositary Shares, Series A (each representing one-fortieth of a share of 6.20% Non-cumulative Dollar Preference Shares, Series A) that were initially registered under HSBC Holdings plc's registration statement on Form F-3 (File No. 333-92024) dated November 25, 2002.

When the prospectus is delivered to an investor in the initial offering described above, the investor will be informed of that fact in the confirmation of sale. When the prospectus is delivered to an investor who is not so informed, it is delivered in a market-making transaction.

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**Prospectus**

**HSBC Holdings plc**

**Subordinated Debt Securities**

**Senior Debt Securities**

**Contingent Convertible Securities**

**Ordinary Shares**

**Non-cumulative Dollar-denominated Preference Shares**

**American Depositary Shares**

HSBC Holdings plc may offer the following securities for sale through this prospectus:

dated subordinated debt securities;

undated subordinated debt securities (together with the dated subordinated debt securities, the subordinated debt securities );

senior debt securities (together with the subordinated debt securities, the debt securities );

contingent convertible securities;

ordinary shares of \$0.50 nominal value each, which will be offered solely in connection with the offer of any contingent convertible securities (which may be converted into ordinary shares pursuant to the terms of such contingent convertible securities); and

non-cumulative dollar-denominated preference shares of \$0.01 nominal value each, which will be represented by American depositary shares and offered and sold solely in connection with market-making transactions.

We will provide the specific terms of the securities that we are offering in supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

This prospectus may not be used to consummate sales of debt securities, contingent convertible securities, preference shares or ordinary shares unless accompanied by a prospectus supplement.

Our ordinary shares are listed or admitted to trading on the London Stock Exchange, the Hong Kong Stock Exchange, Euronext Paris, the New York Stock Exchange ( NYSE ) and the Bermuda Stock Exchange. Our ordinary shares listed on NYSE (under the trading symbol HSBC ) are listed in the form of American depositary shares ( ADS ), each representing five of our ordinary shares. On February 21, 2017, the closing price of our ADSs was \$41.58 per ADS on the NYSE.

**The debt securities and contingent convertible securities will be subject to the exercise of the UK bail-in power by the relevant UK resolution authority as described herein and in the applicable prospectus supplement for such debt securities or contingent convertible securities.**

*Investing in the securities involves certain risks. See Risk Factors beginning on page 7 to read about certain risk factors you should consider before investing in the securities.*

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

We may use this prospectus in the initial sale of these securities. In addition, HSBC Securities (USA) Inc. or another of our affiliates may use this prospectus in a market-making transaction in any of these securities after their initial sale. *Unless we or our agent informs you otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.*

**The date of this prospectus is February 22, 2017.**

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**Prohibition of sales to EEA retail investors**

The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ( MiFID II ); (ii) a customer within the meaning of Directive 2002/92/EC ( IMD ), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the PRIIPs Regulation ) for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in the Member State.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom ( UK ), (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the Order ) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, or (iv) persons to whom an engagement or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons ). This document is directed only at relevant persons and must not be acted upon or relied on by persons who are not relevant persons. Any securities will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of securities in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make an offer in that Member State of securities which are the subject of an offering contemplated in this prospectus as completed by final terms in relation to the offer of those securities may only do so (i) in circumstances in which no obligation arises for the issuer or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the issuer nor any underwriter have authorized, nor do they authorize, the making of any offer of securities in circumstances in which an obligation arises for use or any underwriter to publish or supplement a prospectus for such offer.

In connection with any issue of securities through this prospectus, the person(s) (if any) named as the stabilizing manager(s) in the applicable prospectus supplement (the stabilizing manager ) (or any person acting for it) may over-allot securities (provided that, in the case of any offering of securities to be admitted to trading on a regulated market as defined in Directive 2014/65/EU, the aggregate principal amount of securities allotted does not exceed



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105 per cent of the aggregate principal amount of securities subject to the offering, or 115 per cent of such amount where Article 8 of Commission Delegated Regulation EU 2016/1052 applies and there is a

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greenshoe option (as defined in that Regulation) or effect transactions with a view to supporting the market price of such securities and any associated securities at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilizing manager (or persons acting on behalf of a stabilizing manager) will undertake stabilization action. Any stabilization may begin on or after the date on which adequate public disclosure of the terms of any offer of the relevant securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issuer receives the proceeds of the issue and 60 days after the date of the allotment of any relevant securities, or, if the securities are to be admitted to trading on a regulated market, no later than 30 days after the commencement of trading of the securities on such regulated market. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager (or persons acting on behalf of a stabilizing manager) in accordance with all applicable laws and rules.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using the shelf registration process. Under the shelf registration process, we may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the securities. The prospectus supplement may also add to, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information About Us**.

As used in this prospectus and in any prospectus supplement, the terms **HSBC Holdings**, **we**, **us** and **our** refer to HSBC Holdings plc, and the terms **HSBC Group** and **HSBC** mean HSBC Holdings plc and its subsidiary undertakings. In addition, the term **IFRSs** means International Financial Reporting Standards.

In this prospectus and any prospectus supplement, all references to (i) **US dollars**, **US\$**, **dollars** or **\$** are to the lawful currency of the United States of America, (ii) **euro** or **€** are to the lawful currency of the Member States of the European Union (EU) that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended, (iii) **sterling** **pounds sterling**, or **£** are to the lawful currency of the UK, (iv) **CAD** are to the lawful currency of Canada, (v) **NOK** are to the lawful currency of Norway and (vi) **JPY** are to the lawful currency of Japan.

**PRESENTATION OF FINANCIAL INFORMATION**

The consolidated financial statements of the HSBC Group have been prepared in accordance with IFRSs, as issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. EU-endorsed IFRSs could differ from IFRSs as issued by the IASB, if, at any point in time, new or amended IFRSs were to be endorsed by the EU. At December 31, 2016, there were no unendorsed standards effective for the year ended December 31, 2016 affecting these consolidated financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC. Accordingly, HSBC's financial statements for the year ended December 31, 2016 were prepared in accordance with IFRSs as issued by the IASB. We use the US dollar as our presentation currency in our consolidated financial statements because the US dollar and currencies linked to it form the major currency bloc in which we transact and fund our business.

**LIMITATION ON ENFORCEMENT OF US LAWS AGAINST US, OUR MANAGEMENT AND OTHERS**

We are an English public limited company. Most of our directors and executive officers (and certain experts named in this prospectus or in documents incorporated herein by reference) are resident outside the United States, and a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon these persons or to enforce against them or us in US courts judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors, Cleary Gottlieb Steen & Hamilton LLP, that there is doubt as to enforceability in the English courts, in original actions or in actions for enforcement of judgments of US courts, of liabilities predicated solely upon the federal securities laws of the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in the UK. The enforceability of any judgment in the UK will depend on the particular facts of the case in effect at the time.



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**FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements may be identified by the use of terms such as believes, expects, estimate, may, intends, plan, will, should, potential, reasonably possible or anticipates or the negative thereof or expressions, or by discussions of strategy. These forward-looking statements include statements relating to the implementation and exercise of the UK bail-in powers. We have based the forward-looking statements on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, as described under Cautionary statement regarding forward-looking statements contained in HSBC Holdings Annual Report on Form 20-F for the year ended December 31, 2016 filed with the SEC on February 21, 2017 (the 2016 Form 20-F ). We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. Additional information, including information on factors which may affect HSBC's business, is contained in the 2016 Form 20-F and under Risk Factors in this prospectus.

**WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

We file reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room. Documents filed with the SEC are also available to the public on the SEC's internet site at <http://www.sec.gov>.

The SEC allows us to incorporate by reference in this prospectus the information in the documents that we file with it, which means we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus. We incorporate by reference in this prospectus the documents listed below.

2016 Form 20-F;

any future Reports on Form 6-K that indicate they are incorporated into this registration statement; and

any future Annual Reports on Form 20-F that we may file with the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act ).

You may request a copy of these documents at no cost to you by writing or telephoning us at either of the following addresses:

Group Company Secretary

HSBC Holdings plc

8 Canada Square

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London E14 5HQ

United Kingdom

Tel: +44 20-7991-8888

HSBC Holdings plc

c/o HSBC North America Holdings Inc.

452 Fifth Avenue

New York, NY, 10018

Attn: Company Secretary

Tel: +1 212-525-5000

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We will provide to the trustee referred to under *Description of Debt Securities* and *Description of Contingent Convertible Securities* and the depositary referred to under *Description of Preference Share ADSs* our annual reports, which will include a description of operations and annual audited consolidated financial statements prepared under IFRSs as issued by the IASB. We will also furnish the trustee and the depositary with interim reports, which will include unaudited interim consolidated financial information prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the IASB. The trustee and the depositary, as appropriate, will make such reports available for inspection by holders at their respective corporate trust offices.

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**HSBC**

HSBC is one of the largest banking and financial services organizations in the world. As at December 31, 2016, we had total assets of US\$2,375 billion and total shareholders' equity of US\$175 billion. For the year ended December 31, 2016, our operating profit was US\$4,758 million on total operating income of US\$59,836 million. We are a strongly capitalized banking group with a CRD IV common equity Tier 1 ratio (end-point basis) of 13.6% as at December 31, 2016.

Headquartered in London, HSBC operates through long-established businesses and serves customers worldwide from around 4,000 offices in 70 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. Within these regions, a comprehensive range of banking and related financial services is offered to personal, commercial, corporate, institutional, investment and private banking clients. Our products and services are delivered to clients through four global businesses, Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets and Global Private Banking.



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**RISK FACTORS**

*You should consider carefully all of the information included, or incorporated by reference, in this document and any risk factors included in the applicable prospectus supplement before you decide to buy securities.*

**Risks Relating to HSBC's Business**

For information on risks relating to HSBC's business, you should read the risks described in HSBC Holdings' Annual Report on Form 20-F for the year ended December 31, 2016 filed with the SEC on February 21, 2017, including the section entitled *Risk Factors* on pages 92 through 97 and Note 35 (*Legal proceedings and regulatory matters*) to the consolidated financial statements included therein on pages 288 through 294, which is incorporated by reference in this prospectus, and/or similar disclosure in subsequent filings incorporated by reference in this prospectus.

**Risks Relating to the Securities**

*Under the terms of the debt securities and contingent convertible securities you will agree to be bound by the exercise of any UK bail-in power by the relevant UK resolution authority.*

You will agree to be bound by the exercise of any UK bail-in power. Specifically, by your acquisition of the debt securities and/or the contingent convertible securities, you (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the debt securities and/or the contingent convertible securities or the relevant indenture or any other agreements, arrangements or understandings between us and you, to be bound by (a) the effect of the exercise of any UK bail-in power by the relevant UK resolution authority (as such terms are defined herein) and (b) the variation of the terms of the debt securities and/or the contingent convertible securities or the relevant indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority. No repayment or payment of amounts due will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. Moreover, you (which, for these purposes, includes each beneficial owner) will consent to the exercise of the UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the debt securities and/or the contingent convertible securities. See *Description of Debt Securities Agreement with Respect to the Exercise of the UK Bail-in Power* and *Description of Contingent Convertible Securities Agreement with Respect to the Exercise of the UK Bail-in Power*.

You should consider the risk that you may lose all of your investment, including the principal amount plus any accrued interest, if the UK bail-in power is acted upon or that any remaining outstanding debt securities and contingent convertible securities or the securities into which the debt securities and contingent convertible securities are converted, including our ordinary shares, may be of little value at the time of conversion and thereafter (as described under *Risks Relating to the Securities* *The debt securities and contingent convertible securities are the subject of the UK bail-in power, which may result in such debt securities and contingent convertible securities being written down to zero or converted into other securities, including unlisted equity securities* ).

As used in this prospectus, a *UK bail-in power* is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the UK, relating to the transposition of Directive 2014/59/EU, as amended from time to time (the *BRRD* ), including but not limited to the Banking Act and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such



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regulated entity or any other person (or suspended for a temporary period); and (ii) any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised. A reference to a regulated entity is to any BRRD Undertaking as such term is defined under the PRA Rulebook promulgated by the Prudential Regulation Authority (the PRA), as amended from time to time, which includes certain credit institutions, investment firms, and certain of their parent or holding companies; and (iii) the relevant UK resolution authority is any authority with the ability to exercise a UK bail-in power.

***The debt securities and contingent convertible securities are the subject of the UK bail-in power, which may result in such debt securities and contingent convertible securities being written down to zero or converted into other securities, including unlisted equity securities.***

On January 1, 2015, the UK Banking Act 2009, as amended (the Banking Act), and other primary and secondary legislative instruments were amended to give effect to the BRRD in the UK. The stated aim of the BRRD is to provide supervisory authorities, including the relevant UK resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' contributions to bank bail-outs and/or exposure to losses.

As the parent company of a UK bank, we are subject to the Banking Act, which gives wide powers in respect of UK banks and their parent and other group companies to Her Majesty's Treasury (HM Treasury), the Bank of England (the BoE), the PRA and the Financial Conduct Authority in circumstances where a UK bank has encountered or is likely to encounter financial difficulties.

As a result, the debt securities and contingent convertible securities are subject to existing UK bail-in powers under the Banking Act, and may be subject to future UK bail-in powers under existing or future legislative and regulatory proposals, including measures implementing the BRRD. In particular, the Banking Act was amended to implement the power to write-down and convert capital instruments (the capital instruments write-down and conversion power) and a bail-in tool, both of which may be exercised by the BoE (as the relevant UK resolution authority) and form part of the UK bail-in power.

The capital instruments write-down and conversion power may be exercised independently of, or in combination with, the exercise of a resolution tool (other than the bail-in tool, which would be used instead of the capital instruments write-down and conversion power), and it allows resolution authorities to cancel all or a portion of the principal amount of capital instruments and/or convert such capital instruments into common equity Tier 1 instruments when an institution is no longer viable. The point of non-viability for such purposes is the point at which the BoE or PRA determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments are written down or extraordinary public support is provided and without such support the appropriate authority determines that the institution would no longer be viable. The BoE will exercise the capital instruments write-down and conversion power in accordance with the priority of claims under normal insolvency proceedings such that common equity Tier 1 items will be written down before additional Tier 1 and Tier 2 instruments, successively, are written down or converted into common equity Tier 1 instruments. The capital instruments write-down and conversion power does not include a safeguard designed to leave a creditor in a position that is no worse than if an institution had entered insolvency immediately before the exercise thereof.

Similarly, where the conditions for resolution exist, the BoE may use the bail-in tool (individually or in combination with other resolution tools under the Banking Act) to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or convert certain debt claims into another security, including ordinary shares of the surviving entity. In addition, the BoE may use the bail-in tool to, among other things, replace or substitute the issuer as obligor in respect of debt instruments, modify the terms of debt instruments

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(including altering the maturity (if any) and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinue the listing and admission to trading of financial instruments. The BoE must apply the bail-in tool in accordance with a specified preference order. In particular,

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the Banking Act requires resolution authorities to write-down or convert debts in the following order: (i) additional Tier 1 instruments, (ii) Tier 2 instruments, (iii) other subordinated claims that do not qualify as additional Tier 1 or Tier 2 instruments and (iv) eligible senior claims. Unlike the capital instruments write-down and conversion power, the bail-in tool has a safeguard designed to leave no creditor worse off than in the case of insolvency. However, due to the discretion afforded to the BoE, the claims of some creditors whose claims would rank equally with yours may be excluded from being subject to the bail-in tool. The greater number of such excluded creditors there are, the greater the potential impact of the UK bail-in on other creditors who have been excluded such as you.

As a result, the debt securities and contingent convertible securities will be subject to the capital instruments write-down and conversion power or the bail-in tool and may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments.

Moreover, to the extent the UK bail-in power is exercised pursuant to the Banking Act or otherwise, we do not expect any securities issued upon conversion of the debt securities or contingent convertible securities to meet the listing requirements of any securities exchange, and we expect our outstanding listed securities to be delisted from the securities exchanges on which they are listed. Any securities you receive upon conversion of the debt securities or contingent convertible securities (whether debt or equity) likely may not be listed for at least an extended period of time, if at all, or may be on the verge of being delisted by the relevant exchange, including, for example, our American depositary receipts listed on the New York Stock Exchange, our ordinary shares listed on the London Stock Exchange or otherwise or any securities listed on the Global Exchange Market of the Irish Stock Exchange. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the issuer of any securities issued upon conversion of the debt securities or contingent convertible securities, or the disclosure with respect to any existing issuer may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the UK bail-in power. Moreover, the exercise of the UK bail-in power and/or other actions implementing the UK bail-in power may require interests in the debt securities or contingent convertible securities to be held or taken, as the case may be, through clearing systems, intermediaries or persons other than DTC. Furthermore, the trustee may be unwilling to continue serving in its capacity as trustee for the debt securities and/or contingent convertible securities, subject to the terms of the relevant indenture. As a result, there may not be an active market for any securities you may hold after the exercise of the UK bail-in power.

You should consider the risk that you may lose all of your investment, including the principal amount plus any accrued interest, if the UK bail-in power is acted upon or that any remaining outstanding securities or securities into which the debt securities or contingent convertible securities are converted, including our ordinary shares, may be of little value at the time of conversion and thereafter. In addition, trading behavior, including prices and volatility, may be affected by the threat of bail-in and, as a result, the debt securities and contingent convertible securities are not necessarily expected to follow the trading behavior associated with other types of securities. See also, **Risks Relating to the Securities** Other powers contemplated by the Banking Act may affect your rights under, and the value of your investment in, the debt securities or contingent convertible securities.

***Your rights may be limited in respect of the exercise of the UK bail-in power by the relevant UK resolution authority.***

There may be limited protections, if any, that will be available to holders of securities subject to the UK bail-in power (including debt securities and contingent convertible securities) and to the broader resolution powers of the relevant UK resolution authority. For example, although under the Banking Act the BoE's resolution instrument with respect to the exercise of the bail-in tool must set out the provisions allowing for securities to be transferred, cancelled or modified (or any combination of these), the resolution instrument may make any other provision that the BoE considers to be appropriate in exercising its specific powers. Such other provisions are expected to be specific and

tailored to the circumstances that have led to the exercise of the bail-in

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tool under the Banking Act and there is uncertainty as to the extent to which usual processes or procedures under English law will be available to holders of securities (including debt securities and contingent convertible securities). Accordingly, you may have limited or circumscribed rights to challenge any decision of the BoE or other relevant UK resolution authority to exercise its UK bail-in power.

***Other powers contemplated by the Banking Act may affect your rights under, and the value of your investment in, the securities.***

In addition to the capital instruments write-down and conversion power and the bail-in tool, the Banking Act also includes powers to (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include the securities offered hereby), to a commercial purchaser or, in the case of securities, into temporary public ownership (to HM Treasury or an HM Treasury nominee), or, in the case of property, rights or liabilities, to a bridge bank (an entity owned by the BoE); (b) together with another resolution tool only, transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down; (c) override any default provisions, contracts or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (d) commence certain insolvency procedures in relation to a UK bank; and (e) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively.

The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use these powers effectively, potentially with retrospective effect.

The powers set out in the Banking Act could affect how credit institutions (and their parent companies) and investment firms are managed as well as, in certain circumstances, the rights of creditors. Accordingly, the taking of any actions contemplated by the Banking Act may affect your rights under the securities, and the value of your securities may be affected by the exercise of any such powers or threat thereof.

***The circumstances under which the relevant UK resolution authority would exercise its UK bail-in power or other resolutions tools under the Banking Act or future legislative or regulatory proposals are uncertain, which may affect the value of your securities.***

There remains significant uncertainty regarding the ultimate nature and scope of the resolution powers under the Banking Act (and such significant uncertainty may exist with respect to any other resolution powers or tools enacted under future legislative or regulatory proposals), as well as the manner in which such powers would affect us and our securities if such powers were exercised.

For example, although the exercise of the capital instruments write-down and conversion power and other resolution tools under the Banking Act are subject to certain pre-conditions thereunder, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside our control or not directly related to us) which the BoE would consider in deciding whether to exercise such powers with respect to us or our securities. In particular, because the Banking Act allows for the BoE to exercise its discretion in choosing which resolution tool or tools to apply, it will be difficult to predict whether the exercise of the BoE's resolution powers will result in a principal write-off or conversion to equity. As a result, you may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such resolution powers and consequently its potential effect on us or the securities.

Accordingly, it is not yet possible to assess the full impact of the exercise of the UK bail-in power pursuant to the Banking Act or otherwise on us, and there can be no assurance that the taking of any actions contemplated therein would not adversely affect your rights, the price or value of your investment in our securities and/or our ability to satisfy our obligations under our securities.



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**USE OF PROCEEDS**

Unless we otherwise disclose in the accompanying prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes and to further strengthen the capital base of HSBC Holdings.

**Table of Contents****CONSOLIDATED CAPITALIZATION AND INDEBTEDNESS OF HSBC HOLDINGS PLC**

The following table shows the consolidated unaudited capitalization, indebtedness and share capital position of HSBC Holdings plc and our subsidiary undertakings as at 31 December 2016:

|   |  | <b>Q4 2016<br/>Issued and<br/>fully paid<br/>US\$m</b> |
|---|--|--|
| <b>Called up Share Capital</b>                                      |  |  |
|   | Ordinary shares (of nominal value US\$0.50 each)   | 10,096   |
|   | Preference shares (of nominal value US\$0.01 each)                                       |  |
| US\$1,450m  | 6.20% non-cumulative dollar preference shares, Series A aggregate redemption price       | 1,450  |
|   |  | <b>Carrying<br/>amount<br/>US\$m</b>                   |
| <b>Other Equity Instruments</b>                                     |  |  |
| US\$3,800m  | 8.00% perpetual subordinated capital securities, Series 2 (of nominal value US\$25 each) | 3,718  |
| US\$2,450m  | 6.375% perpetual subordinated contingent convertible securities                          | 2,459  |
| US\$2,250m  | 6.375% perpetual subordinated contingent convertible securities                          | 2,244  |
| US\$2,200m  | 8.125% perpetual subordinated capital securities (of nominal value US\$25 each)          | 2,133  |
| 1,500m  | 5.25% perpetual subordinated contingent convertible securities                           | 1,943  |
| 1,000m  | 6.00% perpetual subordinated contingent convertible securities                           | 1,121  |
| US\$1,500m  | 5.625% perpetual subordinated contingent convertible securities                          | 1,494  |
| US\$2,000m  | 6.875% perpetual subordinated contingent convertible securities                          | 1,998  |
|   |  | <b>17,110</b>  |
|   |  | <b>Carrying<br/>amount<br/>US\$m</b>                   |
| <b>Subordinated Liabilities</b>                                     |  |  |
| <b>Undated Subordinated Loan Capital of Subsidiary Undertakings</b> |  |  |
| US\$750m  | Undated floating rate primary capital notes  | 750  |
| US\$500m  | Undated floating rate primary capital notes  | 500  |
| US\$400m  | Primary capital undated floating rate notes (third series)                               | 400  |
| US\$300m  | Undated floating rate primary capital notes, Series 3                                    | 300  |
|   |  | <b>1,950</b>   |
| <b>Subordinated Loan Capital of HSBC Holdings plc</b>               |  |  |
| US\$2,500m  | 6.5% subordinated notes 2037   | 3,170  |

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|            |  |       |
|------------|--|-------|
| 1,750m     | 6.0% subordinated notes 2019             | 2,168 |
| 1,600m     | 6.25% subordinated notes 2018            | 1,693 |
| 1,500m     | 3.0% subordinated notes 2025             | 1,716 |
| 1,500m     | 3.375% callable subordinated notes 2024* | 1,626 |
| US\$2,000m | 4.25% Subordinated Notes 2024*           | 2,060 |
| US\$2,000m | 6.5% subordinated notes 2036             | 2,029 |
| £900m      | 6.375% callable subordinated notes 2022  | 1,163 |
| US\$1,500m | 5.25% subordinated notes 2044*           | 1,747 |
| US\$1,500m | 6.8% subordinated notes 2038             | 1,487 |
| US\$1,500m | 4.25% subordinated notes 2025            | 1,539 |

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|            |                                | <b>Carrying<br/>amount<br/>US\$m</b> |
|------------|--------------------------------|--------------------------------------|
| 1,500m     | 3.125% subordinated notes 2028 | 1,139                                |
| £900m      | 6.0% subordinated notes 2040   | 1,086                                |
| £750m      | 7.0% subordinated notes 2038   | 971                                  |
| £650m      | 5.75% subordinated notes 2027  | 932                                  |
| £650m      | 6.75% subordinated notes 2028  | 793                                  |
| US\$488m   | 7.625% subordinated notes 2032 | 528                                  |
| US\$222m   | 7.35% subordinated notes 2032  | 278                                  |
| US\$1,500m | 4.375% subordinated bonds 2026 | 1,520                                |
|            |                                | <b>27,645</b>                        |

**Subordinated Loan Capital of Subsidiary Undertakings**

|            |  |               |
|------------|--|---------------|
| US\$2,939m | 6.676% senior subordinated notes 2021                                      | 2,192         |
| US\$1,250m | 4.875% subordinated notes 2020   | 1,257         |
| £700m      | 5.844% non-cumulative step-up perpetual preferred securities               | 863           |
| US\$1,000m | 5.875% subordinated notes 2034   | 1,137         |
| £600m      | 4.75% subordinated notes 2046  | 731           |
| US\$900m   | 10.176% non-cumulative step-up perpetual preferred securities, series 2*** | 891           |
| £500m      | 5.375% subordinated notes 2033   | 750           |
| US\$750m   | 5.625% subordinated notes 2035   | 862           |
| US\$750m   | 5.00% subordinated notes 2020  | 748           |
| US\$700m   | 7.00% subordinated notes 2039  | 701           |
| £350m      | 5.00% callable subordinated notes 2023                                     | 466           |
| £350m      | 5.375% callable subordinated step-up notes 2030                            | 489           |
| £300m      | 5.862% non-cumulative step-up perpetual preferred securities               | 411           |
| US\$500m   | 6.00% subordinated notes 2017  | 498           |
| £300m      | 6.50% subordinated notes 2023  | 369           |
| CAD400m    | 4.80% subordinated debentures 2022   | 299           |
| US\$300m   | 7.65% subordinated notes 2025  | 372           |
| £225m      | 6.25% subordinated notes 2041  | 276           |
| US\$300m   | Non-convertible subordinated obligations 2019                              | 240           |
| US\$250m   | 7.20% subordinated debentures 2097   | 220           |
|            | Other subordinated liabilities less than US\$200m                          | 1,138         |
|            |  | <b>14,910</b> |

**Carrying  
amount  
US\$m**

**Minority Interests**

|  |     |
|--|-----|
| Other preference shares issued by subsidiary undertakings less than US\$200m | 260 |
|--|-----|

**260**

|   |   | <b>Carrying<br/>amount<br/>US\$m</b> |
|---|---|--------------------------------------|
| <b>Senior indebtedness of HSBC Holdings plc</b> |   |                                      |
| US\$3,000m                                      | 3.4% Senior Unsecured Notes 2021          | 3,097                                |
| US\$3,000m                                      | 4.3% Senior Unsecured Notes 2026          | 3,153                                |
| US\$1,000m                                      | Floating Rate Senior Unsecured Notes 2021 | 997                                  |
| EUR2,000m                                       | 1.5% Senior Unsecured Notes 2022          | 2,230                                |

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|            |   | <b>Carrying<br/>amount<br/>US\$m</b> |
|------------|---|--------------------------------------|
| EUR1,250m  | 2.5% Senior Unsecured Notes 2027          | 1,478                                |
| GBP1,000m  | 2.625% Senior Unsecured Notes 2028**      | 1,143                                |
| NOK5,900m  | 3.1% Senior Unsecured Notes 2027**        | 651                                  |
| EUR2,000m  | 0.875% Senior Unsecured Notes 2024**      | 2,028                                |
| USD2,000m  | 4% Senior Unsecured Notes 2022            | 2,102                                |
| JPY58,100m | 0.45% Senior Unsecured Notes 2021**       | 491                                  |
| JPY64,400m | 1.207% Senior Unsecured Notes 2026**      | 542                                  |
| JPY59,300m | 0.842% Senior Unsecured Notes 2023**      | 499                                  |
| US\$1,250m | Floating Rate Senior Unsecured Notes 2022 | 1,246                                |
| CAD1,000m  | 3.196% Senior Unsecured Notes 2023**      | 728                                  |
| US\$2,500m | 2.95% Senior Unsecured Notes 2021**       | 2,337                                |
| US\$1,000m | Floating Rate Senior Unsecured Notes 2021 | 997                                  |
| US\$2,000m | 3.60% Senior Unsecured Notes 2023**       | 1,916                                |
| US\$2,500m | 3.90% Senior Unsecured Notes 2026**       | 2,428                                |
| US\$2,500m | 2.650% Senior Unsecured Notes 2022**      | 2,387                                |
| EUR900m    | Senior Unsecured Floating Rate Note 2018  | 953                                  |
| GBP650m    | 6.50% Senior Unsecured Notes 2024         | 799                                  |
| US\$2,500m | 5.10% Senior Unsecured Notes 2021         | 2,748                                |
| US\$900m   | 4.875% Senior Unsecured Notes 2022        | 993                                  |
| US\$2,000m | 4% Senior Unsecured Notes 2036**          | 1,663                                |
| US\$750m   | 6.1% Senior Unsecured Notes 2042          | 964                                  |
|            |   | <b>38,571</b>                        |

- (1) The aggregate redemption price of the US\$1,450 million 6.20% non-cumulative dollar preference shares is included within share premium.
- (2) HSBC Holdings has two outstanding series of exchangeable bonds: US\$2,200 million 8.125% perpetual subordinated capital securities and US\$3,800 million 8% perpetual subordinated capital securities, Series 2.
- (3) Reserves include share premium, retained earnings, available-for-sale fair value reserve, cash flow hedging reserve, foreign exchange reserve and merger reserve.
- (4) As of February 20, 2017, 383,460 ordinary shares of US\$0.50 each have been issued since December 31, 2016 as a result of the exercise of employee share options.
- (5) HSBC has prepared its consolidated financial statements in accordance with IFRSs as issued by IASB. HSBC has adopted the Amendment to IAS39: The Fair Value Option. As a result, as at December 31, 2016, US\$23,172 million of subordinated loan capital and US\$34,572 million of senior indebtedness are designated at fair value. Within subordinated loan capital, the 3.375% callable subordinated notes 2024, 4.25% subordinated notes 2024 and 5.25% subordinated notes 2044 (\* above) are measured at amortized cost in HSBC Holdings, where the interest rate risk is hedged using a fair value hedge, while it is measured at fair value in HSBC.

Within senior indebtedness, the 2.95% fixed rate notes 2021, 3.6% fixed rate notes 2023, 3.9% fixed rate notes 2026, 2.65% fixed rate notes 2022, 0.875% fixed rate notes 2024, 4% fixed rate notes 2036, 2.625% fixed rate notes 2028, 3.196% fixed rate notes 2023, 3.1% fixed rate notes 2027, 1.207% fixed rate notes 2026, 0.842% fixed rate notes 2023 and 0.45% fixed rate notes 2021 (\*\* above) are measured at amortized cost in HSBC Holdings, where the interest rate

risk is hedged using a fair value hedge, while it is measured at fair value in HSBC.

- (6) The £700 million 5.844% non-cumulative step-up perpetual preferred securities and the £300 million 5.862% non-cumulative step-up perpetual preferred securities each benefit from a subordinated guarantee by HSBC Bank plc. The other non-cumulative step-up perpetual preferred security (\*\*\*) above) benefits

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from a subordinated guarantee by HSBC Holdings. None of the other above consolidated loan capital is secured or guaranteed. No account has been taken of liabilities or guarantees between undertakings within HSBC.

- (7) As at December 31, 2016, HSBC had other indebtedness of US\$2,108,277 million (including deposits by banks of US\$59,939 million, customer accounts of US\$1,272,386 million, trading liabilities of US\$153,691 million, debt securities in issue of US\$26,351 million, derivatives of US\$279,819 million and other liabilities of US\$316,091 million) and contingent liabilities and contractual commitments of US\$737,863 million (comprising guarantees of US\$81,466 million, undrawn formal standby facilities, credit lines and other commitments to lend of US\$641,268 million and other contingent liabilities and commitments of US\$15,129 million).

Save as disclosed in the above notes, there has been no material change in the issued share capital, loan capital or senior indebtedness of HSBC Holdings, or loan capital, other indebtedness, contingent liabilities or third party guarantees of HSBC Holdings subsidiary undertakings since December 31, 2016.

The following exchange rates as at December 31, 2016 have been used in the table above: 1.00 = US\$1.05385; £1.00 = US\$1.2325; US\$1.00 = CAD1.3463; US\$1.00 = BRL3.2547; US\$1.00 = NOK 8.6204; US\$1.00 = JPY117.025.



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**DESCRIPTION OF DEBT SECURITIES**

Debt securities offered through this prospectus will be issued under one of three indentures between HSBC Holdings, as issuer, and The Bank of New York Mellon, as trustee. The dated subordinated debt securities will be issued under the indenture for dated subordinated debt securities, the undated subordinated debt securities will be issued under the indenture for undated subordinated debt securities and the senior debt securities will be issued under the indenture for senior debt securities. The following summary of certain provisions of the debt securities and the indentures and any such summary in any prospectus supplement do not purport to be complete and are subject and are qualified by reference to all the provisions of the debt securities and the relevant indenture. Defined terms used in this section but not otherwise defined in this prospectus have the meanings assigned to them in the relevant indenture.

**General**

The indentures do not limit the amount of debt securities that we may issue under them and provide that we may issue debt securities from time to time in one or more series.

Please refer to the prospectus supplement relating to the particular series of debt securities offered through this prospectus for the following terms, where applicable, of the debt securities:

whether such debt securities, in the case of subordinated debt securities, will be dated subordinated debt securities with a specified maturity date or undated subordinated debt securities with no specified maturity date;

the title and series of such debt securities;

the aggregate principal amount of such debt securities, and the limit, if any, on the aggregate principal amount of the debt securities of that series that may be issued under the relevant indenture;

the issue date or dates and the maturity date or dates, if any;

the rate or rates, at which such debt securities will bear interest or the method by which interest will be determined, and the dates and mechanics of payment of interest, including record dates;

specific redemption terms;

whether such debt securities, if dated subordinated debt securities or senior debt securities, are to be issued as discount securities and the terms and conditions of any such discount securities;

the place or places where any principal, premium or interest in respect of debt securities of the series will be payable;

whether payments are subject to a condition that we are able to make such payment and remain able to pay our debts as they fall due and our assets continue to exceed our liabilities (other than subordinated liabilities) (a solvency condition );

whether there are any other conditions to which payments with respect to such debt securities are subject;

provisions, if any, for the discharge and defeasance of such debt securities;

the form in which such debt securities are to be issued;

the denominations in which such debt securities will be issuable;

if other than the principal amount thereof, the portion of the principal amount of debt securities of the series that will be payable upon declaration of acceleration of the payment of such principal pursuant to the relevant indenture;

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the currency in which such debt securities are to be denominated;

the currency in which payments on such debt securities will be made;

if payments on debt securities may be made in a currency other than US dollars, or a foreign currency or a foreign currency other than the foreign currency in which such debt securities are denominated or stated to be payable, the periods within which and the terms and conditions upon which such election may be made and the time and manner of determining the relevant exchange rate;

whether any debt securities of the series are to be issued as indexed securities and, if so, the manner in which the principal of (and premium, if any, on) or interest thereon will be determined and the amount payable upon acceleration under the relevant indenture and any other terms in respect thereof;

any restrictive covenants provided for with respect to such debt securities;

any other or different events of default;

provisions, if any, for the exchange, modification or conversion of such debt securities;

provisions relating to the exercise of the UK bail-in power by the relevant UK resolution authority; and

any other terms of the series.

Debt securities of any series may be sold at a substantial discount below their stated principal amount, bearing no interest or interest at a rate that at the time of issuance is below market rates, may be redeemable at a premium, or may be otherwise designated by us as issued with original issue discount. We will discuss certain tax considerations that may be relevant to holders of such discount securities, undated or perpetual debt securities and debt securities providing for indexed, contingent or variable payments or payments in a currency other than the currency in which such debt securities are denominated in the prospectus supplement relating to such securities.

Debt securities and any coupons relating to such debt securities will become void unless presented for payment within ten years with respect to a payment of principal and premium, if any, and five years with respect to a payment of interest. All monies paid by us to a paying agent or the trustee for the payment of principal of (and premium, if any, on) or any interest on any debt security that remain unclaimed at the end of two years after such principal, premium, or interest will have become due and payable will be repaid to us, and the holder of such debt security must look to us for payment thereof.

**Form, Settlement and Clearance**

*General.* Unless the relevant prospectus supplement states otherwise, the debt securities will initially be represented by one or more global securities in registered form, without coupons attached, and will be deposited with or on behalf

of one or more depositaries, including, without limitation, The Depository Trust Company ( DTC ), Euroclear Bank S.A./N.V. ( Euroclear Bank ), as operator of the Euroclear System ( Euroclear ) and/or Clearstream Banking, *société anonyme* ( Clearstream Luxembourg ), and will be registered in the name of such depositary or its nominee. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons who are registered as holders of the debt securities. Unless and until the debt securities are exchanged in whole or in part for other securities that we issue or the global securities are exchanged for definitive securities, the global securities may not be transferred except as a whole by the depositary to a nominee or a successor of the depositary.

The debt securities may be accepted for clearance by DTC, Euroclear and Clearstream Luxembourg. Unless the relevant prospectus supplement states otherwise, the initial distribution of the debt securities will be cleared through DTC only. In such event, beneficial interests in the global debt securities will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its direct and indirect participants, including, as applicable, Euroclear and Clearstream Luxembourg.

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The laws of some states may require that certain investors in securities take physical delivery of their securities in definitive form. Those laws may impair the ability of investors to own interests in book-entry securities.

So long as the depository, or its nominee, is the holder of a global debt security, the depository or its nominee will be considered the sole holder of such global debt security for all purposes under the relevant indenture. Except as described below under the heading *Definitive Debt Securities*, no participant, indirect participant or other person will be entitled to have debt securities registered in its name, receive or be entitled to receive physical delivery of debt securities in definitive form or be considered the owner or holder of the debt securities under the relevant indenture. Each person having an ownership or other interest in debt securities must rely on the procedures of the depository, and, if a person is not a participant in the depository, must rely on the procedures of the participant or other securities intermediary through which that person owns its interest to exercise any rights and obligations of a holder under the relevant indenture or the debt securities.

DTC has advised us that: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts thereby eliminating the need for physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

*Payments on the Global Debt Security.* Payments of any amounts in respect of any global securities will be made by the paying agent to the depository. Payments will be made to beneficial owners of debt securities in accordance with the rules and procedures of the depository or its direct and indirect participants, as applicable. Neither we nor the trustee nor any of our agents will have any responsibility or liability for any aspect of the records of any securities intermediary in the chain of intermediaries between the depository and any beneficial owner of an interest in a global security, or the failure of the depository or any intermediary to pass through to any beneficial owner any payments that we make to the depository.

All such payments will be distributed without deduction or withholding for any UK taxes or other governmental charges, or if any such deduction or withholding is required to be made under the provisions of any applicable UK law or regulation, then, except as described under *Additional Amounts*, such additional amounts will be paid as may be necessary in order that the net amounts received by any holder of the global security and by the owners of interests in the debt securities, after such deduction or withholding, will equal the net amounts that such holder and owners would have otherwise received in respect of the global security or interests in the debt securities, as the case may be, if such deduction or withholding had not been made.

*Settlement.* Initial settlement for the debt securities and settlement of any secondary market trades in the debt securities will be made in same-day funds. The debt securities will settle in DTC's Same-Day Funds Settlement System.

*Definitive Debt Securities.* Owners of interests in the debt securities will be entitled to receive definitive debt securities in registered form in respect of such interest if: (1) (i) DTC notifies us in writing that it is unwilling to or unable to continue as a depository for the debt securities of such series or the debt securities, as the case may be, or (ii) if at any time DTC ceases to be eligible as a clearing agency registered under the Exchange Act or we become

aware of such ineligibility and, in either case, a successor is not appointed by us within 90 days or (2) an event of default has occurred and is continuing and the registrar has received a request from DTC or (3) the applicable prospective supplement provides otherwise with respect to a particular series.

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Unless otherwise indicated in the applicable prospectus supplement, definitive debt securities will be issued in denominations of \$1,000 or integral multiples of \$1,000 and will be issued in registered form. Such definitive debt securities will be registered in the name or names of such person or persons as the registrar will notify the trustee based on the instructions of DTC.

## **Payments**

Any payments of interest and, in the case of subordinated dated debt securities and senior debt securities, principal and premium (if any), on any particular series of debt securities will be made on such dates and, in the case of payments of interest, at such rate or rates, as are set forth in, or as are determined by the method of calculation described in, the prospectus supplement relating to the debt securities of such series.

*Undated Subordinated Debt Securities.* We are not required to make payments with respect to any series of undated subordinated debt securities on any payment date specified for such payment in the prospectus supplement relating to the debt securities of such series. Failure to make any such payment on any such payment date will not constitute a default by us for any purpose. Any payment not made by us in respect of any series of undated subordinated debt securities on any applicable payment date, together with any other unpaid payments, will, so long as they remain unpaid, constitute missed payments and will accumulate until paid. Missed payments will not bear interest.

Missed payments, if any, may be paid at our option in whole or in part at any time on not less than 14 days' notice to the trustee, but all missed payments in respect of all undated subordinated debt securities of a particular series at the time outstanding will (subject to any solvency condition) become due and payable in full on whichever is the earliest of:

the date fixed for any redemption of such undated subordinated debt securities; and

the commencement of our winding up in England.

If we give notice of our intention to pay the whole or part of the missed payments on the undated subordinated debt securities of any series, we will be obliged, subject to any solvency condition, to do so upon the expiration of such notice. Where missed payments in respect of undated subordinated debt securities of any series are paid in part, each part payment will be deemed to be in respect of the full amount of missed payments accrued relating to the earliest payment date or consecutive payment dates in respect of such undated subordinated debt securities.

*If we are unable to make any payment on or with respect to the undated subordinated debt securities of any series because we are not able to satisfy a solvency condition, the amount of any such payment which would otherwise be payable will be available to meet our losses. In the event of our winding up, the right to claim for interest, including missed payments, and any other amount payable on such undated subordinated debt securities may be limited by applicable insolvency law.*

*Computation of Interest.* Except as otherwise specified in the prospectus supplement with respect to the debt securities of any series, any interest on the debt securities of each series, which is not denominated in Euro, will be computed on the basis of a 360-day year of twelve 30-day months. Interest on debt securities of each series denominated in Euro will be computed on the basis of the actual number of days in the calculation period divided by 365 (or, if any portion of that calculation period falls in a leap year, the sum of (a) the actual number of days in that portion of the calculation period falling in a leap year, divided by 366 and (b) the actual number of days in that portion of the calculation period

falling in a non-leap year, divided by 365).



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**Additional Amounts**

*Senior Debt Securities and Undated Subordinated Debt Securities*

Unless otherwise specified in the prospectus supplement with respect to the senior debt securities or undated subordinated debt securities of any series, all amounts of principal of (and premium, if any, on) and interest and related deferred payments and missed payments on senior debt securities or undated subordinated debt securities will be paid by us without deducting or withholding any present and future taxes, levies, imposts, duties, charges, fees, deductions, or withholdings whatsoever imposed, levied, collected, withheld or assessed by or for the account of the UK or any political subdivision or taxing authority thereof or therein, or if such deduction or withholding will at any time be required by the UK or any such subdivision or authority, we will pay such additional amounts as may be necessary so that the net amounts paid to the holders of the senior debt securities or undated subordinated debt securities, as applicable, or the trustee, after such deduction or withholding, will equal the respective amounts to which the holders of the senior debt securities or undated subordinated debt securities, as applicable, or the trustee would have been entitled had no deduction or withholding been made, provided that the foregoing will not apply to any such tax, levy, impost, duty, charge, fee, deduction or withholding which:

would not be payable or due but for the fact that the holder or beneficial owner of the senior debt securities or undated subordinated debt securities, as applicable, is domiciled in, or is a national or resident of, or engaging in business or maintaining a permanent establishment or being physically present in, the UK or such political subdivision, or otherwise has some connection or former connection with the UK or such political subdivision other than the holding or ownership of a debt security, or the collection of principal, premium, if any, interest and missed payments on, or the enforcement of, a debt security; or

would not be payable or due but for the fact that the relevant senior debt security or undated subordinated debt security, as applicable, or coupon or other means of payment of interest or missed payments in respect of senior debt securities or undated subordinated debt securities, as applicable, (i) is presented for payment in the UK or (ii) is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the holder would have been entitled to such additional amount on presenting the same for payment at the close of such 30-day period; or

is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or

would not have been imposed if presentation for payment of the relevant senior debt securities or undated subordinated debt securities, as applicable, had been made to a paying agent other than the paying agent to which the presentation was made; or

is imposed because of the failure to comply by the holder or the beneficial owner of the senior debt securities or undated subordinated debt securities, as applicable, or the beneficial owner of any payment on such senior

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debt securities or undated subordinated debt securities, as applicable, with a request from us addressed to the holder or the beneficial owner, including a request from us related to a claim for relief under any applicable double tax treaty:

(a) to provide information concerning the nationality, residence, identity or connection with a taxing jurisdiction of the holder or the beneficial owner; or

(b) to make any declaration or other similar claim to satisfy any information or reporting requirement, if the information or declaration is required or imposed by a statute, treaty, regulation, ruling or administrative practice of the taxing jurisdiction as a precondition to exemption from withholding or deduction of all or part of the tax, duty, assessment or other governmental charge; or

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is imposed in respect of any estate, inheritance, gift, sale, transfer, personal property, wealth or similar tax, duty assessment or other governmental charge; or

is imposed in respect of any combination of the above items.

*Dated Subordinated Debt Securities*

Unless otherwise specified in the prospectus supplement with respect to the dated subordinated debt securities of any series, all payments by us of principal of (and premium, if any, on) and interest on any such dated subordinated debt securities will be made without deduction or withholding for, or on account of, any and all present and future taxes, levies, imposts, duties, charges, fees, deductions, or withholdings whatsoever imposed, levied, collected, withheld or assessed by or on behalf of the UK or any political subdivision or taxing authority thereof or therein having the power to tax (the Taxing Jurisdiction ) unless required by law. If such deductions or withholding shall at any time be required by the law of the Taxing Jurisdiction, we will pay such additional amounts of, or in respect of, the principal amount of (and premium, if any, on) and interest on such dated subordinated debt securities ( Additional Amounts ) as may be necessary so that the net amount (including Additional Amounts) paid to the holders or beneficial owners of dated subordinated debt securities, after such deduction or withholding, will be equal to the amount to which the holders or beneficial owners of dated subordinated debt securities would have been entitled in the absence of such deduction or withholding, provided that the foregoing will not apply to any such tax, levy, impost, duty, charge, fee, deduction or withholding which:

would not be payable or due but for the fact that the holder or beneficial owner of such dated subordinated debt securities is domiciled in, or is a national or resident of, or engaging in business or maintaining a permanent establishment or being physically present in, the Taxing Jurisdiction, or otherwise has some connection or former connection with the Taxing Jurisdiction, other than the holding or ownership of a dated subordinated debt security, or the collection of any payment of (or in respect of) principal of (and premium, if any, on) and interest, or the enforcement of, a dated subordinated debt security;

would not be payable or due but for the fact that the certificate representing the relevant dated subordinated debt securities (i) is presented for payment in the Taxing Jurisdiction or (ii) is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the holder would have been entitled to such additional amount on presenting the same for payment at the close of such 30-day period;

would not have been imposed if presentation for payment of the certificate representing the relevant dated subordinated debt securities had been made to a paying agent other than the paying agent to which the presentation was made;

is imposed because of the failure to comply by the noteholder or the beneficial owner of such dated subordinated debt securities or the beneficial owner of any payment on such dated subordinated debt securities with a request from us addressed to the holder or the beneficial owner, including a written request from us related to a claim for relief under any applicable double tax treaty;

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to provide information concerning the nationality, residence, identity or connection with a taxing jurisdiction of the holder or the beneficial owner of the dated subordinated debt securities; or

to make any declaration or other similar claim to satisfy any information or reporting requirement, if the information or declaration is required or imposed by a statute, treaty, regulation, ruling or administrative practice of the Taxing Jurisdiction as a precondition to exemption from withholding or deduction of all or part of the tax, duty, assessment or other governmental charge;

is imposed in respect of any estate, inheritance, gift, sale, transfer, personal property, wealth or similar tax, duty assessment or other governmental charge; or

is imposed in respect of any combination of the above items.

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All payments in respect of the dated subordinated debt securities will be made subject to any withholding or deduction required pursuant to the US Foreign Account Tax Compliance Act ( FATCA ), and we will not be required to pay any additional amounts on account of any such deduction or withholding required pursuant to FATCA.

### **General**

We have agreed in each indenture that at least one paying agent for each series of debt securities will be located outside the UK. In the senior debt securities indenture, we also undertake that we will maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct taxes pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000

References in this prospectus to principal of (and premium, if any, on) and interest on debt securities will be deemed also to refer to any additional amounts which may be payable under the foregoing provisions.

### **Redemption**

In addition to the redemption provisions set forth in the prospectus supplement relating to the debt securities of a series, the debt securities of any series may be redeemed, in whole but not in part, at our option, on not less than 30 nor more than 60 days' notice, at any time at a redemption price equal to the principal amount (or in the case of principal indexed debt securities, face amount) thereof (or premium, if any), together with accrued interest, if any, to the date fixed for redemption (or, in the case of discounted securities, the accreted face amount thereof, together with accrued interest, if any, or, in the case of an index-linked debt security, the amount specified in the related prospectus supplement) and any debt securities convertible into preference shares or other securities may, at our option, be converted as a whole, if, at any time, we determine that:

- (a) in making payment under such debt securities in respect of principal (or premium, if any), interest or missed payment we have or will or would become obligated to pay additional amounts as provided in the relevant indenture and as described under *Additional Amounts* above provided such obligation results from a change in or amendment to the laws of the UK or any political subdivision or taxing authority thereof or therein having the power to tax (the taxing jurisdictions ), or any change in the official application or interpretation of such laws (including a decision of any court or tribunal), or any change in, or in the official application or interpretation of, or execution of, or amendment to, any treaty or treaties affecting taxation to which the UK is a party, which change, amendment or execution becomes effective on or after the date of original issuance of the debt securities of such series; or
- (b) the payment of interest in respect of such debt securities has become or will or would be treated as a distribution within the meaning of Section 1000 of the Corporation Tax Act 2010 of the UK (or any statutory modification or reenactment thereof for the time being) as a result of a change in or amendment to the laws of the taxing jurisdiction, or any change in the official application or interpretation of such laws, including a decision of any court, which change or amendment becomes effective on or after the date of original issuance of the debt securities of such series;

provided, however, that, in the case of (a) above, no notice of redemption will be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment in respect of such debt securities then due.

Any redemption of the undated subordinated debt securities may be subject to one or more solvency conditions, as specified in the relevant prospectus supplement.

We and any of our subsidiary undertakings may, in accordance with applicable law, repurchase debt securities for our or their account. Under the practices of the PRA at the date of this prospectus, any optional tax redemption and any other optional redemption or repurchase requires the prior consent of the PRA.

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**Modification and Waiver**

Modifications of and amendments to the relevant indenture with respect to the debt securities may be made by us and the trustee, without the consent of the holders of the debt securities of such series for certain purposes and otherwise with the consent of the holders of a majority in principal amount (or in the case of index-linked debt securities, face amount) of the debt securities of such series then outstanding; *provided*, however, that no such modification or amendment may, without the consent of the holder of each outstanding debt security affected thereby:

change the stated maturity of the principal of, or any installment of interest or additional amounts payable on, any senior debt security or any dated subordinated debt security or change the terms of any undated subordinated debt security to include a stated maturity of the principal or change the payment dates for payment of additional amounts on any undated subordinated debt security;

reduce the principal amount (or in the case of index-linked debt securities, face amount), including the amount payable on a discount security upon the acceleration of the maturity thereof, of any interest or any related deferred payment, missed payment or the rate of interest on any of the foregoing, on or any premium payable upon redemption of, or additional amounts payable on, any debt security;

change the manner in which the amount of any principal, premium or interest in respect of index-linked debt securities is determined;

except as permitted by the relevant indenture, change our obligation to pay additional amounts;

reduce the amount of the principal of a discount security that would be due and payable upon an acceleration of the maturity of it;

change the place of payment or currency in which any payment of the principal (premium, if any), any interest or any missed payment is payable on any debt security, or the rate of interest on any of the foregoing;

impair the right to institute suit for the enforcement of any payment on or with respect to any debt security;

reduce the percentage of the aggregate principal amount (or in the case of index-linked debt securities, face amount) of the outstanding debt securities of such series, the consent of whose holders is required for any such modification or amendment, or the consent of the holders of which is required for waiver of compliance with certain provisions of the applicable indenture or waiver of certain defaults, as provided in that indenture;

change any of the provisions relating to modifications of and amendments to the relevant indenture, waivers of past defaults, or waivers of certain covenants except to increase the relevant percentages or to provide that certain other provisions of the relevant indenture cannot be modified or waived without the consent of all holders of affected debt securities;

change the terms and conditions of the preference shares or conversion securities into which undated subordinated debt securities may be convertible;

change any of our obligations to maintain an office or agency in the places and for the purposes required by the relevant indenture;

change in any manner adverse to the interests of the holders of the debt securities of such series the subordination provisions of any series of debt securities; or

modify or affect in any manner adverse to the interests of the holders of the debt securities of such series the terms and conditions of our obligations regarding the due and punctual payment of the principal, premium, if any, interest, any missed payment or the rate of interest on any of the foregoing.

The holders of not less than a majority in principal amount (or, in the case of any principal indexed debt securities, face amount) of the outstanding debt securities of a series may, on behalf of all holders of debt



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securities of that series, waive, insofar as that series is concerned, our compliance with certain restrictive provisions of the indenture before the time for such compliance.

In addition, material variations in the terms and conditions of debt securities of any series, including modifications relating to subordination, redemption and events of default may require the consent of the PRA.

### **Subordinated Debt Securities Subordination, Defaults and Events of Default**

The subordinated debt securities will be our direct, unsecured obligations, and the subordinated debt securities of a series will rank equally and ratably without any preference among themselves. Our obligations pursuant to the subordinated debt securities will be subordinate in right of payment to depositors and all our other creditors other than claims which are by their terms, or are expressed to be, subordinated to, or *pari passu* with, the subordinated debt securities as described below under *Subordination; Dated Subordinated Debt Securities* and *Subordination; Undated Subordinated Debt Securities*.

The maturity of the subordinated debt securities will be subject to acceleration only in the event of our winding up or if an effective resolution is validly adopted by our shareholders for our winding up. See *Defaults and Events of Default* below.

*Subordination; Dated Subordinated Debt Securities.* The rights of holders of dated subordinated debt securities will, in the event of our winding up, be subordinated in right of payment to claims of our depositors and all our other creditors other than claims which are by their terms, or are expressed to be, subordinated to the dated subordinated debt securities (including the undated subordinated debt securities) or *pari passu* therewith. The subordination provisions of the dated subordinated indenture, and to which the dated subordinated debt securities will be subject, will be governed by, and construed in accordance with, the laws of England and Wales.

*Subordination; Undated Subordinated Debt Securities.* The rights of holders of undated subordinated debt securities will, in the event of our winding up, be subordinated in right of payment to claims of our depositors and all our other creditors other than claims which are by their terms, or are expressed to be, subordinated to, or *pari passu* with, the undated subordinated debt securities. The subordination provisions of the undated subordinated indenture, and to which the undated subordinated debt securities will be subject, will be governed by, and construed in accordance with, the laws of England and Wales. In the event of our winding up, holders of undated subordinated debt securities will be treated in the same way as they would be treated if they were holders of a class of preference shares in our capital having a preferential right to a return of assets in such winding up over the holders of all other classes of shares in our capital for the time being issued and outstanding; they will receive an amount equal to the principal amount of the undated subordinated debt securities of such series then outstanding together with accrued interest, if any, to the extent that a holder of such class of preference shares would receive an equivalent amount.

*Defaults and Events of Default.* Unless otherwise provided in a prospectus supplement with respect to subordinated debt securities of a series, subject to certain exceptions, it will be an event of default only if an order is made by an English court which is not successfully appealed within 30 days after the date such order was made for our winding up or an effective resolution is validly adopted by our shareholders for our winding up. If an event of default occurs and is continuing with respect to a series of subordinated debt securities, the trustee may, and if so requested by the holders of at least 25% in principal amount of the outstanding debt securities of such series will, declare the principal amount (or such other amount as is specified in the prospectus supplement) together with accrued but unpaid interest (or, in the case of discount securities, the accreted face amount, together with accrued interest, if any, or, in the case of an index-linked debt security, the amount specified in the related prospectus supplement) with respect to the debt securities of such series due and payable immediately; *provided* that after such declaration, but before a judgment or

decree based on such declaration has been obtained, the holders of a majority in principal amount of the outstanding debt securities of such series may (under certain circumstances) rescind and annul such declaration.

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Unless otherwise provided in a prospectus supplement with respect to any series of subordinated debt securities and subject to the paragraph below relating to circumstances in which a relevant failure will not be a default, it will be a default with respect to dated subordinated debt securities of a series if:

any installment of interest upon any dated subordinated debt security of such series or any related coupon is not paid when due and such failure continues for 14 days; or

all or any part of the principal of (or premium, if any, on) any dated subordinated debt security of such series as and when the same will become due and payable, whether at maturity, upon redemption or otherwise, is not paid and such failure continues for seven days.

Unless otherwise provided in a prospectus supplement with respect to any series of subordinated debt securities and subject to the paragraph below relating to circumstances in which a relevant failure will not be a default, it will be a default with respect to undated subordinated debt securities of a series if:

any missed payment is not paid on or prior to any date on which a dividend is paid on any class of our share capital and such failure continues for 30 business days; or

all or any part of the principal of (or premium, if any, on), or any accrued but unpaid interest and any missed payments on the date fixed for redemption of, such undated subordinated debt securities is not paid when due and such failure continues for seven business days.

If a default occurs, the trustee may institute proceedings in England (but not elsewhere) for our winding up provided that the trustee may not, upon the occurrence of a default on the subordinated debt securities, accelerate the maturity of any of the dated subordinated debt securities of the relevant series or declare the principal of (or premium, if any, on) and any accrued but unpaid interest of the undated subordinated debt securities of the relevant series immediately due and payable unless an event of default has occurred and is continuing. For the purposes of determining whether or not an event of default has occurred on the undated subordinated debt securities, a payment will not be deemed to be due on any date on which any solvency condition is not satisfied. However, if we fail to make the payments set out in the two bullet points above, and at such time such solvency condition is satisfied, the trustee may institute proceedings in England (but not elsewhere) for our winding up.

Notwithstanding the foregoing, failure to make any payment in respect of a series of subordinated debt securities will not be a default in respect of such debt securities if such payment is withheld or refused:

in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or

in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said grace period of 14 or seven days, as the case may be, with respect to the dated subordinated debt securities, or 30 or seven business days, as

the case may be, with respect to the undated subordinated debt securities, by independent legal advisers acceptable to the trustee;

provided, however, that the trustee may, by notice to us, require us to take such action (including but not limited to proceedings for a declaration by a court of competent jurisdiction) as the trustee may be advised in an opinion of counsel, upon which opinion the trustee may conclusively rely, is appropriate and reasonable in the circumstances to resolve such doubt, in which case, we will forthwith take and expeditiously proceed with such action and will be bound by any final resolution of the doubt resulting therefrom. If any such resolution determines that the relevant payment can be made without violating any applicable law, regulation or order then the preceding sentence will cease to have effect and the payment will become due and payable on the expiration of the relevant grace period of 14 or seven business days, as the case may be, with respect to the dated subordinated debt securities, or 30 or seven business days, as the case may be, with respect to the undated subordinated debt securities, after the trustee gives written notice to us informing us of such resolution.

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After the end of each fiscal year, we will furnish to the trustee a certificate of certain officers as to the absence of an event of default or a default under the relevant indenture, as the case may be, specifying any such event of default or default.

### **Senior Debt Securities Defaults and Events of Default**

The senior debt securities will be our direct, unsecured obligations and rank on a parity with our other senior indebtedness, and the senior debt securities of a series will rank equally and ratably without any preference among themselves. Senior indebtedness will not include any indebtedness that is expressed to be subordinated to or on par with the subordinated debt securities.

The maturity of the senior debt securities will be subject to acceleration only as specified under *Defaults and Events of Default* below.

*Defaults and Events of Default.* Unless otherwise provided in a prospectus supplement with respect to any series of senior debt security, it will be a default with respect to senior debt securities of a series if:

an order is made by an English court which is not successfully appealed within 30 days after the date such order was made for our winding up other than in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency;

an effective resolution is validly adopted by our shareholders for our winding up other than in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency;

failure to pay principal or premium, if any, on any senior debt security of such series at maturity, and such default continues for a period of 30 days; or

failure to pay any interest on any senior debt security of such series when due and payable, which failure continues for 30 days.

If an event of default occurs and is continuing with respect to a series of senior debt securities, the trustee may, and if so requested by the holders of at least 25% in principal amount of the outstanding senior debt securities of such series will, declare the principal amount (or such other amount as is specified in the prospectus supplement) together with accrued but unpaid interest (or, in the case of discount securities, the accreted face amount, together with accrued interest, if any, or, in the case of an index-linked debt security, the amount specified in the related prospectus supplement) with respect to the senior debt securities of such series due and payable immediately; *provided* that after such declaration, but before a judgment or decree based on such declaration has been obtained, the holders of a majority in principal amount of the outstanding senior debt securities of such series may (under certain circumstances) rescind and annul such declaration.

### **Set-off**

To the fullest extent permitted by law, holders of subordinated debt securities, in respect of any claims of such holders to payment of any principal, premium or interest in respect of any subordinated debt securities, by their acceptance

thereof, will be deemed to have waived any right of set-off or counterclaim that they might otherwise have. Holders of subordinated debt securities, by their acceptance thereof, will covenant and agree that if, on our winding up, they receive any sums by way of set-off, they will hold such sums on trust for our creditors that are senior to the subordinated debt securities and will, without undue delay, pay such sums to the liquidator to apply in payment of claims of such creditors.

**Waiver of Events of Default and Defaults**

The holders of not less than a majority in aggregate principal amount (or, in the case of any principal indexed debt securities, face amount) of the outstanding debt securities of a series may, on behalf of all holders

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of debt securities of that series, waive any past event of default or default under the applicable indenture with respect to debt securities of that series, except a default in the payment of any principal of (or premium, if any, on) or any installment of interest or missed payment on any debt securities of that series and except a default in respect of a covenant or provision, the modification or amendment of which would require the consent of the holder of each outstanding debt security affected by it. Upon any such waiver, such event of default or default will cease to exist, and any event of default or default with respect to any series arising therefrom will be deemed to have been cured and not to have occurred; *provided* that no such waiver will extend to any subsequent or other event of default or default or impair any right consequent thereon.

## **Limitation on Remedies and Suits**

No remedy against us other than as specifically provided by the relevant indenture will be available to the trustee or the holders of debt securities whether for the recovery of amounts owing in respect of such debt securities or under the relevant indenture or in respect of any breach by us of any obligation, condition or provision under the relevant indenture or such debt securities or otherwise.

No holder of debt securities will be entitled to proceed directly against us, except as described below.

Before a holder of any debt securities may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to any debt securities, the following must occur:

The holder must give the trustee written notice that a default or an event of default has occurred and remains uncured.

The holders of not less than a majority in outstanding principal amount (or, in the case of an index-linked debt security, the face amount) of the debt securities of the relevant series must make a written request that the trustee take action because of the event of default, and the holder must offer indemnity satisfactory to the trustee against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after receipt of the above notice and offer of security or indemnity, and the trustee must not have received an inconsistent direction from the majority in principal amount (or, in the case of an index-linked debt security, the face amount) of all outstanding debt securities of the relevant series during that period.

Notwithstanding any other provision of the indentures or debt securities, the right of any holder of debt securities to receive payment of the principal of (and premium, if any, on), or interest on, such debt securities on or after the due dates thereof and to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such holder.

## **Consolidation, Merger and Sale of Assets**

We may, without the consent of the holders of any of the debt securities, consolidate or amalgamate with, or merge into, any corporation, or convey, sell, transfer or lease our properties and assets substantially as an entirety to any person, provided that:

any successor corporation expressly assumes our obligations under the debt securities and the relevant indenture and, if applicable, the provision for payment of additional amounts for withholding taxes are amended to include the jurisdiction of incorporation of the successor corporation;

immediately after giving effect to the transaction and treating any indebtedness that becomes our obligation, as a result of such transaction as having been incurred by us at the time of the transaction, no event of default or default, and no event that, after notice or lapse of time, or both, would become an event of default or a default, will have occurred and be continuing; and

certain other conditions are satisfied.



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### **Assumption of Obligations**

With respect to a series of debt securities, a holding company of us or any of our subsidiary undertakings may assume our obligations (or those of any corporation which will have previously assumed our obligations); provided, that:

the successor entity expressly assumes such obligations by an amendment to the relevant indenture, in a form satisfactory to the trustee, and we will, by an amendment to the relevant indenture, unconditionally guarantee all of such successor entity's obligations under the debt securities of such series and the relevant indenture, as so modified by such amendment (provided, however, that, for the purposes of our obligation to pay additional amounts as provided, and subject to the limitations as set forth, in the relevant indenture and as described under the section headed *Additional Amounts* above, references to such successor entity's country of organization will be added to the references to the UK);

the successor entity confirms in such amendment to the relevant indenture that the successor entity will pay to the holders such additional amounts as provided by, and subject to the limitations set forth in, the relevant indenture and as described under the section headed *Additional Amounts* above (provided, however, that for these purposes such successor entity's country of organization will be substituted for the references to the UK); and

immediately after giving effect to such assumption of obligations, no event of default or default and no event which, after notice or lapse of time or both, would become an event of default or default with respect to debt securities of such series will have occurred and be continuing.

Upon any such assumption, the successor entity will succeed to, and be substituted for, and may exercise all of our rights and powers under the relevant indenture with respect to the debt securities of such series with the same effect as if the successor entity had been named under the relevant indenture.

### **Defeasance and Discharge**

If so specified in the applicable prospectus supplement with respect to debt securities of a series that are payable only in US dollars, we will be discharged from any and all obligations in respect of the debt securities of such series (with certain exceptions) if, at any time, *inter alia*, either

all debt securities of such series theretofore authenticated and delivered have been delivered to the trustee for cancellation; or

all debt securities of such series not theretofore delivered to the trustee for cancellation either (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be called for redemption, exchange or conversion within one year under arrangements satisfactory to the trustee for the giving of notice of redemption, and in each case, we have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust for the purpose (x) US dollars in an amount, (y) US government obligations that through the payment of interest and principal in respect thereof in

accordance with their terms will provide, not later than the due date of any payment in an amount or (z) any combination of (x) and (y) in an amount sufficient to pay and discharge the entire principal (and premium, if any) and interest on the debt securities of such series in accordance with the terms of such debt securities of such series.

Any discharge will be subject to the consent of the PRA, if required.

If so specified in the applicable prospectus supplement with respect to dated subordinated securities or senior debt securities of a series that are payable only in US dollars at our option, (i) we will be discharged from any obligations with respect to the dated subordinated securities or the senior debt securities of any series, as applicable, or (ii) we will cease to comply with the obligation to furnish to the trustee upon its request

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compliance certificates or opinions of counsel ( covenant defeasance ) (and any other restrictive covenant added in the prospectus supplement for the benefit of such series) if:

we irrevocably deposit, in trust with the trustee, (a) cash in US dollars in an amount, (b) US government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide cash in US dollars not later than the due date of any payment, in an amount, or (c) any combination of (a) and (b), sufficient in the opinion (with respect to (b) and (c)) of an internationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the trustee to pay all the principal of (and premium, if any) and interest on, the dated subordinated debt securities or senior debt securities of such series, as applicable, in accordance with the terms of such dated subordinated debt securities or senior debt securities of such series, as applicable;

no event of default or default or no event (including such deposit) which, after notice or lapse of time or both, would become an event of default or a default with respect to the dated subordinated debt securities or senior debt securities of such series, as applicable, will have occurred and be continuing on the date of such deposit;

we deliver to the trustee an officer's certificate stating that all conditions precedent relating to such covenant defeasance have been complied with; and

certain other conditions are complied with.

Any covenant defeasance will be subject to the consent of the PRA, if required.

## **Conversion**

The prospectus supplement relating to a particular series of debt securities may provide for the exchange or conversion of such debt securities.

Except as otherwise specified in the prospectus supplement relating to a particular series of undated subordinated debt securities, we will have the option to convert, in whole but not in part, the undated subordinated debt securities of any series into preference shares on any payment date. The related prospectus supplement will describe the other terms and conditions of the conversion provisions.

## **Trustee's Duties**

Except during the continuance of an event of default or a default, the trustee will only be liable for performing those duties specifically set forth in the relevant indenture. In the event an event of default or default has occurred and is continuing, the trustee will exercise such of the rights and powers vested in it by the relevant indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

If an event of default or default occurs and is continuing with respect to the debt securities of a series, the trustee will be under no obligation to exercise any of the rights or powers vested in it by the relevant indenture at the request or

direction of any of the holders of debt securities of such series, unless such holders have offered to the trustee reasonable security or indemnity satisfactory to the trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction. Subject to such provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount (or, in the case of an index-linked debt security, the face amount) of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of such series. However, (i) this direction must not be in conflict with any rule of law or the relevant indenture and (ii) the trustee will have the right to decline to follow any such direction if the trustee in good faith, by a responsible officer of the

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trustee, determines that the proceeding so directed would be unjustly prejudicial to the holders of debt securities of such series not joining in any such direction. The trustee also may take any other action it deems proper, which is not inconsistent with such direction.

The trustee will, within 90 days after the occurrence of an event of default or default with respect to the debt securities of a series, give to the holders of the affected debt securities of such series notice of such event of default or default, unless such event of default or default has been cured or waived. However, the trustee will be protected in withholding such notice so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of the trustee reasonably determines that the withholding of such notice is in the interest of the holders of debt securities of such series.

## **Agreement with Respect to the Exercise of UK Bail-in Power**

The debt securities will be subject to the exercise of the UK bail-in power by the relevant UK resolution authority as set forth in the applicable prospectus supplement. In particular, by its acquisition of the debt securities, each holder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the debt securities or the relevant indenture or any other agreements, arrangements, or understandings between us and any holder, to be bound by (a) the effect of the exercise of any UK bail-in power by the relevant UK resolution authority and (b) the variation of the terms of the debt securities or the relevant indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority.

No repayment or payment of amounts due will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. Moreover, each securityholder (which, for these purposes, includes each beneficial owner) will consent to the exercise of any UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the debt securities.

## **Governing Law**

Except as stated above, each indenture and the debt securities of each series will be governed by, and construed in accordance with, the laws of the State of New York. See *Subordinated Debt Securities Subordination, Defaults and Events of Default* .

## **Jurisdiction; Consent to Service**

We have consented to the jurisdiction of any state or federal court in the City of New York with respect to any suit or proceeding arising out of, or relating to, the indentures or the debt securities of any series and have appointed HSBC Bank USA, National Association, as agent for service of process.

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**DESCRIPTION OF CONTINGENT CONVERTIBLE SECURITIES**

Contingent convertible securities offered through this prospectus will be issued under a contingent convertible securities indenture between HSBC Holdings, as issuer, and The Bank of New York Mellon, as trustee. The following summary of certain provisions of the contingent convertible securities and the contingent convertible securities indenture and any such summary in any prospectus supplement do not purport to be complete and are subject to, and are qualified by reference to, all the provisions of the contingent convertible securities and the contingent convertible securities indenture.

**General**

The contingent convertible securities indenture does not limit the amount of contingent convertible securities that we may issue under it and provides that we may issue contingent convertible securities from time to time in one or more series.

The contingent convertible securities will be our direct and unsecured obligations. The contingent convertible securities of each series will rank *pari passu* among themselves, without any preference one over the other by reason of the date they were issued or otherwise. The relevant prospectus supplement will set forth the nature of the subordinated ranking of each series of contingent convertible securities relative to the debt and equity issued by us, including to what extent the contingent convertible securities may rank junior in right of payment to our other obligations or in any manner.

Please refer to the prospectus supplement relating to the particular series of contingent convertible securities offered through this prospectus for the following terms, where applicable, of such contingent convertible securities:

the issue date;

the maturity date, if any;

the specific designation and aggregate principal amount of the contingent convertible securities;

any limit on the aggregate principal amount of the contingent convertible securities that may be authenticated or delivered;

if the amounts of payments of principal of (and premium, if any) or interest, if any, on the contingent convertible securities may be determined with reference to an index or are otherwise not fixed on the issue date thereof, the manner in which such amounts will be determined and the calculation agent, if any, who will be appointed and authorized to calculate such amounts;

under what conditions, if any, another issuer may be substituted for HSBC Holdings as the issuer of the contingent convertible securities;

whether the contingent convertible securities are intended to qualify as capital for capital adequacy purposes;

the ranking of the contingent convertible securities relative to our issued debt and equity, including to what extent they may rank junior in right of payment to other of our obligations or in any other manner;

the prices at which we will issue the contingent convertible securities;

if interest is payable, the interest rate or rates, or how to calculate the interest rate or rates, and under what circumstances interest is payable;

provisions, if any, for the cancellation of any interest payment at our discretion or under other circumstances;

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limitations, if any, on our ability to pay principal or interest in respect of the contingent convertible securities, including situations whereby we may be prohibited from making such payments;

whether any premium, upon redemption or otherwise, will be payable by us;

whether the contingent convertible securities are to be issued as discount securities and the terms and conditions of any such discount securities;

provisions, if any, for the discharge and defeasance of the contingent convertible securities;

the obligation, if any, to redeem or purchase contingent convertible securities pursuant to any sinking fund or analogous provisions or at the option of the holders of such contingent convertible securities, and the period or periods within which, the price or prices at which, and the terms and conditions upon which such contingent convertible securities will be redeemed or purchased, in whole or in part, pursuant to such obligation;

any condition applicable to payment of any principal, premium or interest on contingent convertible securities;

the dates and places at which any payments are payable;

the places where notices and demands to or upon us in respect of the contingent convertible securities may be served and notice to holders may be published;