HSBC HOLDINGS PLC
Form 424B5
September 29, 2016
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-202420

PROSPECTUS SUPPLEMENT

(To prospectus dated February 25, 2016)

$3,750,000,000

HSBC HOLDINGS PLC

$2,500,000,000 2.650% Senior Unsecured Notes due 2022

$1,250,000,000 Floating Rate Senior Unsecured Notes due 2022

We are offering $2,500,000,000 principal amount of 2.650% Senior Unsecured Notes due 2022 (the Fixed Rate Notes) and $1,250,000,000 principal amount of Floating Rate Senior Unsecured Notes due 2022 (the Floating Rate Notes). The Notes (as defined below) will be issued pursuant to the indenture dated as of August 26, 2009 (as amended or supplemented from time to time), as supplemented by a third supplemental indenture, which is expected to be entered into on October 5, 2016 (the indenture, together with the third supplemental indenture, the Indenture). The Notes means either the Fixed Rate Notes or the Floating Rate Notes, as applicable.

We will pay interest semi-annually in arrear on the Fixed Rate Notes on January 5 and July 5 of each year, beginning on July 5, 2017, at a rate of 2.650% per annum. The Fixed Rate Notes will mature on January 5, 2022.

We will pay interest quarterly in arrear on the Floating Rate Notes on January 5, April 5, July 5 and October 5 of each year, beginning on January 5, 2017, at a floating rate equal to the three-month U.S. dollar London interbank offered rate plus 1.500% per annum. The Floating Rate Notes will mature on January 5, 2022.

We may redeem the Notes in whole (but not in part) at 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption upon the occurrence of certain tax events as described in this prospectus supplement and the accompanying prospectus.

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any

other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power (as defined herein) by the relevant UK resolution authority (as defined herein); and (b) the variation of the terms of the Notes or the 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 (as defined below) 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. For these purposes, Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts (as defined herein), on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority. See *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power*. Moreover, each noteholder (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 Notes.

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner), to the extent permitted by the Trust Indenture Act of 1939, as amended, will waive any and all claims, in law and/or in equity, against The Bank of New York Mellon, London Branch, as trustee, for, agree not to initiate a suit against the trustee in respect of, and agree that the trustee will not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the UK bail-in power by the relevant UK resolution authority with respect to the Notes.

Application will be made to list the Notes on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to begin within 30 days of the initial delivery of the Notes.

Investing in the Notes involves certain risks. See *Risk Factors* beginning on Page S-12.

Unless otherwise defined, terms that are defined in *Description of the Notes* beginning on page S-25 have the same meaning when used on this cover page.

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 Fixed Rate Note	Total	Per Floating Rate Note	Total
Public Offering Price(1)	99.906%	$ 2,497,650,000	100.000%	$ 1,250,000,000
Underwriting Discount	0.325%	$ 8,125,000	0.325%	$ 4,062,500
Proceeds to us (before expenses)	99.581%	$ 2,489,525,000	99.675%	$ 1,245,937,500

(1) Plus accrued interest, if any, from October 5, 2016.

We may use this prospectus supplement and the accompanying prospectus in the initial sale of the Notes. In addition, HSBC Securities (USA) Inc. or another of our affiliates may use this prospectus supplement and the accompanying prospectus in a market-making transaction in any of these Notes after their initial sale. In connection with any use of this prospectus supplement and the accompanying prospectus by HSBC Securities (USA) Inc. or another of our affiliates, unless we or our agent informs the purchaser otherwise in the confirmation of sale, you may assume this prospectus supplement and the accompanying prospectus are being used in a market-making transaction.

The underwriters expect to deliver the Notes to purchasers in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme,* and Euroclear Bank SA/NV on or about October 5, 2016.

Sole Book-Running Manager

HSBC

The date of this prospectus supplement is September 28, 2016.

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Prospectus Supplement

Prospectus

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We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and in any related free-writing prospectus we prepare or authorize. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. 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 not assume that the information appearing in this prospectus supplement, the accompanying prospectus and in any related free-writing prospectus we prepare or authorize, as well as information we have previously filed with the Securities and Exchange Commission (the SEC) and incorporated by reference, is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying 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.

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 (USA) Inc. or any agent of it to do this. Any stabilization may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after we receive the proceeds of the issue and 60 days after the date of the allotment of any Notes. Such stabilizing, if commenced, may be effected on any stock exchange, over-the-counter market or otherwise, in accordance with all applicable laws and rules.

You should not invest in the Notes unless you have the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes due to the likelihood of an exercise of the UK bail-in power and the impact this investment will have on your overall investment portfolio. Prior to making an investment decision, you should consider carefully, in light of your own financial circumstances and investment objectives, all the information contained in this prospectus supplement and the accompanying prospectus and incorporated by reference herein and therein.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who fall 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) 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 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 has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (the EEA) will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes which are the subject of an offering contemplated in this prospectus supplement as completed by final terms in relation to the offer of the Notes may

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only do so in circumstances in which no obligation arises for us 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. Neither we nor any of the underwriters have authorized, nor do we or any of the underwriters authorize, the making of any offer of the Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer. Neither we nor the underwriters have authorized, nor do we 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 the Notes contemplated in this prospectus supplement. 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.

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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 Holdings, we, us and our refer to HSBC Holdings plc. HSBC Group and HSBC mean HSBC Holdings together with its subsidiary undertakings.

As used in this prospectus supplement, the Notes means either the Fixed Rate Notes or the Floating Rate Notes, as applicable.

Presentation of Financial Information

The consolidated financial statements of HSBC Group have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (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. As of December 31, 2015, there were no unendorsed standards effective for the year ended December 31, 2015 affecting our 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, 2015 were prepared in accordance with IFRSs as issued by the IASB. As of June 30, 2016, there were no unendorsed standards effective for the period ended June 30, 2016 affecting our interim condensed consolidated financial statements, included in our Interim Report for the six-month period ended June 30, 2016 furnished under cover of Form 6-K to the SEC on August 3, 2016 (the 2016 Interim Report) and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC.

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.

With the exception of the capital ratios presented under *HSBC Holdings plc*, the financial information presented in this document has been prepared in accordance with IFRSs as issued by the IASB and as endorsed by the EU. See *Where You Can Find More Information About Us*.

Currency

In this 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 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 United Kingdom, (iv) CAD are to the lawful currency Canada, (v) NOK are to the lawful currency of Norway and (vi) JPY are to the lawful currency of Japan.

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 on 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, potential, reasonably possible negative thereof or similar expressions, or by discussions of strategy. These forward-looking statements include statements relating to: Moody s Investor Service statement regarding our financial strength; implementation and exercise of the UK bail-in powers; our plan to issue additional senior debt securities; and listing of the Notes. 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 in HSBC Holdings Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC on February 25, 2016 (the 2015 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 2015 Form 20-F, the Form 6-K furnished to the SEC on February 29, 2016 (furnishing additional information about our business and capital structure) and the 2016 Interim Report.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We have filed with the SEC a post-effective amendment no.1 to the registration statement on Form F-3 (No. 333-202420) (the Registration Statement) 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., 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.

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. Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such documents will not create any implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. The information incorporated by reference is considered to be a part of this prospectus supplement and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus supplement is considered to be automatically updated and superseded. In the case of a conflict or inconsistency between information contained in this prospectus supplement and information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later. We incorporate by reference in this prospectus supplement and the accompanying prospectus the 2015 Form 20-F, the Form 6-K furnished to the SEC on February 29, 2016 (furnishing additional information about our business and capital structure), the Form 6-K furnished to the SEC on March 18, 2016 (furnishing the notice of annual general meeting) and the 2016 Interim Report.

In addition, all documents filed by us with the SEC pursuant to Sections 13(a), 13(c) or 15(d) of the 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 will 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 will 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 will 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.

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: Company Secretary

Tel: +1-212-525-5000

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SUMMARY OF THE OFFERING

The following summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the financial statements and related notes incorporated by reference herein, before making an investment decision. Terms which are defined in Description of the Notes included in this prospectus supplement beginning on page S-25 have the same meaning when used in this summary.

Issuer	HSBC Holdings plc.
Securities Offered	2.650% Senior Unsecured Notes due 2022 in an aggregate principal amount of $2,500,000,000 (such series of notes, the Fixed Rate Notes).
	Floating Rate Senior Unsecured Notes due 2022 in an aggregate principal amount of $1,250,000,000 (such series of notes, the Floating Rate Notes).
Issue Date	October 5, 2016.
Terms Specific to the Fixed Rate Notes:	
Interest	Interest on the Fixed Rate Notes will be payable at a rate of 2.650% per annum.
Interest Payment Date	Interest on the Fixed Rate Notes will be payable semi-annually in arrear on January 5 and July 5 of each year, beginning on July 5, 2017.
Maturity Date	The Fixed Rate Notes will mature on January 5, 2022.
Terms Specific to the Floating Rate Notes:	
Interest	The initial interest rate on the Floating Rate Notes for the first Floating Rate Interest Period (as defined below) will be equal to the three-month U.S. dollar London interbank offered rate (LIBOR), as determined on October 3, 2016, plus 1.500% per annum (the Floating Rate Initial

	Interest Rate). Thereafter, the interest rate on the Floating Rate Notes for any Floating Rate Interest Period will be LIBOR, as determined on the applicable Floating Rate Interest Determination Date (as defined below), plus 1.500% per annum. The interest rate on the Floating Rate Notes will be reset quarterly on each Floating Rate Interest Reset Date (as defined below).
Interest Payment Date	Interest on the Floating Rate Notes will be payable quarterly in arrear on January 5, April 5, July 5 and October 5 of each year, beginning on January 5, 2017 (each, a Floating Rate Interest Payment Date).
Interest Reset Dates	Every January 5, April 5, July 5 and October 5 of each year, commencing on January 5, 2017 (each, a Floating Rate Interest

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	Reset Date); *provided* that the interest rate in effect from (and including) October 5, 2016 to (but excluding) the first Floating Rate Interest Reset Date will be the Floating Rate Initial Interest Rate.
Interest Periods	The period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date (each, a Floating Rate Interest Period); *provided* that the first Floating Rate Interest Period will begin on October 5, 2016 and will end on (but exclude) January 5, 2017.
Interest Determination Date	The second London banking day preceding the applicable Floating Rate Interest Reset Date (each, a Floating Rate Interest Determination Date); *provided* that the first Floating Rate Interest Determination Date will be the second London banking day (as defined below) preceding the issue date (which is October 3, 2016). London banking day means any day on which dealings in U.S. dollars are transacted in the London interbank market.
Maturity Date	The Floating Rate Notes will mature on January 5, 2022.
Calculation Agent	HSBC Bank USA, National Association, or its successor appointed by us, pursuant to a calculation agent agreement expected to be entered into on October 5, 2016.
Calculation of U.S. Dollar LIBOR	LIBOR will be determined by the calculation agent in accordance with the following provisions: (1) With respect to any Floating Rate Interest Determination Date, LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months commencing on the related Floating Rate Interest Reset Date that appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on that Floating Rate Interest Determination Date. If no such rate appears, then LIBOR, in respect of that Floating Rate Interest Determination Date, will be determined in accordance with the provisions described in (2) below. (2) With respect to a Floating Rate Interest Determination Date on which no rate appears on Reuters Page LIBOR01(as defined below),

the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected and identified by us, to provide its offered quotation (expressed as a percentage per annum) for deposits in U.S. dollars for the period of three months, commencing on the related Floating Rate Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Floating Rate Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that Floating Rate Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the Floating Rate Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the City of New York, on the Floating Rate Interest Determination Date by three major banks in the City of New York (which may include affiliates of the underwriters), as selected and identified by us, for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the related Floating Rate Interest Reset Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, LIBOR on the Floating Rate Interest Determination Date will be the arithmetic mean of such rates. If fewer than two such rates are so provided, LIBOR on the Floating Rate Interest Determination Date will be LIBOR in effect with respect to the immediately preceding Floating Rate Interest Determination Date or, in the case of the initial Floating Rate Interest Determination Date, the Floating Rate Initial Interest Rate.

Reuters Page LIBOR01 means the display that appears on Reuters Page LIBOR01 or any page as may replace such page on such service (or any successor service) for the purpose of displaying LIBOR of major banks for U.S. dollars.

Terms Applicable to each Series of Notes:

Optional Redemption

The Notes are not redeemable at the option of the noteholders at any time.

Tax Event Redemption

We may redeem the Notes in whole (but not in part) in our sole discretion upon the occurrence of certain tax events. See *Risk Factors Risks Relating to the Notes We may redeem the Notes for certain tax reasons*. The redemption price will be equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption. See *Description of Debt Securities Redemption* in the accompanying prospectus.

Notice of Redemption

Any redemption of the Notes will be subject to our giving prior notice to the noteholders as described under *Description of Debt Securities Redemption* in the accompanying prospectus.

Agreement with Respect to the Exercise of UK Bail-in Power	By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings

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between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power (as defined under *Description of the Notes Definitions*) by the relevant UK resolution authority (as defined under *Description of the Notes Definitions*); and (b) the variation of the terms of the Notes or the 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 (as defined below) 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. For these purposes, Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts (as defined below), on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority. See *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power*.

Moreover, each noteholder (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 Notes.

Payment of Additional Amounts	We will pay additional amounts in respect of the Notes, in the circumstances described under *Description of Debt Securities Additional Amounts Senior Debt Securities and Undated Subordinated Debt Securities* in the accompanying prospectus (such additional amounts, Additional Amounts).
Ranking	The Notes will constitute our direct, unsecured obligations and rank *pari passu* with our other senior indebtedness, and the Notes 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 *pari passu* with subordinated debt securities. See *Description of Debt Securities Senior Debt Securities Defaults and Events of Default* in the accompanying 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 (DTC). See *Description of Debt Securities Form, Settlement and Clearance* in the accompanying prospectus.

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

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	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 SA/NV (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.
Sinking Fund	There will be no sinking fund for the Notes.
Trustee	We will issue the Notes under the indenture dated August 26, 2009 (as amended or supplemented from time to time), as supplemented by a third supplemental indenture, which is expected to be entered into on October 5, 2016, with The Bank of New York Mellon, London Branch, as trustee (the indenture, together with the third supplemental indenture, the Indenture).
Paying Agent	HSBC Bank USA, National Association, or its successor appointed by us pursuant to the Indenture.
Use of Proceeds	We will use the net proceeds from the sale of the Notes for general corporate purposes.
Conflicts of Interest	HSBC Securities (USA) Inc. is an affiliate of HSBC Holdings, and, as such, the offering is being conducted in compliance with FINRA Rule 5121, as administered by the Financial Industry Regulatory Authority (FINRA).
Minimum Denominations	The Notes will be issued only in registered form in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof.
Business Day	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England, and in New York City, New York.

Governing Law	The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. 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.

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RISK FACTORS

An investment in the Notes involves significant risk. Accordingly, you should consider carefully all of the information set forth in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors, before you decide to invest in the Notes. Terms which are defined in Description of the Notes included in this prospectus supplement beginning on page S-25 have the same meaning when used in this section.

Risks Relating to HSBC s Business

For information on risks relating to HSBC s business, you should read the risks described in the 2015 Form 20-F, including the section entitled *Risk Factors* on pages 109a through 109l and the 2016 Interim Report, including the section entitled *Risk Areas of Special Interest* on pages 66 through 67 and Note 19 (*Legal proceedings and regulatory matters*) to the interim condensed consolidated financial statements included therein on pages 139 through 145, which are incorporated by reference in this prospectus supplement, and/or similar disclosure in subsequent filings incorporated by reference in this prospectus supplement.

Risks Relating to the Notes

Under the terms of the Notes, 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 (as defined under *Description of the Notes Definitions*) and 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 Notes or securities into which the Notes 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 Notes The Notes are the subject of the UK bail-in power, which may result in your Notes being written down to zero or converted into other securities, including unlisted equity securities*).

Specifically, by your acquisition of the Notes, you (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power by the relevant UK resolution authority (as defined under *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power*); and (b) the variation of the terms of the Notes or the 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 (as defined under *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power*) 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 Notes. For more information, see *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power.*

The Notes are the subject of the UK bail-in power, which may result in your Notes 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 (as defined under *Description of the Notes Definitions*) 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.

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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 UK Prudential Regulation Authority (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 Notes 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 a bail-in tool, which may be exercised by the BoE (as a relevant UK resolution authority) and forms part of the UK bail-in power.

Where the conditions for resolution exist, the BoE may use the bail-in tool (individually or in combination with available resolution tools) 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 (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, 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. Although the bail-in tool has a safeguard designed to leave no creditor worse off than in the case of insolvency, 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 bail-in tool on other creditors who have not been excluded (which may include you).

As a result, the Notes, which are subject to the bail-in tool, will be written down or converted if the reduction of additional Tier 1 instruments, Tier 2 instruments and subordinated claims that do not qualify as an additional Tier 1 or Tier 2 instrument, does not sufficiently reduce the aggregate amount of liabilities that must be written down or converted to prevent the HSBC Group s failure.

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 your Notes 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 your Notes (whether debt or equity) likely will 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 or our ordinary shares listed on the London Stock Exchange or otherwise. 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 your Notes, 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 Notes 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 Notes, subject to the terms of the 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 Notes or securities into which your Notes 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, your Notes are not necessarily expected to follow the trading behavior associated with other types of securities. See also *Risks Relating to the Notes Other powers contemplated by the Banking Act may affect your rights under, and the value of your investment in, the Notes*.

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 the Notes) 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 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 the Notes). 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 Notes.

In addition to the bail-in tool, the Banking Act 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 Notes), 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 Notes, and the value of your Notes 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 Notes.

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 (including the Notes) if such powers were exercised.

For example, although the exercise of certain 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. 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 Notes.

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 the Notes and/or our ability to satisfy our obligations under the Notes.

Other changes in law may adversely affect your rights as noteholders.

Changes in law after the date hereof may affect your rights as noteholder as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In particular, because the UK voted to exit the EU following the referendum on June 23, 2016 (Brexit), there could be significant changes to those EU laws applicable in the UK (depending on whether, following exit, the UK were to be re-admitted to the European Free Trade Association, and therefore remain subject to EU legislation applicable to the EEA). While any exit should not in and of itself affect the validity of the Banking Act (through which the BRRD is implemented), it is possible that subsequent changes in law affecting your rights could take place.

In addition, any change in law or regulation that results in our having to pay Additional Amounts to you could constitute a tax event that may entitle us to redeem the Notes, in whole (but not in part), as more particularly described under *Risks Relating to the Notes We may redeem the Notes for certain tax reasons* below and *Description of Debt Securities Redemption* in the accompanying prospectus.

Such legislative and regulatory uncertainty could also affect your ability to accurately value and the liquidity of the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described under Risks Relating to the Notes 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 Notes, could have on the Notes.

We may redeem the Notes for certain tax reasons.

We may redeem the Notes at any time in whole (but not in part) upon the occurrence of certain tax events, as more particularly described under *Description of Debt Securities Redemption* in the accompanying prospectus. Certain of such events may occur at any time after the issue date and it is therefore possible that we would be able to redeem the Notes at any time after the issue date.

If we redeem the Notes in any of the circumstances mentioned above, you may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

We may issue securities* pari passu *with the Notes and/or secured debt.

There is no restriction on the amount of securities that we may issue that rank *pari passu* with the Notes. In particular, the Financial Stability Board (the FSB) final standards for total loss absorbing capacity (TLAC) requirements for global systemically important banks will apply to us once implemented in the United Kingdom, and we expect to issue between $60 billion and $80 billion in aggregate principal amount of senior debt securities between 2016 and 2018 and have issued over US$26 billion in 2016 as of September 27, 2016, in order to meet these TLAC requirements. See pages 100b through 100h in the 2015 Form 20-F. Furthermore, the terms of the Indenture permit us (and our subsidiaries) to incur additional debt, including secured debt. The Notes will be effectively subordinated to any indebtedness or other liabilities of our subsidiaries (see *Risks Relating to the Notes Our holding company structure may mean that our rights to participate in assets of any of our subsidiaries upon its liquidation may be subject to prior claims of some of its creditors, including when we have loaned or otherwise advanced the proceeds received from the issuance of the Notes to such subsidiary*) and to any of our indebtedness that is secured by property or assets to the extent of the value of the property or assets securing such indebtedness. In the event of our winding up, you may recover from the value of our assets to satisfy your claims only after our secured creditors have been paid in full. In addition, the claims of *pari passu* creditors may reduce the amount recoverable by you. Therefore, you may lose all or some of your investment in the Notes in the event of our winding up.

Our holding company structure may mean that our rights to participate in assets of any of our subsidiaries upon its liquidation may be subject to prior claims of some of its creditors, including when we have loaned or otherwise advanced the proceeds received from the issuance of the Notes to such subsidiary.

The Notes are our obligations exclusively and are not guaranteed by any person, including any of our subsidiaries. We are a non-operating holding company and, as such, our principal source of income is derived from our operating subsidiaries that hold the principal assets of the HSBC Group. As a separate legal entity, we rely on, among other things, remittance of our subsidiaries loan interest payments and dividends in order to be able to meet our obligations to you as they fall due. The ability of our subsidiaries and affiliates to pay dividends could be restricted by changes in regulation, contractual restrictions, exchange controls and other requirements, which may restrict our ability to pay any amounts due under the Notes.

In addition, because we are a holding company, our rights to participate in the assets of any subsidiary if it is liquidated will be subject to the prior claims of its creditors and any preference shareholders, except to the extent that we may be a creditor with recognized claims ranking ahead of or *pari passu* with such prior claims against the subsidiary.

We also have absolute discretion as to how we make our investments in, or advance funds to, our subsidiaries, including the proceeds of issuances of debt securities, such as the Notes, and as to how we may restructure existing investments and funding in the future. The ranking of our claims in respect of such investments and funding in the event of the liquidation of a subsidiary, and their treatment in resolution, will depend in part on their form and structure and the types of claim that they give rise to. The purposes of such investments and funding, and any such restructuring, may include, among other things, the provision of different amounts or types of capital or funding to particular subsidiaries, including for the purposes of meeting regulatory requirements, such as the implementation of the European Banking Authority s (the EBA) minimum requirement for own funds and eligible liabilities (or any equivalent requirements imposed by the PRA), or the FSB s minimum TLAC requirements, in respect of such subsidiaries, which may require funding to be made on a subordinated basis. See pages 100b through 100h in the 2015 Form 20-F.

In addition, the terms of some loans or investments in capital instruments issued by our subsidiaries may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of such subsidiary, would result in a write-down of the claim or a change in the ranking and type of claim that we have against such subsidiary. Such loans to and investments in our subsidiaries may also be subject to the exercise of the UK bail-in power. See *Risks Relating to the Notes The Notes are the subject of the UK bail-in power, which may result in your Notes being written down to zero or converted into other securities, including unlisted equity securities*. Any changes in the legal or regulatory form or ranking of a loan or investment could also affect its treatment in resolution.

If any of our subsidiaries were wound up, liquidated or dissolved (i) the noteholders would have no right to proceed against the assets of such subsidiary and (ii) the liquidator of such subsidiary would first apply the assets

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of such subsidiary to settle the claims of such subsidiary s creditors and/or preference shareholders (including holders of such subsidiary s senior debt and Tier 2 and additional Tier 1 capital instruments) before we would be entitled to receive any distributions.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of the Floating Rate Notes.

Regulators and law enforcement agencies in the United Kingdom and elsewhere are conducting civil and criminal investigations into the calculation of daily LIBOR by banks that contributed to the British Bankers Association (the BBA) when it was the body which exclusively set the relevant LIBOR benchmark rates. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR. ICE Benchmark Rate Administration Ltd. (ICE Administration) has been appointed as the independent LIBOR administrator, effective February 1, 2014. Actions by ICE Administration, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. At this time, it is not possible to predict the effect of any such changes and any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes may adversely affect the trading market for LIBOR-based securities, including the Floating Rate Notes.

The securities that we are offering constitute a new issue of securities by us and we cannot guarantee that an active public market for the securities will develop or be sustained.

The Notes will constitute a new issue of securities by us. Prior to our present issuance of Notes, there will have been no public market for the Notes. Although we will apply for the Notes to be listed on the New York Stock Exchange, there can be no assurance that an active public market for the Notes will develop and, if such a market were to develop, the underwriters are under no obligation to maintain such a market. The liquidity and the market prices for the Notes can be expected to vary with changes in market and economic conditions and our financial condition and prospects and other factors that generally influence the market prices of securities.

Our credit ratings may not reflect all risks of an investment in the Notes, and changes to any credit rating assigned to us or the Notes may affect the market value of the Notes.

Our credit rating or those assigned to the Notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or market value of, the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time in its sole discretion.

Any rating assigned to us or the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency s judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors that can change over time, including the credit rating agency s assessment of: our strategy and management s capability; our financial condition, including in respect of capital, funding and liquidity; competitive, economic, legal and regulatory conditions in our key markets, including those markets where we have large exposures or on which our operating results, including revenues, are substantially dependent; the level of political support for the industries in which we operate; and legal and regulatory frameworks affecting our legal structure, business activities and the rights of our creditors. Moreover, the rating agencies that currently, or may in the future, publish a rating for us or the Notes may change the methodologies that they use for analyzing securities with features similar to the Notes.

Moody s Investor Service s (Moody s) outlook on our long-term senior unsecured debt rating is negative. This reflects Moody s assessment of our financial strength based on deteriorating operating conditions in Hong Kong, where a significant portion of our business and assets are located and from which we generate a substantial portion of our revenue and profit. Moody s has indicated further that it believes our financial strength

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is unlikely to improve in the near term, and that our long-term ratings could be downgraded if the financial strength of our main operating entities weakens, including a further weakening of the financial strength of our Hong Kong operating entity. Separately, in July 2016, S&P Global Ratings (S&P), as part of its review of the ratings of UK banks in light of Brexit, changed the outlook on our long-term senior unsecured debt rating to negative from stable. This change primarily reflects S&P s view of the economic risk in the U.K. banking sector resulting from Brexit. S&P has indicated further that our long-term ratings could be downgraded if, among other things, it considers that economic conditions and prospects in our major markets are no longer supportive of our current ratings, including as a result of China s economic slowdown. Any such downgrade would negatively affect any rating assigned to the Notes.

Real or expected downgrades, suspensions or withdrawals of credit ratings assigned to us or the Notes could cause the liquidity or trading prices of the Notes to decline significantly. Additionally, any uncertainty about the extent of any anticipated changes to the credit ratings assigned to us or the Notes may adversely affect the market value of the Notes.

You may not be entitled to receive US dollars in a winding up.

If you are entitled to any recovery with respect to the Notes in any winding up, you might not be entitled in those proceedings to a recovery in US dollars and might be entitled only to a recovery in pounds sterling or any other lawful currency of the United Kingdom. In addition, under current English law, our liability to you would have to be converted into pounds sterling or any other lawful currency of the United Kingdom at a date close to the commencement of proceedings against us and you would be exposed to currency fluctuations between that date and the date you receive proceeds pursuant to such proceedings, if any.

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HSBC HOLDINGS PLC

HSBC is one of the largest banking and financial services organizations in the world. As at June 30, 2016, we had total assets of US$2,608 billion and total shareholders equity of US$191 billion. For the six-month period ended June 30, 2016, our operating profit was US$8,476 million on total operating income of US$ 35,260 million. We are a strongly capitalized banking group with a CRD IV common equity Tier 1 ratio (end-point basis) of 12.1% as at June 30, 2016.

Headquartered in London, HSBC operates through long-established businesses and has an international network of over 4,700 branches in 71 countries and territories in five geographical regions: Europe; Asia; the Middle East and North Africa; North America and Latin America. 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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USE OF PROCEEDS

We will use the net proceeds from the sale of the Notes for general corporate purposes.

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CONSOLIDATED CAPITALIZATION AND INDEBTEDNESS OF HSBC HOLDINGS PLC

The following table shows the consolidated unaudited capitalization, indebtedness and share capital position of the HSBC Group as at June 30, 2016:

		Q2 2016 Issued and fully paid US$m
	Called up Share Capital	
	Ordinary shares (of nominal value US$0.50 each)	**9,906**
US$ 1450m	Preference shares (of nominal value US$0.01 each) 6.20% non-cumulative dollar preference shares, Series A aggregate redemption price	**1,450**

		Carrying amount US$m
	Other Equity Instruments	
US$ 3800m	8.00% perpetual subordinated capital securities, Series 2 (of nominal value US$25 each)	3,718
US$ 2450m	6.375% perpetual subordinated contingent convertible securities	2,459
US$ 2250m	6.375% perpetual subordinated contingent convertible securities	2,244
US$ 2200m	8.125% perpetual subordinated capital securities (of nominal value US$25 each)	2,133
1500m	5.25% perpetual subordinated contingent convertible securities	1,943
1000m	6.00% perpetual subordinated contingent convertible securities	1,121
US$ 1500m	5.625% perpetual subordinated contingent convertible securities	1,494
US$ 2000m	6.875% perpetual subordinated contingent convertible securities	1,998
		17,110

		Carrying amount US$m
	Subordinated Liabilities	
	Undated Subordinated Loan Capital of Subsidiary Undertakings	
US$ 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
		1,950

		Subordinated Loan Capital of HSBC Holdings plc	
US$	2500m	6.5% subordinated notes 2037	3,079
	1750m	6.0% subordinated notes 2019	2,233
	1600m	6.25% subordinated notes 2018	1,786
	1500m	3.0% subordinated notes 2025	1,724
	1500m	3.375% callable subordinated notes 2024*	1,732
US$	2000m	4.25% Subordinated Notes 2024*	2,207
US$	2000m	6.5% subordinated notes 2036	2,029
£	900m	6.375% callable subordinated notes 2022	1,312
US$	1500m	5.25% subordinated notes 2044*	2,048

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US$	1500m	6.8% subordinated notes 2038	1,487
US$	1500m	4.25% subordinated notes 2025	1,546
	1000m	3.125% subordinated notes 2028	1,141
£	900m	6.0% subordinated notes 2040	1,186
£	750m	7.0% subordinated notes 2038	1,056
£	650m	5.75% subordinated notes 2027	999
£	650m	6.75% subordinated notes 2028	865
US$	488m	7.625% subordinated notes 2032	529
US$	222m	7.35% subordinated notes 2032	278
			27,237

		Subordinated Loan Capital of Subsidiary Undertakings	
US$	2939m	6.676% senior subordinated notes 2021	2,190
US$	1250m	4.875% subordinated notes 2020	1,258
£	700m	5.844% non-cumulative step-up perpetual preferred securities	941
US$	1000m	5.875% subordinated notes 2034	1,196
£	600m	4.75% subordinated notes 2046	797
US$	900m	10.176% non-cumulative step-up perpetual preferred securities, series 2***	891
£	500m	5.375% subordinated notes 2033	783
US$	750m	5.625% subordinated notes 2035	898
US$	750m	5.00% subordinated notes 2020	740
US$	700m	7.00% subordinated notes 2039	712
£	350m	5.00% callable subordinated notes 2023	492
£	350m	5.375% callable subordinated step-up notes 2030	531
£	300m	5.862% non-cumulative step-up perpetual preferred securities	416
US$	500m	6.00% subordinated notes 2017	516
£	300m	6.50% subordinated notes 2023	402
CAD	400m	4.80% subordinated debentures 2022	314
US$	300m	7.65% subordinated notes 2025	378
£	225m	6.25% subordinated notes 2041	301
US$	300m	Non-convertible subordinated obligations 2019	240
US$	250m	7.20% subordinated debentures 2097	220
		Other subordinated liabilities less than US$200m	735
			14,951

	Carrying amount US$m
Minority Interests	
Other preference shares issued by subsidiary undertakings less than US$200m	270
	270

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		Carrying amount US$m
	Senior indebtedness of HSBC Holdings plc	
US$ 2500m	Fixed rate notes 2021	2,789
US$ 2000m	Fixed rate notes 2022	2,143
£ 650m	Fixed rate notes 2024	870
US$ 900m	Fixed rate notes 2022	1,013
US$ 750m	Fixed rate notes 2042	1,012
US$ 3000m	Senior unsecured notes 2021	3,129
US$ 3000m	Senior unsecured notes 2026	3,238
1250m	Senior unsecured notes 2027	1,511
2000m	Senior unsecured notes 2022	2,297
US$ 1000m	Floating rate senior unsecured notes 2021	997
US$ 1000m	Floating rate senior unsecured notes 2021	997
US$ 2500m	Senior unsecured notes 2026**	2,524
US$ 2000m	Senior unsecured notes 2023**	2,032
US$ 2500m	Senior unsecured notes 2021**	2,548
		27,100

		Carrying amount US$m
	Held for Sale securities	
	Total from Brazil****	156

(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 at September 23, 2016, 589,705 ordinary shares of US$0.50 each have been issued since June 30, 2016 as a result of the exercise of employee share options, and as of September 23, 2016, 91,871,086 ordinary shares of US$0.50 each have been repurchased under the share buy-back program.

(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 June 30, 2016, US$22,469 million of subordinated loan capital and US$17,132 million of senior indebtedness above 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, and 3.9% fixed rate notes 2026 (** 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 securities (*** above) each benefit 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 June 30, 2016, HSBC had other indebtedness of US$2,338,614 million (including deposits by banks of US$69,900 million, customer accounts of US$1,290,958 million, trading liabilities of US$188,698 million, debt securities in issue of US$60,573 million, derivatives of US$368,414 million and other liabilities of

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US$360,071 million) and contingent liabilities and contractual commitments of US$754,531 million (comprising guarantees of US$86,375 million, undrawn formal standby facilities, credit lines and other commitments to lend of US$655,037 million and other contingent liabilities and commitments of US$13,119 million).

(8) Included above for noting (****) are securities held for sale of US$156 million. We closed the sale of our Brazilian operations on July 1, 2016.

(9) As at August 16, 2016, the total carrying amount of the senior indebtedness of HSBC Holdings increased by £1,000 million, reflecting the sale of the £1,000 million 2.625% senior unsecured notes 2028 and application of the proceeds therefrom. The notes 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.

(10) As at September 2, 2016, the total carrying amount of the senior indebtedness of HSBC Holdings increased by NOK5,900 million, reflecting the sale of the NOK5,900 million 3.10% fixed rate notes 2027 and application of the proceeds therefrom. The notes 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.

(11) As at September 6, 2016, the total carrying amount of the senior indebtedness of HSBC Holdings increased by 2,000 million, reflecting the sale of the 2,000 million 0.875% senior unsecured notes 2024 and application of the proceeds therefrom. The notes 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.

(12) As at September 8, 2016, the total carrying amount of the senior indebtedness of HSBC Holdings increased by US$2,000 million, reflecting the sale of the US$2,000 million 4.00% senior unsecured notes 2036 and application of the proceeds therefrom. The notes 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.

(13) As at September 26, 2016, the total carrying amount of the senior indebtedness of HSBC Holdings increased by JPY181,800 million, reflecting the sale of JPY58,100 million 0.450% senior unsecured notes 2021, JPY59,300 million 0.842% senior unsecured notes 2023 and JPY64,400 million 1.207% senior unsecured notes 2026 and application of the proceeds therefrom. The notes 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.

(14) The total carrying amount of the senior unsecured indebtedness of HSBC Holdings would increase by US$3,750 million to reflect the sale of the Fixed Rate Notes and the Floating Rate Notes and application of the proceeds therefrom.

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 June 30, 2016.

The following exchange rates as at June 30, 2016 have been used in the table above: 1.00 =

US$1.11165; £1.00 = US$1.3436; and US$1.00 = CAD1.2985.

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DESCRIPTION OF THE NOTES

The following summary description of certain material terms and provisions of the Notes supplements the description of certain terms and provisions of senior unsecured debt securities of any series set forth in the accompanying prospectus under the heading Description of Debt Securities. *The terms described here, together with the relevant terms of senior unsecured debt securities contained in the accompanying prospectus, constitute a description of the material terms of the Notes. In cases of inconsistency between the terms described here and the relevant terms of the prospectus, the terms presented here will apply and replace those described in the prospectus.*

The Notes will constitute senior unsecured notes issued under the indenture dated as of August 26, 2009 (as amended or supplemented from time to time) among us, The Bank of New York Mellon, as trustee, and HSBC Bank USA, National Association, as paying agent, the form of which is filed as an exhibit to the post-effective amendment no. 1 to our registration statement on Form F-3 (the Registration Statement). The indenture will be supplemented by a third supplemental indenture, which is expected to be entered into on October 5, 2016 among us, the trustee, the paying agent and the calculation agent (the indenture, together with the third supplemental indenture, the Indenture), the form of which will be filed as an exhibit to a report on Form 6-K on or about October 5, 2016, and which will be incorporated by reference in the Registration Statement.

If you purchase the Notes, your rights will be determined by the Notes, the Indenture and the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). You can read the Indenture and the form of Notes at the location listed under *Where You Can Find More Information About Us*.

The Fixed Rate Notes and the Floating Rate Notes will be issued in an aggregate principal amount of $2,500,000,000 and $1,250,000,000, respectively, unless previously redeemed or otherwise cancelled as described under *Redemption*, and will mature on January 5, 2022. The Notes will be issued only in registered form in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof.

Interest

Fixed Rate Notes

Interest on the Fixed Rate Notes will be payable semi-annually at a rate of 2.650% per annum. Interest will be payable in arrear on January 5 and July 5 of each year, beginning on July 5, 2017. The regular record dates for the Fixed Rate Notes will be the 15th calendar day preceding each interest payment date, whether or not a business day. Interest on the Fixed Rate Notes will be calculated on the basis of twelve 30-day months or, in the case of an incomplete month, the actual number of days elapsed, in each case assuming a 360-day year.

If any scheduled interest payment date is not a business day, we will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date or date of redemption or repayment is not a business day, we may pay interest and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment.

Floating Rate Notes

Interest on the Floating Rate Notes will be payable quarterly in arrear on January 5, April 5, July 5 and October 5 of each year, beginning on January 5, 2017 (each, a Floating Rate Interest Payment Date).

The initial interest rate on the Floating Rate Notes for the first Floating Rate Interest Period will be equal to the three-month U.S. dollar London interbank offered rate (LIBOR), as determined on October 3, 2016, plus

1.500% per annum. Thereafter, the interest on the Floating Rate Notes for any Floating Rate Interest Period will be LIBOR, as determined on the applicable Floating Rate Interest Determination Date, plus 1.500% per annum. The interest on the Floating Rate Notes will be reset quarterly on each Floating Rate Interest Reset Date. The regular record dates for the Floating Rate Notes will be the 15th calendar day preceding each Floating Rate Interest Payment Date, whether or not a business day. Interest on the Floating Rate Notes will be calculated on the basis of the actual number of days in each Floating Rate Interest Period, assuming a 360-day year.

If any scheduled Floating Rate Interest Reset Date or Floating Rate Interest Payment Date (other than the maturity date for the Floating Rate Notes) is not a business day, such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date will be postponed to the next day that is a business day; *provided* that if that business day falls in the next succeeding calendar month, such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date will be the immediately preceding business day. If any such Floating Rate Interest Payment Date (other than the maturity date for the Floating Rate Notes) is postponed or brought forward as described above, the payment of interest due on such postponed or brought forward Floating Rate Interest Payment Date will include interest accrued to but excluding such postponed or brought forward Floating Rate Interest Payment Date. If the scheduled maturity date or date of redemption or repayment of the Floating Rate Notes is not a business day, we may pay interest and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment of the Floating Rate Notes.

LIBOR will be determined by the calculation agent in accordance with the following provisions:

(1) With respect to any Floating Rate Interest Determination Date, LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months commencing on the related Floating Rate Interest Reset Date that appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on that Floating Rate Interest Determination Date. If no such rate appears, then LIBOR, in respect of that Floating Rate Interest Determination Date, will be determined in accordance with the provisions described in (2) below.

(2) With respect to a Floating Rate Interest Determination Date on which no rate appears on Reuters Page LIBOR01, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected and identified by us (the London Reference Banks), to provide its offered quotation (expressed as a percentage per annum) for deposits in U.S. dollars for the period of three months, commencing on the related Floating Rate Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Floating Rate Interest Determination Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that Floating Rate Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the Floating Rate Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the City of New York, on the Floating Rate Interest Determination Date by three major banks in the City of New York (which may include affiliates of the underwriters), as selected and identified by us (together with the London Reference Banks, the Reference Banks), for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the related Floating Rate Interest Reset Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, LIBOR on the Floating Rate Interest Determination Date will be the arithmetic

mean of such rates. If fewer than two such rates are so provided, LIBOR on the Floating Rate Interest Determination Date will be LIBOR in effect with respect to the immediately preceding Floating Rate Interest Determination Date or, in the case of the initial Floating Rate Interest Determination Date, the Floating Rate Initial Interest Rate.

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All percentages resulting from any calculation of any interest rate on the Floating Rate Notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (for example, 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655)), and all dollar amounts would be rounded to the nearest cent, with one-half cent being rounded upward.

All determinations and any calculations made by the calculation agent for the purposes of calculating the applicable interest on the Floating Rate Notes will be conclusive and binding on the noteholders, us, the trustee and the paying agent, absent manifest error. The calculation agent will not be responsible to us, the noteholders or any third party for any failure of the Reference Banks to provide quotations as requested of them or as a result of the calculation agent having acted on any quotation or other information given by any Reference Bank which subsequently may be found to be incorrect or inaccurate in any way.

Redemption

The Notes will not be redeemable at the option of the noteholders at any time.

The Notes will not be subject to any sinking fund or mandatory redemption.

We may redeem the Notes in whole (but not in part) in our sole discretion upon the occurrence of certain tax events. The redemption price will be equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption. See *Description of Debt Securities Redemption* in the accompanying prospectus.

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

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power by the relevant UK resolution authority that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the Amounts Due; (ii) the conversion of all, or a portion, of the Amounts Due into our or another person s ordinary shares, other securities or other obligations (and the issue to, or conferral on, the noteholder of such ordinary shares, other securities or other obligations), including by means of an amendment, modification or variation of the terms of the Notes or the Indenture; (iii) the cancellation of the Notes; and/or (iv) the amendment or alteration of the maturity date of the Notes or amendment of the amount of interest payable on the Notes, or the interest payment dates, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes or the 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 noteholder (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 Notes.

For these purposes,

(a) Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts, on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority;

(b) 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 United Kingdom, relating to the transposition of 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 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 PRA, as amended from time to time, which includes certain credit institutions, investment firms, and certain of their parent or holding companies; and

(c) the relevant UK resolution authority is any authority with the ability to exercise a UK bail-in power. *According to the principles of the Banking Act and the BRRD, we expect that the relevant UK resolution authority would respect creditor hierarchies when exercising its UK bail-in power in respect of the Notes and that the noteholders would be treated* pari passu *with the claims of holders of all our senior unsecured instruments which in each case by law rank, or by their terms are expressed to rank,* pari passu *with the Notes at that time being subjected to the exercise of the UK bail-in power.*

DTC UK Bail-in Power

Upon the exercise of the UK bail-in power by the relevant UK resolution authority with respect to the Notes, we will provide a written notice to the noteholders through The Depository Trust Company (DTC) as soon as practicable regarding such exercise of the UK bail-in power. We will also deliver a copy of such notice to the trustee for information purposes.

By purchasing the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will be deemed to have authorized, directed and requested DTC and any direct participant in DTC or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of the UK bail-in power with respect to the Notes as it may be imposed, without any further action or direction on the part of such noteholder, the trustee or the paying agent.

Set-off

To the fullest extent permitted by law, noteholders, in respect of any claims of such noteholders to

payment of any principal, premium or interest in respect of the Notes, by their acceptance of the Notes, will

be deemed to have waived any right of set-off or counterclaim that they might otherwise have.

Modification and Waiver

In addition to our and the trustee s rights to modify and amend the Indenture described in the accompanying prospectus under *Description of Debt Securities Modification and Waiver*, modifications of, and amendments to, the terms of the Indenture or the Notes may be made by us and the trustee, without the further consent of the noteholders, to the extent necessary to give effect to the exercise by the relevant UK resolution authority of the UK bail-in power. Moreover, we will agree not to amend the consent of the noteholders to the exercise of the UK bail-in power (see *Agreement with Respect to the Exercise of UK Bail-in Power*) without the prior consent of the Relevant Regulator.

Events of Default and Defaults

The Notes and the Indenture specify certain events that will constitute an event of default or a default. See *Description of Debt Securities Senior Debt Securities Defaults and Events of Default* in the accompanying prospectus. However, under the terms of the Indenture and the Notes, the exercise of the UK bail-in power by the

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relevant UK resolution authority with respect to the Notes will not constitute an Event of Default or a Default. As a result, noteholders will not have the right to request that the trustee declare an acceleration solely due to the exercise of the UK bail-in power by the relevant UK resolution authority.

Trustee and Trustee s Duties

The Bank of New York Mellon is the trustee under the Indenture.

The trustee will undertake certain procedures and seek certain remedies in the event of an event of default or a default. See *Description of Debt Securities Trustee s Duties* in the accompanying prospectus. However, by its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge and agree that the exercise of the UK bail-in power by the relevant UK resolution authority with respect to the Notes will not give rise to a Default or Event of Default for purposes of Section 315(b) (*Notice of Default*) and Section 315(c) (*Duties of the Trustee in Case of Default*) of the Trust Indenture Act.

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner), to the extent permitted by the Trust Indenture Act, will waive any and all claims, in law and/or in equity, against the trustee for, agree not to initiate a suit against the trustee in respect of, and agree that the trustee will not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the UK bail-in power by the relevant UK resolution authority with respect to the Notes.

Additionally, by its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge and agree that, upon the exercise of any UK bail-in power by the relevant UK resolution authority,

- the trustee will not be required to take any further directions from noteholders under Section 5.11 (*Control by Holders of Debt Securities*) of the Indenture, which section authorizes holders of a majority in aggregate outstanding principal amount of the Notes to direct certain actions relating to the Notes; and

- the Indenture will not impose any duties upon the trustee whatsoever with respect to the exercise of any UK bail-in power by the relevant UK resolution authority.

Notwithstanding the foregoing, if, following the completion of the exercise of the UK bail-in power by the relevant UK resolution authority, the Notes remain outstanding (for example, if the exercise of the UK bail-in power results in only a partial write-down of the principal of the Notes), then the trustee s duties under the Indenture will remain applicable with respect to the Notes following such completion to the extent that we and the trustee will agree pursuant to another supplemental indenture or an amendment to the Indenture; *provided*, *however*, that notwithstanding the exercise of the UK bail-in power by the relevant UK authority, there will at all times be a trustee for the Notes in accordance with the Indenture, and the resignation and/or removal of the trustee and the appointment of a successor trustee will continue to be governed by the Indenture, including to the extent no additional supplemental indenture or amendment to the Indenture is agreed upon in the event the Notes remain outstanding following the completion of the exercise of the UK bail-in power.

Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction, but without prejudice to the *Description of Securities Additional Amounts Senior Debt Securities and Undated Subordinated Debt Securities* provisions in the accompanying prospectus. For the purposes of the preceding sentence, the phrase fiscal or other laws, regulations and directives will include any obligation on us to withhold or deduct from a payment pursuant to an agreement described in Section 1471(b) of the Internal Revenue Code of 1986, as amended (the Code), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto.

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Subsequent Holders Agreement

The noteholders (which for these purposes, includes beneficial owners of the Notes) that acquire the Notes in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any noteholder will be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the noteholders that acquire the Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Notes related to the UK bail-in power.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Listing

Application will be made for the Notes to be admitted to listing on the New York Stock Exchange.

Definitions

Additional Amounts has the meaning given to such term under *Summary Payment of Additional Amounts*.

Amounts Due has the meaning given to such term under *Agreement with Respect to the Exercise of UK Bail-in Power*.

BRRD means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended from time to time.

business day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England, and in New York City, New York.

Capital Instruments Regulations means any regulatory capital rules, regulations or standards which are applicable to us at any time (on a solo or consolidated basis and including any implementation thereof or supplement thereto by the PRA from time to time) and which lay down the requirements to be fulfilled by financial instruments for inclusion in our regulatory capital (on a solo or consolidated basis) as may be required by (i) the CRR and/or (ii) the CRD, including (for the avoidance of doubt) any delegated acts and implementing acts made by the European Commission (such as regulatory technical standards and implementing technical standards) and EBA guidelines all as amended from time to time and as implemented in the United Kingdom.

CRD means Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended from time to time, and any successor directive or regulation.

CRD IV means, taken together, (i) the CRR, (ii) the CRD and (iii) the Capital Instruments Regulations.

CRR means regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No 648/2012, as amended from time to time, and any successor directive or regulation.

DTC has the meaning given to such term under *DTC UK Bail-in Power*.

Fixed Rate Notes means the 2.650% Senior Unsecured Notes due 2022 in an aggregate principal amount of $2,500,000,000.

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Floating Rate Initial Interest Rate has the meaning given to such term under *Interest Floating Rate Notes*.

Floating Rate Interest Determination Date means the second London banking day preceding the applicable Floating Rate Interest Reset Date; *provided* that the first Floating Rate Interest Determination Date will be the second London banking day preceding the issue date (which is October 3, 2016).

Floating Rate Interest Payment Date has the meaning given to such term under *Interest Floating Rate Notes*.

Floating Rate Interest Period means the period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date; *provided* that the first Floating Rate Interest Period will begin on October 5, 2016 and will end on (but exclude) January 5, 2017.

Floating Rate Interest Reset Date means every January 5, April 5, July 5 and October 5 of each year, commencing on January 5, 2017; *provided* that the interest rate in effect from (and including) October 5, 2016 to (but excluding) the first Floating Rate Interest Reset Date will be the Floating Rate Initial Interest Rate.

Floating Rate Notes means Floating Rate Senior Unsecured Notes due 2022 in an aggregate principal amount of $1,250,000,000.

Indenture has the meaning given to such term in the second paragraph of this *Description of the Notes*.

LIBOR has the meaning given to such term under *Interest Floating Rate Notes*.

London banking day means any day on which dealings in U.S. dollars are transacted in the London interbank market.

Notes means either the Fixed Rate Notes or the Floating Rate Notes, as applicable.

noteholders means holders of the Notes.

PRA means the UK Prudential Regulation Authority or any successor entity.

regulated entity has the meaning given to such term under *Agreement with Respect to the Exercise of UK Bail-in Power*.

Relevant Regulator means the PRA or any successor entity primarily responsible for our prudential supervision.

relevant UK resolution authority has the meaning given to such term under *Agreement with Respect to the Exercise of UK Bail-in Power*.

Reuters Page LIBOR01 means the display that appears on Reuters Page LIBOR01 or any page as may replace such page on such service (or any successor service) for the purpose of displaying LIBOR of major banks for U.S. dollars.

Trust Indenture Act has the meaning given to such term in the third paragraph of this *Description of the Notes*.

UK bail-in power has the meaning given to such term under *Agreement with Respect to the Exercise of UK Bail-in Power*.

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TAXATION

For a discussion of certain US and UK tax consequences of the ownership of the Notes, see the section titled *Taxation* beginning on page 58 of the accompanying prospectus.

No UK Stamp Duty or Stamp Duty Reserve Tax is payable on the issue or the transfer of the Notes.

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CERTAIN ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (ERISA), imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (ERISA Plans), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan s investments be made in accordance with the documents governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts or an entity deemed to hold the assets of such plans (together with ERISA Plans, Plans)) and certain persons (referred to as parties in interest or disqualified persons) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, HSBC, the underwriters, the agents or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA and Section 4975 of the Code (relating to transactions with certain service providers) or Prohibited Transaction Class Exemption (PTCE) 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the Class Exemptions) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Any Plan fiduciary that proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that its purchase, holding and disposition of the Notes will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

Non-US plans, governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to other federal, state, local or non-US laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code (Similar Law). Fiduciaries of any such plans subject to Similar Law (Non-ERISA Plans) should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Through its purchase or other acquisition and holding of the Notes, each purchaser or other acquirer of the Notes (and each Plan fiduciary and each fiduciary of a Non-ERISA Plan directing or advising a Plan or Non-ERISA Plan to purchase or otherwise acquire and hold the Notes) will be deemed to have represented and agreed

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that either: (A) no assets of a Plan or Non-ERISA Plan have been used to acquire or will be used to hold such Notes or an interest therein or (B) the purchaser s purchase, other acquisition, holding and disposition of the Notes or any interest therein do not and will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violation of Similar Law.

Each Plan fiduciary (and each fiduciary for a Non-ERISA Plan) should consult with its legal adviser concerning the potential consequences to the plan under ERISA, Section 4975 of the Code or Similar Law of an investment in the Notes.

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UNDERWRITING (CONFLICTS OF INTEREST)

The underwriters named below have severally agreed, subject to the terms and conditions of the underwriting 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.

Underwriter	Principal Amount of Fixed Rate Notes
HSBC Securities (USA) Inc.	$ 1,870,000,000
ANZ Securities, Inc.	30,000,000
BBVA Securities Inc.	30,000,000
BMO Capital Markets Corp.	30,000,000
BNP Paribas Securities Corp.	30,000,000
BNY Mellon Capital Markets, LLC	30,000,000
Citigroup Global Markets Inc.	30,000,000
Commerz Markets LLC	30,000,000
Credit Agricole Securities (USA) Inc.	30,000,000
Credit Suisse Securities (USA) LLC.	30,000,000
Danske Markets Inc.	30,000,000
ING Financial Markets LLC	30,000,000
Mizuho Securities USA Inc.	30,000,000
nabSecurities, LLC	30,000,000
Nykredit Bank A/S	30,000,000
Rabo Securities USA, Inc.	30,000,000
RB International Markets (USA) LLC	30,000,000
RBS Securities Inc.	30,000,000
Scotia Capital (USA) Inc.	30,000,000
SMBC Nikko Securities America, Inc.	30,000,000
TD Securities (USA) LLC	30,000,000
UniCredit Capital Markets LLC	30,000,000
Total	$ 2,500,000,000

Underwriter	Principal Amount of Floating Rate Notes
HSBC Securities (USA) Inc.	$ 935,000,000
ANZ Securities, Inc.	15,000,000
BBVA Securities Inc.	15,000,000
BMO Capital Markets Corp.	15,000,000
BNP Paribas Securities Corp.	15,000,000
BNY Mellon Capital Markets, LLC	15,000,000
Citigroup Global Markets Inc.	15,000,000
Commerz Markets LLC	15,000,000
Credit Agricole Securities (USA) Inc.	15,000,000
Credit Suisse Securities (USA) LLC.	15,000,000
Danske Markets Inc.	15,000,000
ING Financial Markets LLC	15,000,000
Mizuho Securities USA Inc.	15,000,000
nabSecurities, LLC	15,000,000
Nykredit Bank A/S	15,000,000
Rabo Securities USA, Inc.	15,000,000
RB International Markets (USA) LLC	15,000,000
RBS Securities Inc.	15,000,000
Scotia Capital (USA) Inc.	15,000,000
SMBC Nikko Securities America, Inc.	15,000,000
TD Securities (USA) LLC	15,000,000
UniCredit Capital Markets LLC	15,000,000
Total	$ 1,250,000,000

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 not in excess of 0.200% of the principal amount of the Fixed Rate Notes or 0.200% of the principal amount of the Floating Rate Notes. The underwriters may allow, and such dealers may reallow, a concession not to exceed 0.150% of the principal amount of the Fixed Rate Notes or 0.150% of the principal amount of the Floating Rate Notes to certain brokers and dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The underwriters will not effect any offers or sales of any notes in the United States unless it is through one or more U.S. registered broker-dealers as permitted by applicable securities laws and the regulations of FINRA.

The underwriting 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 underwriting agreement if any of the Notes are sold. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

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.

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 (this settlement cycle being referred to as T+5). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to the trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding

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business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any trade to prevent a failed settlement and should consult their own adviser.

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

SEC registration fee	$ 377,388
Printing expenses	30,000
Legal fees and expenses	125,000
Accounting fees and expenses	140,000
Trustee s, calculation agent s and paying agent s fees and expenses	35,000
Total	$ 707,388

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. These activities, if commenced, will be conducted in accordance will all applicable laws and rules.

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.

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 warranted that:

(a) 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(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.

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European Economic Area

This prospectus supplement has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes which are the subject of an offering contemplated in this prospectus supplement as completed by final terms in relation to the offer of the Notes may only do so in circumstances in which no obligation arises for us 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. Neither we nor any of the underwriters have authorized, nor do we or any of the underwriters authorize, the making of any offer of the Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer. Neither we nor the underwriters have authorized, nor do we 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 the Notes contemplated in this prospectus supplement. 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.

In relation to each Member State of the EEA, each underwriter has represented and warranted that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this prospectus supplement in that Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive subject to obtaining the prior consent of the underwriters for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes will require us 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.

For the purposes of this section, the expression an offer to the public in relation to any Notes in any 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 amendments thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in the 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.

Switzerland

The Notes may not be publicly offered, advertised, distributed or redistributed in or from Switzerland, and neither this prospectus supplement and the accompanying prospectus nor any marketing material for investments in the Notes may be publicly distributed or otherwise made publicly available in Switzerland, communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a

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or 1156 of the Swiss Code of Obligations. This prospectus supplement and the accompanying prospectus is not a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 32 et seq. of the Listing Rules of the SWX Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the Notes on any Swiss stock exchange.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Financial Instruments and Exchange Act). Accordingly, each underwriter has represented and agreed, and each further underwriter appointed will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus supplement has not been and will not be registered as a prospectus by the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the SFA)) under Section 274 of the SFA, (ii) to a relevant person (as defined under Section 275(2) of the SFA), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined under Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

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securities (as defined under Section 239(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to Section 275 of the SFA except:

(1) to an institutional investor under Section 274 of the SFA or to a relevant person, or (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Rules of the Dubai Financial Services Authority. This document and any related financial products or services are intended for distribution only to persons who qualify as Professional Clients under the Dubai Financial Services Authority Rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Notes which are the subject of the offering contemplated by this prospectus supplement may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this document you should consult an authorized financial adviser.

Canada

The Notes may be sold only to purchasers in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Listing

Application will be made to list the Notes offered hereby on the New York Stock Exchange. The Notes are a new issue of securities with no established trading market. 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.

Conflicts of Interest

HSBC Securities (USA) Inc. is an affiliate of HSBC Holdings, and, as such, is deemed to have a conflict of interest under Rule 5121 of the FINRA. Accordingly, the offering of the Notes is being conducted in compliance with the requirements of the FINRA Rule 5121 addressing conflicts of interest when distributing the securities of an affiliate. HSBC Securities (USA) Inc. will not sell any Notes into any of its discretionary accounts without the prior specific written approval of the accountholder.

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.

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 transactions 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 noteholders 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, if commenced, may discontinue any market-making activities at any time without notice, in 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.

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.

In connection with any use of this prospectus supplement and the accompanying prospectus by HSBC Securities (USA) Inc. or another of our affiliates, you may assume this prospectus supplement and the accompanying prospectus is being used in a market-making transaction unless otherwise specified.

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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. The underwriters are being represented by Skadden, Arps, Slate, Meagher & Flom (UK) LLP, London, England.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

Our consolidated financial statements as at December 31, 2015 and for the year ended December 31, 2015, and management s assessment of the effectiveness of internal control over financial reporting as at December 31, 2015 appearing in the 2015 Form 20-F have been incorporated by reference herein in reliance on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm and upon the authority of said firm as experts in accounting and auditing.

Our consolidated financial statements as at December 31, 2014 and for each of the two years ended December 31, 2014 and 2013, appearing in the 2015 Form 20-F, have been incorporated by reference and include the effects of the adjustments as described in Note 1A to our consolidated financial statements. KPMG Audit Plc, an independent registered public accounting firm, audited our consolidated financial statements as at December 31, 2014, and for each of the two years ended December 31, 2014 and 2013, before the effects of these adjustments. PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the adjustments. Our consolidated financial statements as at December 31, 2014, and for each of the two years ended December 31, 2014 and 2013, have been incorporated by reference herein in reliance upon the reports of (1) KPMG Audit Plc, solely with respect to the financial statements before the effects of the adjustments, and (2) PricewaterhouseCoopers LLP, solely with respect to the adjustments, and upon the authority of said firms as experts in accounting and auditing.

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PROSPECTUS

HSBC Holdings plc

$30,000,000,000

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.

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 5 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 25, 2016.

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This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (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.

The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Member State.

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 the Market Abuse Directive, the aggregate principal amount of securities allotted does not exceed 105 per cent of the aggregate principal amount of securities subject to the offering, or 115 per cent of such amount where Article 11 of Regulation 2273/2003/EC applies and there is a 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 lawfu 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) CAD is to the lawful currency of Canada.

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 European Union (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, 2015, there were no unendorsed standards effective for the year ended December 31, 2015 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, 2015 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 United Kingdom. The enforceability of any judgment in the United Kingdom 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 s 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. Additional information, including information on factors which may affect HSBC s business, is contained in HSBC Holdings Annual Report on Form 20-F for the year ended December 31, 2014 filed with the SEC on February 26, 2015 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.

Annual Report on Form 20-F for the year ended December 31, 2014;

Interim Management Statement for the six-month period ended June 30, 2015 furnished under cover of Form 6-K to the SEC on August 5, 2015;

the Form 6-K furnished to the SEC on February 25, 2016;

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

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

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, 2015, we had total assets of US$2,410 billion and total shareholders equity of US$188 billion. For the year ended December 31, 2015, our operating profit was US$16,311 million on total operating income of US$71,092 million. We are a strongly capitalized banking group with a CRD IV common equity tier 1 ratio (end-point basis) of 11.9% as at December 31, 2015.

Headquartered in London, HSBC operates through long-established businesses and has an international network of over 4,700 branches in 71 countries and territories in five geographical regions: Europe; Asia; the Middle East and North Africa; North America and Latin America. 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.

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, 2014 filed with the SEC on February 26, 2015, including the section entitled *Risk Factors* on pages 111a through 111k and Note 40 (*Legal proceedings and regulatory matters)* to the consolidated financial statements included therein on pages 446 through 455, 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 paidafter 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 United Kingdom, 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 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 (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 will 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 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 strengthen further the capital base of HSBC Holdings.

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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 December 31, 2015:

		Issued and fully paid US$m
	Called up Share Capital	
	Ordinary shares (of nominal value US$0.50 each)	**9,842**
US$ 1,450m	Preference shares (of nominal value US$0.01 each) 6.20% non-cumulative dollar preference shares, Series A aggregate redemption price	**1,450**

		Carrying Amount US$m
	Other Equity Instruments	
US$ 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
		15,112

		Carrying Amount US$m
	Subordinated Liabilities	
	Undated Subordinated Loan Capital of Subsidiary Undertakings	
US$ 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	401
US$ 400m	Primary capital undated floating rate notes (third series)	400
US$ 300m	Undated floating rate primary capital notes, Series 3	300
		2,351

	Subordinated Loan Capital of HSBC Holdings plc	
US$ 2,500m	6.5% subordinated notes 2037	3,085
1,750m	6.0% subordinated notes 2019	2,284
1,600m	6.25% subordinated notes 2018	1,748
1,500m	3.0% subordinated notes 2025	1,691
1,500m	3.375% callable subordinated notes 2024*	1,694
US$ 2,000m	4.25% subordinated notes 2024*	2,078
US$ 2,000m	6.5% subordinated notes 2036	2,029
£ 900m	6.375% callable subordinated notes 2022	1,432
US$ 1,500m	5.25% subordinated notes 2044*	1,735
US$ 1,500m	6.8% subordinated notes 2038	1,487
US$ 1,500m	4.25% subordinated notes 2025	1,529

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£	900m	6.0% subordinated notes 2040	1,310
£	750m	7.0% subordinated notes 2038	1,159
£	650m	5.75% subordinated notes 2027	1,079
£	650m	6.75% subordinated notes 2028	955
US$	488m	7.625% subordinated notes 2032	531
US$	222m	7.35% subordinated notes 2032	278
			26,104
		Subordinated Loan Capital of Subsidiary Undertakings	
US$	2,939m	6.676% senior subordinated notes 2021	2,188
US$	1,250m	4.875% subordinated notes 2020	1,258
£	700m	5.844% non-cumulative step-up perpetual preferred securities	1,038
	750m	5.13% non-cumulative step-up perpetual preferred securities**	856
US$	1,000m	5.875% subordinated notes 2034	1,142
£	600m	4.75% subordinated notes 2046	879
US$	900m	10.176% non-cumulative step-up perpetual preferred securities, series 2**	891
£	500m	5.375% subordinated notes 2033	846
US$	750m	5.625% subordinated notes 2035	850
US$	750m	5.00% subordinated notes 2020	747
US$	700m	7.00% subordinated notes 2039	691