

HSBC HOLDINGS PLC
Form 424B2
September 05, 2007

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Commission File No. 333-135007

The information in this prospectus is incomplete and may be changed. We may not sell these securities until the prospectus is delivered in final form. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED SEPTEMBER 5, 2007

PROSPECTUS SUPPLEMENT

(To prospectus dated June 14, 2006)

\$ 00,000,000

HSBC HOLDINGS PLC

% Subordinated Notes Due 2037

We are offering \$ 00,000,000 principal amount of % subordinated notes due 2037. HSBC Holdings plc will pay interest on the notes on September and March of each year, beginning on March , 2008. The notes will bear interest at the rate of % per year. The notes will mature on September , 2037.

Application will be made to list the notes on the New York Stock Exchange in accordance with its rules.

The notes are unsecured subordinated debt securities.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the related prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price ⁽¹⁾	% \$	
Underwriting Discount	% \$	
Proceeds to us (before expenses)	% \$	

⁽¹⁾ Interest on the notes will accrue from September , 2007.

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

HSBC Securities (USA) Inc. may effect sales of notes in Canada and is an indirect subsidiary of HSBC Holdings plc. HSBC Holdings plc is a related issuer and may be a connected issuer , as such terms are defined in National Instrument 33-105 Underwriting Conflicts, of HSBC Securities (USA) Inc. Canadian investors should refer to the sub-heading Certain Relationships and Related Transactions contained in Plan of Distribution Notice to Canadian Investors for additional information.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of The Depository Trust Company on or about September , 2007.

HSBC

The date of this prospectus supplement is September , 2007

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You should only rely on the information contained or incorporated by reference in this prospectus supplement and the attached prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the attached prospectus, as well as information we have previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

The distribution of this prospectus supplement and the attached prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the attached prospectus do not constitute an offer, or an invitation on our behalf or on behalf of the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

FOR NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

There are certain restrictions on the distribution of this prospectus supplement and the accompanying prospectus, as set out in Plan of Distribution .

In connection with the issue of the notes, HSBC Securities (USA) Inc. or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on HSBC Securities Inc. or any agent of it to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the FSMA)) in connection with the issue or sale of any notes 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 on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus supplement and the accompanying prospectus has been prepared on the basis that all offers of notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (EEA), from the requirement to produce a prospectus for

offers of notes. Accordingly any person making or intending to make any offer within the EEA of notes which are the subject of the placement contemplated in this prospectus supplement and the accompanying prospectus should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor any of the underwriters have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the underwriters which constitute the final placement of notes contemplated in this prospectus supplement and the accompanying prospectus.

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CERTAIN DEFINITIONS AND PRESENTATION OF FINANCIAL AND OTHER DATA

Definitions

As used in this prospectus supplement and the accompanying prospectus, the terms **HSBC**, **we**, **us** and **our** refer to HSBC Holdings plc. **HSBC Group** and **Group** mean HSBC together with its subsidiary undertakings. In addition, the term **UK GAAP** means generally accepted accounting principles in the United Kingdom, the term **IFRSs** means International Financial Reporting Standards and the term **US GAAP** means generally accepted accounting principles in the United States.

Presentation of Financial Information

As we are listed on the New York Stock Exchange, we also reconcile certain financial information to US GAAP, which differs in certain respects from IFRSs as explained and reconciled on page 403 of our 2006 Annual Report and Accounts. We use the US dollar as our reporting currency because the US dollar and currencies linked to it form the major currency bloc in which we transact our business. See **Where You Can Obtain More Information About Us**.

Currency

In this prospectus supplement and the accompanying prospectus, 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 participating Member States in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended by the Treaty on European Union, (iii) **sterling**, **pounds sterling** or **£** are to the lawful currency of the United Kingdom and (iv) **Hong Kong dollars** are to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**).

LIMITATIONS 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 supplement and the accompanying 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 United Kingdom. The enforceability of any judgment in the United Kingdom will depend of the particular facts of the case in effect at the time.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying 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 or anticipates or the negative thereof or similar expressions, or by discussions of strategy. 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. 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.

WHERE YOU CAN OBTAIN MORE INFORMATION ABOUT US

We have filed with the SEC a registration statement (the Registration Statement) on Form F-3 (No. 333-135007) under the Securities Act of 1933, as amended (the Securities Act) with respect to the notes offered by this prospectus supplement. As permitted by the rules and regulations of the SEC, this prospectus supplement and the accompanying prospectus omit certain information, exhibits and undertakings contained in the Registration Statement. For further information with respect to us or the notes, please refer to the Registration Statement, including its exhibits and the financial statements, notes and schedules filed as a part thereof. Statements contained in this prospectus supplement and the accompanying prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. In addition, we file with the SEC annual reports and special reports, proxy statements and other information. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., 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>.

We are incorporating by reference in this prospectus supplement and the accompanying prospectus the information in the documents that we file with the SEC, 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 supplement and the accompanying prospectus. We incorporate by reference in this prospectus supplement and the accompanying prospectus the following documents:

- our Annual Report and Accounts on Form 20-F for the year ended 31 December 2006;
- our Interim Report for the six-month period ended 30 June 2007 furnished under cover of Form 6-K to the SEC on August 3, 2007; and
- our statement furnished under cover of Form 6-K to the SEC on September 4, 2007.

In addition, all documents filed by us with the SEC pursuant to Sections 13(a), 13(c) or 15(d) of the US Securities Exchange Act of 1934, as amended (the Exchange Act) and, to the extent expressly stated therein, certain Reports on Form 6-K furnished by us after the date of this prospectus supplement shall also be deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus and to be a part hereof from the date of filing of such document.

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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

London E14 5HQ

England

Tel: +44-20-7991-8888

HSBC Holdings plc

c/o HSBC Bank USA, National Association

452 Fifth Avenue

New York, New York, 10018

Attn: Investor Affairs

Tel: +1-212-525-5000

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DESCRIPTION OF NOTES

This section outlines the specific financial and legal terms of the notes that are more generally described under Description of Subordinated Debt Securities beginning on page 9 of the prospectus that is attached to this prospectus supplement. If anything described in this section is inconsistent with the terms described under Description of Subordinated Debt Securities in the attached prospectus, the terms described below shall prevail.

Title: % Subordinated Notes due 2037.

Total principal amount being issued: \$ 00,000,000.

Minimum Denominations: The Notes will be issued only in registered form in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

Issuance date: September , 2037.

Due date for principal: September , 2037.

Interest rate: % per annum.

Date interest starts accruing: September , 2007.

Interest due dates: Every March and September .

If we do not make a payment with respect to any notes on any relevant payment date, our obligations to make such payment will be deferred until (and the payment will not be due and payable until):

in the case of a payment of interest, the date on which a dividend is paid on any class of our share capital; and

in the case of a payment of principal, the first business day after the date that falls six months after the original payment date.

Failure by us to make any such payment prior to such deferred date will not constitute a default by us or allow any holder to sue us for such payment or take any other action. Each payment so deferred will accrue interest at the rate of %. Any payment so deferred will not be treated as due for any purpose (including, without limitation, for the purpose of ascertaining whether or not an event of default has occurred) until the relevant deferred date.

First interest due date: March , 2008.

Ranking: The rights of holders of the notes 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 notes. The subordination provisions of the dated indenture, and to which the notes are subject, are governed by English law. Holders of the notes and the trustee, by their acceptance of the notes, will be deemed to have waived any right of set-off or counterclaim that they might otherwise have.

Convertible: No.

Payment of additional amounts: We will pay additional amounts in respect of the notes described under Description of Subordinated Debt Securities Additional Amounts on page 15 of the attached prospectus.

Form of notes: The notes will be issued in the form of one or more global securities registered in the name of the nominee for and deposited with The Depository Trust Company.

Trading through DTC, Clearstream, Luxembourg and Euroclear: Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking, *société anonyme*, in Luxembourg (Clearstream, Luxembourg), customers and/or Euroclear Bank S.A./N.V. (Euroclear) participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Listing: Application will be made to list the notes on the New York Stock Exchange in accordance with its rules.

Redemption: The notes are not redeemable, except as described under Description of Subordinated Debt Securities Redemption on page 16 of the attached prospectus. The provisions for optional tax redemption described therein will apply to changes in tax treatment occurring after the issuance date. At maturity, the notes will be repaid at par.

Sinking fund: There is no sinking fund.

Trustee: We will issue the notes under an indenture with The Bank of New York, as trustee, entered into on December 10, 2002, which is referred to on pages 9 and 10 of the attached prospectus.

Net proceeds: The net proceeds will be \$, after the deduction of underwriting discounts and commissions and expenses payable by HSBC estimated to be \$.

Governing law and jurisdiction: Except as described above in Ranking , the indenture and the notes are governed by New York law. Any legal proceedings arising out of or based upon the indenture or the notes may be instituted in any state or federal court in the Borough of Manhattan in New York City, New York.

HSBC HOLDINGS PLC

HSBC Holdings plc (HSBC) incorporated in England and Wales is one of the largest banking and financial services organizations in the world, with a market capitalization of US\$215 billion at June 30, 2007. As at June 30, 2007, we had total assets of US\$2,150 billion and total shareholders' equity of US\$120 billion. For six months ended June 30, 2007, our operating profit was US\$14 billion on total operating income of US\$42 billion. We are a strongly capitalized banking group with a total capital ratio of 13.2% and a tier 1 capital ratio of 9.3% as at June 30, 2007.

Headquartered in London, we operate through long-established businesses and have an international network of over 10,000 properties in 83 countries and territories in five geographical regions: Europe; Hong Kong; Rest of Asia-Pacific, including the Middle East and Africa; North America; and Latin America. Within these regions, a comprehensive range of financial services is offered to personal, commercial, corporate, institutional, investment and private banking clients. Services are delivered primarily by domestic banks, typically with large retail deposit bases and consumer finance operations. We manage our business through the following customer groups: Personal Financial Services; Commercial Banking; Corporate, Investment Banking and Markets; and Private Banking. Personal Financial Services incorporates our consumer finance businesses, reflecting their increasing integration within mainstream financial services around the world. The largest of these is HSBC Finance Corporation, one of the leading consumer finance companies in the US.

The establishment in 1999 of HSBC as a uniform, international brand name ensured that the Group's hexagon corporate symbol has become an increasingly familiar sight across the world.

Our largest and best-known subsidiaries and their primary areas of operation are:

The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Hang Seng Bank Limited	Hong Kong
HSBC Bank plc	United Kingdom
HSBC France	France
HSBC Bank USA, National Association	United States
HSBC Finance Corporation	United States
HSBC México, S.A.	Mexico
HSBC Bank Brasil S.A.-Banco Múltiplo	Brazil
HSBC Private Banking (Suisse) S.A.	Switzerland
The Bank of Bermuda Limited	Bermuda

Recent Developments

On September 3, 2007, HSBC announced that it had agreed to acquire, through its indirect, wholly-owned subsidiary, HSBC Asia Pacific Holdings (UK) Limited, 51.02% of the issued share capital of Korea Exchange Bank (KEB) from LSF-KEB Holdings SCA for a total cash consideration of approximately US\$6,317 million. KEB is the sixth largest bank in Korea with over 350 branches and a presence in 18 countries. Under a shareholders' agreement between LSF-KEB Holdings SCA and The Export-Import Bank of Korea (KEXIM), KEXIM is entitled to require HSBC to purchase, on substantially the same terms, part or all of its 6.25% shareholding of the issued share capital of KEB.

The acquisition is subject to a number of conditions including the receipt of applicable governmental and regulatory approvals. In the event that the acquisition is completed after 31 January 2008, the purchase price will be increased by US\$133 million. There can be no assurance that the acquisition will be completed.

USE OF PROCEEDS

We will use the net proceeds from the sale of the notes to support our development and to strengthen further our capital base.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SHARE DIVIDENDS

The ratios for us for the periods indicated, using financial information calculated in accordance with IFRSs, UK GAAP and estimated financial information adjusted to reflect US GAAP, are:

Ratio of Earnings to Combined Fixed Charges

	Year ended 31 December,				
	2006	2005	2004	2003	2002
Ratios in accordance with IFRSs					
Excluding interest on deposits	7.93	9.60	8.64	N/A	N/A
Including interest on deposits	1.41	1.59	1.86	N/A	N/A
Ratios in accordance with UK GAAP					
Excluding interest on deposits	N/A	N/A	8.07	7.41	6.57
Including interest on deposits	N/A	N/A	1.81	1.80	1.66
Ratios in accordance with US GAAP					
Excluding interest on deposits	8.05	9.28	8.49	6.33	5.42
Including interest on deposits	1.42	1.57	1.85	1.67	1.53

Ratio of Earnings to Combined Fixed Charges and Preference Share Dividends

	Year ended 31 December,				
	2006	2005	2004	2003	2002
Ratios in accordance with IFRSs					
Excluding interest on deposits	7.22	9.16	8.64	N/A	N/A
Including interest on deposits	1.40	1.59	1.86	N/A	N/A
Ratios in accordance with UK GAAP					
Excluding interest on deposits	N/A	N/A	8.07	7.41	6.57
Including interest on deposits	N/A	N/A	1.81	1.80	1.66
Ratios in accordance with US GAAP					
Excluding interest on deposits	7.34	8.86	8.49	6.33	5.42
Including interest on deposits	1.41	1.56	1.85	1.67	1.53

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For the purpose of calculating the ratios of earnings to combined fixed charges, earnings consist of income from continuing operations before taxation and minority interests, plus fixed charges and after deduction of the unremitted pre-tax income of associated undertakings. Fixed charges consist of total interest expense, including or excluding interest on deposits, as appropriate, preference share dividends, as applicable, and the proportion of rental expense deemed representative of the interest factor. This includes interest expense arising on trading liabilities and liabilities designated at fair value under IFRSs.

See [Presentation of Financial Information](#) for more information on the presentation of our financial statements.

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CONSOLIDATED CAPITALISATION AND INDEBTEDNESS OF HSBC HOLDINGS PLC

The following table shows the consolidated unaudited capitalisation indebtedness and share capital position of HSBC Holdings plc and our subsidiary undertakings as at 30 June 2007:

			Issued and fully paid US\$m	
Called up Share Capital				
Ordinary shares (of nominal value US\$0.50 each)			5,857	
Preference shares (of nominal value U.S.\$0.01 each)				
6.20% Non-Cumulative Dollar Preference Shares, Series A - aggregate redemption price			1,450	
			Carrying amount US\$m	
Subordinated Liabilities				
Undated Subordinated Loan Capital of Subsidiary Undertakings				
US\$	1,200	m	Primary capital subordinated undated floating rate notes	1,203
US\$	750	m	Undated floating rate primary capital notes	750
US\$	500	m	Undated floating rate primary capital notes	500
£	150	m	8.625% step-up undated subordinated notes	303
US\$	300	m	Undated floating rate primary capital notes (Series 3)	300
Other undated subordinated liabilities less than US\$200m			154	
			3,210	
Subordinated Loan Capital of HSBC Holdings plc				
	2,000	m	Callable subordinated floating rate notes 2014	2,721
US\$	2,000	m	6.5% subordinated notes 2036	2,057
	1,000	m	5.375% subordinated notes 2012	1,418
US\$	1,400	m	5.25% subordinated notes 2012	1,381
£	650	m	5.75% subordinated notes 2027	1,310
US\$	1,000	m	7.5% subordinated notes 2009	1,075
	700	m	3.625% callable subordinated notes 2020	857
US\$	750	m	Callable subordinated floating rate notes 2016	750
US\$	750	m	Callable subordinated floating rate notes 2015	749
US\$	488	m	7.625% subordinated notes 2032	609
£	250	m	9.875% subordinated bonds 2018	596
	300	m	5.5% subordinated notes 2009	433
US\$	222	m	7.35% subordinated notes 2032	268
			14,224	

Subordinated Loan Capital of Subsidiary Undertakings				
	1,400	m	5.3687% Non-cumulative Step-up Perpetual Preferred Securities *	1,914
£	700	m	5.844% Non-cumulative Step-up Perpetual Preferred Securities	1,404
US\$	1,350	m	9.547% Non-cumulative Step-up Perpetual Preferred Securities, Series 1 *	1,366
£	600	m	4.75% subordinated notes 2046	1,186
US\$	1,250	m	4.61% Non-cumulative Step-up Perpetual Preferred Securities *	1,162
	800	m	Callable subordinated floating rate notes 2016	1,081
£	500	m	8.208% Non-cumulative Step-up Perpetual Preferred Securities *	1,011
US\$	1,000	m	5.911% trust preferred securities	1,000
	750	m	5.13% Non-cumulative Step-up Perpetual Preferred Securities *	999
US\$	1,000	m	4.625% subordinated notes 2014	997
US\$	1,000	m	5.875% subordinated notes 2034	979
£	500	m	5.375% subordinated notes 2033	942
£	500	m	4.75% subordinated notes 2020	904
US\$	900	m	10.176% Non-cumulative Step-up Perpetual Preferred Securities, Series 2 *	900
	600	m	8.03% Non-cumulative Step-up Perpetual Preferred Securities *	816
	600	m	4.25% callable subordinated notes 2016	795
US\$	750	m	5.625% subordinated notes 2035	716
£	350	m	Callable subordinated variable coupon notes 2017	684
	500	m	Callable subordinated floating rate notes 2020	674
£	350	m	5.375% callable subordinated step-up notes 2030	652
£	350	m	5% callable subordinated notes 2023	636
£	300	m	5.862% Non-cumulative Step-up Perpetual Preferred Securities	602
£	300	m	6.5% subordinated notes 2023	598
US\$	450	m	Subordinated floating rate notes 2016	450
£	225	m	6.25% subordinated notes 2041	448
CAD	400	m	4.80% Series D subordinated debentures	377
US\$	300	m	7.65% subordinated notes 2025	339
BRL	608	m	Subordinated debentures 2008	316
US\$	300	m	6.95% subordinated notes 2011	313
US\$	300	m	Subordinated floating rate notes 2017	300
BRL	500	m	Subordinated CDB due 2016	260
US\$	250	m	5.875% subordinated notes 2008	246
US\$	250	m	7.20% subordinated notes 2097	217
US\$	200	m	7.75% subordinated notes due 2009	203
US\$	200	m	7.808% capital securities 2026	200
US\$	200	m	8.38% capital securities 2027	199
US\$	200	m	6.625% subordinated notes 2009	197
US\$	200	m	7.53% STOPS capital securities 2026	193

Other subordinated liabilities less than US\$200m	2,970
	29,246

Minority Interests

US\$ 575	m	6.36 % non-cumulative preferred stock, Series B	559
US\$ 518	m	Floating rate non-cumulative preferred stock, Series F	518
US\$ 374	m	Floating rate non-cumulative preferred stock, Series G	374
US\$ 374	m	6.5% non-cumulative preferred stock, Series H	374
		Other preference shares issued by subsidiary undertakings less than US\$200m	1,131
			2,956

Notes:

- (1) The authorised ordinary share capital of HSBC Holdings plc as at 30 June 2007 was US\$7,500 million divided into 15,000 million ordinary shares of US\$0.50 each, and £301,500 divided into 301,500 non-voting deferred shares of £1 each. At 30 June 2007, the authorised preference share capital of HSBC Holdings plc was 10 million non-cumulative preference shares of US\$0.01 each, 10 million non-cumulative preference shares of £0.01 each and 10 million non-cumulative preference shares of 0.01 each.
- (2) The £700 million 5.844% Non-Cumulative Step-up Perpetual Preferred Securities and the £300m 5.862% Non-Cumulative Step-up Perpetual Preferred Securities each have the benefit of a subordinated guarantee of HSBC Bank plc. The other Non-Cumulative Step-up Perpetual Preferred Securities (* above) each have the benefit of a subordinated guarantee of HSBC Holdings plc. None of the other above Consolidated Loan Capital is secured or guaranteed. No account has been taken of liabilities or guarantees between undertakings within the group, comprising HSBC Holdings plc and its subsidiary undertakings.
- (3) HSBC Holdings plc has no convertible or exchangeable bonds in issue.
- (4) The HSBC Group has prepared its consolidated financial statements in accordance with IFRSs. The HSBC Group has adopted the "Amendment to IAS39: The Fair Value Option". As a result, US\$23,176 million of the subordinated loan capital above is designated at fair value.
- (5) On 5 July 2007, HSBC Holdings plc paid its first interim dividend for 2007. Ordinary shares with a value of US\$712 million were issued to those existing shareholders who had elected to receive new shares at market value in lieu of cash.
- (6) On 9 August 2007, HSBC Bank USA N.A. issued US\$500m 6.0% Global Subordinated Bank Notes due 2017

- (7) Since 30 June 2007, 20,627,062 ordinary shares of US\$0.50 each have been allotted and issued as a result of the exercise of employee share options.
- (8) As at 30 June 2007, HSBC Holdings plc and its subsidiary undertakings had other indebtedness of US\$1,977,270million (including deposits by banks of US\$128,773 million, customer accounts of US\$980,832 million, trading liabilities of US\$313,193 million, debt securities in issue of US\$229,239 million, derivatives of US\$144,284 million and other liabilities of US\$180,949 million) and contingent liabilities and contractual commitments of US\$835,518 million, comprising contingent liabilities of US\$71,548 million and undrawn formal standby facilities, credit lines and other commitments to lend of one year and under of US\$621,158 million and over one year of US\$130,214 million, and other commitments of US\$12,598 million.

Save as disclosed in the above notes, there has been no material change in the authorised and issued share capital of HSBC Holdings plc or the loan capital, other indebtedness, contingent liabilities or third party guarantees of HSBC Holdings plc and its subsidiary undertakings since 30 June 2007.

The following exchange rates as at 30 June 2007 have been used in the table above:

US\$1.00 = Hong Kong dollars 7.81745; 1.00 = US\$1.35170; US\$1.00 = Brazilian real 1.9217; £1.00 = US\$2.00510; US\$1.00 = Canadian dollars 1.06135.

TAXATION

This section discusses the material US federal income tax and UK tax consequences of an investment in the debt securities by certain beneficial holders thereof. This summary replaces, and should be read to supercede, the discussion of tax matters discussed in the section entitled "Taxation" in the attached prospectus. This section does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor. We have assumed that you are familiar with the tax rules applicable to investments in securities generally and with any special rules to which you may be subject. In particular, this discussion applies only to investors that beneficially hold debt securities as capital assets and, unless otherwise specified, does not address the tax treatment of investors that are subject to special rules, such as banks, insurance companies, dealers in securities or currencies, persons that control (directly or indirectly) 10 percent or more of our voting stock or who are otherwise connected with us for UK tax purposes, persons that elect mark-to-market treatment, persons that hold debt securities as a position in a straddle, conversion transaction, synthetic security, or other integrated financial transaction, and persons whose functional currency is not the US dollar.

The statements regarding US and UK tax laws and administrative practices set forth below are based on the laws in force and practices prevailing on the date of this prospectus supplement. These laws and practices are subject to change without notice. You should consult your own adviser as to the tax consequences of the purchase, ownership and disposition of debt securities in light of your particular circumstances, including the effect of any state, local or other national laws.

UK Taxation

This section discusses the material UK tax consequences of an investment in the debt securities by an Eligible US Holder. An Eligible US Holder is an investor that, at all material times: (i) qualifies for benefits under the income and capital gains tax convention (the Treaty) between the United States and the United Kingdom that was signed on 24 July 2001 (and amended by a Protocol signed on 19 July 2002); (ii) is a resident of the United States for the purposes of the Treaty; and (iii) is not resident or ordinarily resident in the United Kingdom for UK tax purposes.

Payments of Interest. References to interest in this section mean interest as understood in UK tax law. The statements in this section do not take account of any different definitions of interest that may prevail under any other law or which may be created by the terms and conditions of the debt securities or any related documentation. If debt securities are issued with a redemption premium, then any such premium may constitute interest for UK tax purposes and so be treated in the manner described below.

Payments of interest on debt securities will be exempt from withholding or deduction for or on account of UK tax under the provisions of UK tax law relating to quoted Eurobonds provided that the debt securities are listed and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The New York Stock Exchange is currently recognised for these purposes.

In other cases, and in particular if the debt securities are not listed on a recognised stock exchange, interest would be paid after deduction of UK income tax at the rate, currently, of 20 per cent, although if you are an Eligible US Holder you should normally be eligible to recover in full any UK tax withheld from payments of interest to which you are beneficially entitled by making a claim under the Treaty. Alternatively, you may make such a claim in advance of a payment of interest whereupon HM Revenue & Customs (HMRC) may, if it accepts the claim, authorise subsequent payments to be made to you without withholding or deduction for or on account of UK income tax. Claims for repayment must be made within five years from the 31st of January next following the UK year of assessment to which the income relates and must be accompanied by the original statement showing the amount of income tax deducted that would have been provided by us when the interest payment was made. A year of assessment runs from 6th April in one calendar year to 5th April in the following calendar year.

Payments of interest on the debt securities will constitute UK source income for UK tax purposes and, as such, remain subject to UK tax by direct assessment even if paid without deduction or withholding for or on account of any UK tax. Debt securities acquired by individual investors, with accrued interest, may also be subject to special rules under the UK regime relating to accrued income profits, formerly known as the accrued income scheme. However, interest with a UK source that is paid without deduction or withholding for or on account of UK income tax will not be chargeable to UK tax in the hands of an Eligible US Holder (other than certain trustees), and the accrued income profit regime will not apply to such a holder who is an individual, if that holder does not carry on a trade, profession or vocation in the United Kingdom through a UK branch or agency in connection with which the interest is received or to which its holding of debt securities is attributable. Furthermore, there are exemptions for interest received through certain categories of UK agent (such as some brokers and investment managers).

Purchase, Sale and Retirement of Debt Securities. You as an Eligible US Holder will not be liable to UK taxation in relation to any profits or gains realised on the sale or other disposal or redemption of debt securities unless you carry on a trade, profession or vocation in the United Kingdom through a UK branch or agency (in the case of an individual holder) or a UK permanent establishment (in the case of a corporate holder) and such debt securities are or have been used or acquired for the purpose of such trade, profession or vocation, or such branch or agency or permanent establishment.

UK Stamp Taxes in Relation to Debt Securities. No UK Stamp Duty or Stamp Duty Reserve Tax is payable on the issue or the transfer of the debt securities.

EU Savings Directive. Under European Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg will instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent, unless during such period they elect otherwise.

The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to an individual resident in one of those territories.

Other Provision of Information. Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on redemption of any debt securities which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HMRC regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

UK Inheritance Tax in Relation to Debt Securities. A debt security held by an individual whose domicile is determined to be the United States for purposes of the Estate Tax Treaty (as that term is defined in the attached prospectus) and who is not for such purposes a national of the United Kingdom will not, provided any US federal estate or gift tax chargeable has been paid, be subject to UK inheritance tax on the individual's death or on a lifetime transfer of the debt security except in certain cases where the debt security (i) is comprised in a settlement (unless, at the time of the settlement, the settlor was domiciled in the United States and was not a national of the United Kingdom), (ii) is part of the business property of a UK permanent establishment of an enterprise, or (iii) pertains to a UK fixed base of an individual used for the performance of independent personal services. In such cases, the Estate Tax Treaty generally provides a credit against US federal tax liability for the amount of any tax paid in the United Kingdom in a case where the debt security is subject both to UK inheritance tax and to US federal estate or gift tax.

US Taxation

In general, a United States person who holds the debt securities or owns a beneficial interest in the debt securities generally will be subject to United States federal taxation. You are a United States person for U.S. federal income tax purposes if you are:

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a citizen or resident of the United States or its territories, possessions or other areas subject to its jurisdiction,
a corporation, partnership or other entity organized under the laws of the United States or any political subdivision,
an estate, the income of which is subject to United States federal income taxation regardless of its source or

a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

If you are a United States person, amounts denominated as interest on the debt securities generally will be subject to United States taxation as ordinary income, and you should expect to take such income into account in accordance with your normal method of tax accounting for interest. Under current United States federal income tax law, if you are not a United States person, the interest payments that you receive on the debt securities generally will be exempt from United States federal income taxes, including withholding tax. However, to receive this exemption you may be required to satisfy certain certification requirements (described below under "U.S. Information Reporting and Backup Withholding") of the United States Internal Revenue Service (the "IRS") to establish that you are not a United States person.

Even if you are not a United States person, you may still be subject to United States federal income taxes on any interest payments you receive if:

you are an insurance company carrying on a United States insurance business, within the meaning of the United States Internal Revenue Code of 1986, or

you have an office or other fixed place of business in the United States that receives the interest and you (i) earn the interest in the course of operating a banking, financing or similar business in the United States or (ii) are a corporation the principal business of which is trading in stock or securities for its own account, and certain other conditions exist.

If you are not a United States person, any gain you realize on a sale or exchange of the debt securities generally will be exempt from United States federal income tax, including withholding tax, unless:

your gain is effectively connected with your conduct of a trade or business in the United States or

you are an individual holder and are present in the United States for 183 days or more in the taxable year of the sale, and either (i) your gain is attributable to an office or other fixed place of business that you maintain in the United States or (ii) you have a tax home in the United States.

US Information Reporting and Backup Withholding. The paying agent will be required to file information returns with the IRS with respect to payments made to certain United States persons. If you are a United States person, you generally will not be subject to United States backup withholding tax on such payments if you provide your taxpayer identification number. You may also be subject to information reporting and backup withholding tax requirements with respect to the proceeds from a sale of the debt securities. If you are not a United States person, in order to avoid information reporting and backup withholding tax requirements you may have to comply with certification procedures to establish that you are not a United States person.

PLAN OF DISTRIBUTION

The underwriters named below have severally agreed, subject to the terms and conditions of the Purchase Agreement with us, dated the date of this prospectus supplement, to purchase the principal amount of notes set forth below opposite their respective names. The underwriters are committed to purchase all of such notes if any are purchased.

<u>Underwriter</u>	<u>Principal Amount of Notes</u>
HSBC Securities (USA) Inc.	\$
Total	\$

The underwriters propose to offer the notes in part directly to the public at the initial public offering price set forth on the cover page of this prospectus supplement and in part to certain securities dealers at such price less a concession of % of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not to exceed % of the principal amount of the notes to certain brokers and dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The purchase agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters have agreed to purchase all of the notes sold pursuant to the purchase agreement if any of the notes are sold. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the purchase agreement may be terminated.

The notes are a new issue of securities with no established trading market. Application will be made to list the notes on the New York Stock Exchange in accordance with its rules, although no assurance can be given that the notes will be listed on the New York Stock Exchange, and if so listed, the listing does not assure that a trading market for the notes will develop. We have been advised by the underwriters that they intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

We have agreed to indemnify the several underwriters against certain liabilities, including civil liabilities under the Securities Act, or contribute to payments the underwriters may be required to make in respect thereof.

The following are the estimated expenses to be incurred in connection with the issuance and distribution of the notes:

Securities and Exchange Commission registration fee	\$
Printing expenses	\$
Legal fees and expenses	\$
Accounting fees and expenses	\$
Indentures Trustees fees and expenses	\$
Total	\$

Selling Restrictions

The notes are offered for sale only in jurisdictions where it is legal to make such offers. The offer and sale of the notes are subject to the following limitations. Neither the underwriters nor we have taken any action in any jurisdiction that would constitute a public offering of the notes, other than in the United States.

United Kingdom

Each underwriter has represented and agreed that:

(a)

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it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

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- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any notes may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
 - (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
 - (c) by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of HSBC Securities (USA) Inc. for any such offer; or
 - (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of notes shall result in a requirement for the publication by HSBC Holdings plc or any of the underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an offer to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has agreed to comply, to the best of its knowledge and belief, with all applicable laws and regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers notes or has in its possession or distributes this prospectus supplement and the accompanying prospectus or any such other material relating to the notes, in all cases at its own expense.

Listing

Application will be made to list the notes offered hereby on the New York Stock Exchange. The notes will not be fungible with the notes we issued pursuant to the prospectuses dated April 26, 2006, August 16, 2006 and December 7, 2006. The underwriters have advised us that the underwriters currently intend to make a market in the notes, as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes and may discontinue any such market-making at any time at their sole discretion. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, commercial and investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions.

In connection with the offering made hereby, the underwriters may purchase and sell the notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the underwriters in connection with the offering. Short positions created by the underwriters involve the sale by the underwriters of a greater number of notes than they are required to purchase from us. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the notes. The underwriters may also impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the notes sold in the offering may be reclaimed by the underwriters if such notes are repurchased by the underwriters in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the notes, which may be higher than the price that might otherwise prevail in the open market. These activities, if commenced, may be discontinued at any time. These transactions may be effected on the New York Stock Exchange or otherwise.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued.

HSBC Securities (USA) Inc. is a wholly-owned indirect subsidiary of HSBC Holdings plc. Accordingly, the offering of the notes is being conducted in accordance with the applicable provisions of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. (the "NASD") regarding the underwriting of the securities of an affiliate. In accordance with such rules, an NASD member participating in the distribution of the notes is not permitted to confirm sales to accounts over which it exercises discretionary authority without prior specific written consent of the member's customer.

HSBC Securities (USA) Inc. has no obligation to make a market in the notes and, if commenced, may discontinue its market-making activities at any time without notice, at its sole discretion. Furthermore, HSBC Securities (USA) Inc. may be required to discontinue its market-making activities during periods when we are seeking to sell certain of our securities or when HSBC Securities (USA) Inc., such as by means of its affiliation with us, learns of material non-public information relating to us. HSBC Securities (USA) Inc. would not be able to recommence its market-making activities until such sale has been completed or such information has become publicly available. It is not possible to forecast the impact, if any, that any such discontinuance may have on the market for the notes. Although other broker-dealers may make a market in the notes from time to time, there can be no assurance that any other broker-dealer will do so at any time when HSBC Securities (USA) Inc. discontinues its market-making activities. In addition, any such broker-dealer that is engaged in market-making activities may thereafter discontinue such activities at any time at its sole discretion.

It is expected that the delivery of the notes will be made against payment therefor on or about the date specified on the cover page of this prospectus supplement, which is the fifth business day following the date hereof. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date hereof will be required, by virtue of the fact that the notes will settle in T + 5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisor.

Market Making Resales by Affiliates

This prospectus supplement together with the accompanying prospectus and your confirmation of sale may also be used by HSBC Securities (USA) Inc. in connection with offers and sales of the notes in market-making transaction at negotiated prices related to prevailing market prices at the time of sale. In a market-making transaction, HSBC Securities (USA) Inc. may resell a security it acquires from other holders after the original offering and sale of the notes. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, HSBC Securities (USA) Inc. may act as principal or agent, including as agent for the counterparty in a transaction in which HSBC Securities (USA) Inc. acts as principal, or as agent for both counterparties in a transaction in which HSBC Securities (USA) Inc. does not act as principal. HSBC Securities (USA) Inc. may receive compensation in the form of discounts and commissions, including from both counterparties in some cases. Other of our affiliates may also engage in transactions of this kind and may use this prospectus supplement and the accompanying prospectus for this purpose. Neither HSBC Securities (USA) Inc. nor any other of our affiliates has an obligation to make a market in the notes and may discontinue any market-making activities at any time without notice, in its sole discretion.

We do not expect to receive any proceeds from market-making transactions.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale.

Unless we or our agent informs you in your confirmation of sale that your security is being purchased in its original offering and sale, you may assume that you are purchasing your security in a market-making transaction.

NOTICE TO CANADIAN INVESTORS

The offering of the notes in Canada is being made solely by this prospectus supplement and the accompanying prospectus and any decision to purchase notes should be based solely on information contained in or incorporated by reference into these documents. No person has been authorized to give any information or to make any representations concerning this offering other than those contained in or incorporated by reference into these documents. These documents constitute an offering in Canada of the notes described herein only in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec (the Private Placement Provinces).

Responsibility

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty, or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by any dealer as to the accuracy or completeness of the information contained in this prospectus supplement or the accompanying prospectus or any other information provided by HSBC Holdings plc in connection with the offering of the notes in Canada.

Resale Restrictions

The distribution of the notes in Canada is being made only on a private placement basis exempt from the requirement that HSBC Holdings plc prepare and file a prospectus with the securities regulatory authorities in each of the Private Placement Provinces. Accordingly, any resale of the notes in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with the available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the notes.

HSBC Holdings plc is not a reporting issuer, as such term is defined under applicable Canadian securities laws, in any Private Placement Province or elsewhere in Canada. Canadian investors are advised that HSBC Holdings plc currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the notes to the public in any province or territory of Canada in connection with this offering.

Representations of Purchasers

Each purchaser of notes in Canada will be deemed to have represented to HSBC Holdings plc and any dealer who sells notes to such purchaser that: (a) the offer and sale of the notes was made exclusively through the final version of the prospectus supplement and the accompanying prospectus and was not made through an advertisement of the notes in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada; (b) such purchaser has reviewed and acknowledges the terms referred to above under Resale Restrictions (c) where required by law, such purchaser is purchasing as principal for its own account and not as agent for the benefit of another person; and (d) such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, is entitled under applicable Canadian securities laws to purchase such notes without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing: (i) in the case of a purchaser resident in a Private Placement Province other than Ontario, without the dealer having to be registered, (ii) in the case of a purchaser resident in British Columbia, Alberta, Saskatchewan, Manitoba or Quebec, such purchaser is an accredited investor as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106); (iii) in the case of a purchaser resident in Ontario, such purchaser, or any ultimate purchaser for which such purchaser is acting as agent (1) is an accredited investor, other than an individual, as defined in NI 45-106 and is a person to which a dealer registered as an international dealer in Ontario may sell notes or (2) is an accredited investor, including an individual, as defined in NI 45-106 who is purchasing notes from a registered investment dealer within the meaning of section 98 of the Regulation to the *Securities Act* (Ontario).

In addition, each resident of Ontario who purchases notes will be deemed to have represented to HSBC Holdings plc and each dealer from whom a purchase confirmation is received, that such purchaser: (a) has been notified by HSBC Holdings plc (i) that HSBC Holdings plc is required to provide information (personal information) pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any notes purchased), which Form 45-106F1 is required to be filed by HSBC Holdings plc under NI 45-106; (ii) that such personal information will be delivered to the Ontario Securities Commission (the OSC) in accordance with NI 45-106; (iii) that such personal information is being collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario; (iv) that such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (v) that the public official in Ontario who can answer questions about the OSC 's indirect collection of such personal information is the Administrative Assistant to the Director of Corporate Finance at the OSC, Suite 1903, Box 5520 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086; and (b) has authorized the indirect collection of the personal information by the OSC. Further, the purchaser acknowledges that its name, address, telephone number and other specified information, including the number of notes it has purchased and the aggregate purchase price to the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian securities laws. By purchasing the notes, each Canadian purchaser consents to the disclosure of such information.

Certain Relationships and Related Transactions

HSBC Securities (USA) Inc. may effect sales of notes in Canada and is an indirect subsidiary of HSBC Holdings plc. HSBC Holdings plc is a related issuer and may be a connected issuer for the purposes of Canadian securities legislation. This relationship and other related matters are set forth in greater detail in this prospectus supplement and the accompanying prospectus. See Plan of Distribution in this prospectus supplement and the accompanying prospectus. Any decision of HSBC Securities (Canada) Inc. to act as dealer in respect of the notes will be made independently of its affiliates.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this prospectus supplement and the accompanying prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes and, in particular, does not address Canadian tax considerations. Canadian investors should consult their own legal and tax advisers with respect to the tax consequences of an investment in the notes in their particular circumstances and with respect to the eligibility of the notes for investment by such investor under relevant Canadian legislation and regulations. Canadian investors should likewise consult with their own legal and tax advisers concerning the foreign income tax consequence of an investment in the notes, if any.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian Private Placement Provinces provides purchasers of securities with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where this prospectus supplement and the accompanying prospectus and any amendment to them contains a Misrepresentation . Where used herein, Misrepresentation means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this prospectus supplement and the accompanying prospectus) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;

the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;

the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:

180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action; or

three years from the day of the transaction that gave rise to the cause of action.

This prospectus supplement and the accompanying prospectus are being delivered in reliance on exemptions from the prospectus requirements contained under NI 45-106 (the accredited investor exemption). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this prospectus supplement and the accompanying prospectus) delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in section 2.3 of NI 45-106 if the prospective purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank,
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Enforcement of Legal Rights

All of HSBC Holdings plc's directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon HSBC Holdings plc or such persons. All or a substantial portion of the assets of HSBC Holdings plc and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against HSBC Holdings plc or such persons in Canada or to enforce a judgment obtained in Canadian courts against HSBC Holdings plc or such persons outside of Canada.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout quis) soient rédigés en anglais seulement.*

LEGAL OPINIONS

Certain legal matters in connection with the securities to be offered hereby will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, London, England, our US counsel and English solicitors and by Shearman & Sterling (London) LLP, London, England, US counsel and English solicitors for the underwriters.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our consolidated financial statements as at December 31, 2006 and December 31, 2005 and for each of the three years ended December 31, 2006, 2005 and 2004 appearing in our annual report on Form 20-F for the year ended December 31, 2006 have been incorporated by reference herein in reliance on the report of KPMG Audit Plc, independent registered public accounting firm and upon the authority of said firm as experts in accounting and auditing.

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Prospectus

HSBC Holdings plc

Subordinated Debt Securities and Non-cumulative Dollar-denominated Preference Shares American Depositary Shares

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

- subordinated debt securities; and

- non-cumulative dollar-denominated preference shares of \$0.01 nominal value each. The dollar preference shares will be represented by American depositary shares.

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 or preference shares unless accompanied by a prospectus supplement.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES COMMISSION REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. 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 14 June 2006.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any notes 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 on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus has been prepared on the basis that all offers of securities made pursuant to it will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of notes. Accordingly any person making or intending to make any offer within the EEA of securities pursuant to this prospectus should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer.

In connection with any issue of securities through this prospectus, a stabilising manager or any person acting for him may over-allot 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 for a limited period after the issue date. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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 or 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, the term "UK GAAP" means generally accepted accounting principles in the United Kingdom and the term "US GAAP" means generally accepted accounting principles in the United States.

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 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 United Kingdom and (iv) "Hong Kong dollars" or "HK\$" are to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR").

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements for the year ended 31 December 2005 were prepared for the first time in accordance with IFRSs. Moving to IFRSs has necessarily involved the application of a number of available exemptions which means that prior year figures in the financial statements are not fully comparable with those presented in respect of 2005. Details of HSBC's transition to IFRSs are set out on page 332 of our 2005 Annual Report and Accounts on Form 20-F incorporated by reference herein. HSBC previously reported under UK GAAP. As we are listed on the New York Stock Exchange, we also reconcile certain financial information to US GAAP, which differs in certain respects from IFRSs as explained and reconciled on page 375 of our 2005 Annual Report and Accounts. We use the US dollar as our reporting currency because the US dollar and currencies linked to it form the major currency bloc in which we transact our business.

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

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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 be difficult 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 United Kingdom. The enforceability of any judgment in the United Kingdom will depend of the particular facts of the case in effect at the time.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual reports and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 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.

- Annual Report on Form 20-F, as amended, for the year ended 31 December 2005;
- 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 (the "Exchange Act"), until we sell all of the securities that may be offered through this prospectus.

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
London
E14 5HQ England
Tel: 011 (44-20) 7991-8888

c/o HSBC Bank USA, National Association
452 Fifth Avenue
New York, New York, 10018
Attn: Regional Compliance Officer
Tel: (212) 525-5000

We will provide to the trustee referred to under "Description of Subordinated Debt Securities" and the depositary referred to under "Description of ADSs" our annual reports, which will include a description of operations and annual audited consolidated financial statements prepared under IFRSs, together with a reconciliation of net income and shareholders' equity to amounts under US GAAP. We will also furnish the trustee and the depositary with interim reports which will include unaudited interim consolidated financial information prepared under IFRSs and which may contain a reconciliation of net income and shareholders' equity to US GAAP. The trustee and the depositary, as appropriate, shall make such reports available for inspection by holders at their respective corporate trust offices.

HSBC

HSBC Holdings, incorporated in England and Wales, together with its subsidiaries is one of the largest banking and financial services organizations in the world, with a market capitalization of US\$182 billion at December 31, 2005. As at December 31, 2005, we had total assets of US\$1,502 billion and total shareholders' equity of US\$92 billion. For year ended December 31, 2005, our operating profit was US\$20 billion on total operating income of US\$62 billion. We are a strongly capitalized banking group with a total capital ratio of 12.8% and a tier 1 capital ratio of 9.0% as at December 31, 2005. Headquartered in London, we operate through long-established businesses and have an international network of over 9,800 properties in 76 countries and territories in five geographical regions: Europe; Hong Kong SAR; Rest of Asia-Pacific, including the Middle East and Africa; North America and South America. Within these regions, a comprehensive range of financial services is offered to personal, commercial, corporate, institutional, investment and private banking clients. Services are delivered primarily by domestic banks, typically with large retail deposit bases, and consumer finance operations. We manage our business through four customer groups: Personal Financial Services; Commercial Banking; Corporate, Investment Banking and Markets; and Private Banking. Personal Financial Services incorporates our consumer finance businesses, reflecting their increasing integration within mainstream financial services around the world. The largest of these is HSBC Finance Corporation, one of the leading consumer finance companies in the US.

The establishment in 1999 of HSBC as a uniform, international brand name ensured that the HSBC Group's hexagon corporate symbol has become an increasingly familiar sight across the world.

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Our largest and best-known subsidiaries and their principal countries of operation are:

<input type="checkbox"/>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong SAR
<input type="checkbox"/>	Hang Seng Bank Limited	Hong Kong SAR
<input type="checkbox"/>	HSBC Bank plc	United Kingdom
<input type="checkbox"/>	HSBC France	France
<input type="checkbox"/>	HSBC Bank USA, National Association	United States
<input type="checkbox"/>	HSBC Finance Corporation	United States
<input type="checkbox"/>	HSBC México, S.A.	Mexico
<input type="checkbox"/>	HSBC Bank Brasil S.A.- Banco Múltiplo	Brazil
<input type="checkbox"/>	HSBC Private Bank (Suisse) S.A.	Switzerland
<input type="checkbox"/>	The Bank of Bermuda Limited	Bermuda

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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 to support the development of HSBC and to strengthen further the capital base of HSBC Holdings.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SHARE DIVIDENDS The ratios for us for the periods indicated, using financial information calculated in accordance with IFRSs, UK GAAP and estimated financial information adjusted to reflect US GAAP, are:

Ratio of Earnings to Combined Fixed Charges

	Year ended 31 December,			
	2005	2004	2003	2002
Ratios in accordance with IFRSs				
Excluding interest on deposits	9.60	8.64	N/A	N/A
Including interest on deposits	1.59	1.86	N/A	N/A
Ratios in accordance with UK GAAP				
Excluding interest on deposits	N/A	8.07	7.41	6.57
Including interest on deposits	N/A	1.81	1.80	1.66
Ratios in accordance with US GAAP				
Excluding interest on deposits	9.28	8.49	6.33	5.42
Including interest on deposits	1.57	1.85	1.67	1.53

Ratio of Earnings to Combined Fixed Charges and Preference Share Dividends

	Year ended 31 December,			
	2005	2004	2003	2002
Ratios in accordance with IFRSs				

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Excluding interest on deposits	9.16	8.64	N/A	N/A	N
Including interest on deposits	1.59	1.86	N/A	N/A	N

Ratios in accordance with UK GAAP