

HSBC HOLDINGS PLC
Form F-3/A
April 21, 2016
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As filed with the Securities and Exchange Commission on April 21, 2016.

Registration No. 333-209719

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Pre-Effective

Amendment No. 1 to

FORM F-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HSBC Holdings plc

(Exact name of Registrant as specified in its charter)

England
(Jurisdiction of incorporation)

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

Identification Number)

8 Canada Square

London E14 5HQ

England

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

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

Stuart Alderoty

HSBC North America Holdings Inc.

452 Fifth Avenue

New York, NY 10018

Tel. No.: (212) 525 5000

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

Please send copies of all communications to:

David I. Gottlieb, Esq.

Cleary Gottlieb Steen & Hamilton LLP

55 Basinghall Street

London EC2V 5EH

England

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Aggregate Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(2)
Debt securities				
Contingent Convertible Securities				
Preference Shares, \$0.01 par value(3)				
Ordinary Shares, \$0.50 par value(4)				
Total	(2)		\$1	\$0

(1) The amount to be registered, proposed maximum aggregate price per unit and proposed maximum aggregate offering price for each class of security will be determined from time to time by the registrant in connection with the issuance by the registrant of the securities hereunder and is not specified as to each class of security pursuant to General Instruction II.C. of Form F-3 under the Securities Act of 1933, as amended, or the Securities Act, and

Rule 457(o) under the Securities Act. The amount also includes such indeterminate principal amount, liquidation amount or number of identified classes of securities as may be issued upon conversion, exchange or exercise of other securities and may be offered or sold by affiliates of the registrant in market-making transactions.

- (2) Pursuant to Rule 415(a)(6) under the Securities Act, this registration statement will include \$23,011,190,000 in maximum aggregate offering price of unsold securities that were previously registered on the registration statement on Form F-3 (File No. 333-202420) filed on March 2, 2015, as amended by Post-Effective Amendment No. 1 filed on February 25, 2016 (the Prior Registration Statement), for which the registrant paid a registration fee of \$3,021,000. In accordance with Rule 415(a)(6) under the Securities Act, all of the unused amount of such registration fee, at the time of effectiveness of this registration statement, will be applied to pay the registration fee payable with respect to the securities under this registration statement. In accordance with SEC rules, the registrant may continue to use the Prior Registration Statement to offer and sell any unsold securities during the grace period afforded by Rule 415(a)(5). At such time as the registrant requests effectiveness of this registration statement, the registrant will identify in a pre-effective amendment to this registration statement any unsold securities from the Prior Registration Statement to be included in this registration statement pursuant to Rule 415(a)(6) and the amount of any new securities to be registered. Pursuant to Rule 415(a)(6), the offering of unsold securities under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.
- (3) The Preference Shares are being registered solely in connection with market-making transactions with respect to the outstanding 52,200,000 American Depositary Shares, Series A (each representing one-fortieth of a share of 6.20% Non-cumulative Dollar Preference Shares, Series A). The Preference Shares will be represented by American Depositary Shares. American Depositary Receipts evidencing American Depositary Shares issuable on deposit of Preference Shares have been registered pursuant to Registration Statement on Form F-6 No. 333-128246.
- (4) The Ordinary Shares are being registered solely in connection with the registration of the Contingent Convertible Securities and the Ordinary Shares we may issue in connection with the conversion of such Contingent Convertible Securities pursuant to the terms thereof.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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EXPLANATORY NOTE

The prospectus contained herein relates to both of the following:

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

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

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

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED APRIL 21, 2016

HSBC Holdings plc

\$

Subordinated Debt Securities

Senior Debt Securities

Contingent Convertible Securities

Ordinary Shares

Non-cumulative Dollar-denominated Preference Shares

American Depositary Shares

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

dated subordinated debt securities;

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

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

contingent convertible securities;

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

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

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

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

Our ordinary shares are listed or admitted to trading on the London Stock Exchange, the Hong Kong Stock Exchange, Euronext Paris, the New York Stock Exchange (NYSE) and the Bermuda Stock Exchange. Our ordinary shares listed on NYSE (under the trading symbol HSBC) are listed in the form of American depositary shares (ADS), whereby each ADS represents five of our ordinary shares. On April 20, 2016, the closing price of our ADSs was \$33.56 per ADS on NYSE.

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

Investing in the securities involves certain risks. See Risk Factors beginning on page 6 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 April , 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 lawful currency of the United States of America, (ii) **euro** or **€** are to the lawful currency of the Member States of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended, (iii) **sterling**, **pounds sterling** or **£** are to the lawful currency of the United Kingdom and (iv) **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 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, 2015 filed with the SEC on February 25, 2016 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, 2015;

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

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

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

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HSBC

HSBC is one of the largest banking and financial services organizations in the world. As at December 31, 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.

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RISK FACTORS

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

Risks Relating to HSBC's Business

For information on risks relating to HSBC's business, you should read the risks described in HSBC Holdings' Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC on February 25, 2016, including the section entitled *Risk Factors* on pages 108 through 192 and Note 40 (*Legal proceedings and regulatory matters*) to the consolidated financial statements included therein on pages 445 through 454, which is incorporated by reference in this prospectus, and/or similar disclosure in subsequent filings incorporated by reference in this prospectus.

Risks Relating to the Securities

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

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

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

As used in this prospectus, a *UK bail-in power* is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the 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

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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, 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

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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.

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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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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

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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
£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

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		Carrying Amount US\$m
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
£350m	5.00% callable subordinated notes 2023	562
£350m	5.375% callable subordinated step-up notes 2030	569
£300m	5.862% non-cumulative step-up perpetual preferred securities	488
US\$500m	6.00% subordinated notes 2017	502
£300m	6.50% subordinated notes 2023	444
CAD400m	4.80% subordinated debentures 2022	298
US\$300m	7.65% subordinated notes 2025	386
£225m	6.25% subordinated notes 2041	332
US\$300m	Non-convertible subordinated obligations 2019	240
US\$250m	7.20% subordinated debentures 2097	220
	Other subordinated liabilities less than US\$200m	1,330
		16,757

		Carrying Amount US\$m
Minority Interests		
US\$575m	6.36% non-cumulative preferred stock, Series B	559
US\$518m	Floating rate non-cumulative preferred stock, Series F	518
US\$374m	Floating rate non-cumulative preferred stock, Series G	374
US\$374m	6.50% non-cumulative preferred stock, Series H	374
	Other preference shares issued by subsidiary undertakings less than US\$200m	252
		2,077

		Carrying Amount US\$m
Senior Indebtedness of HSBC Holdings plc		

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US\$2,500m	Fixed rate notes 2021	2,819
US\$2,000m	Fixed rate notes 2022	2,126
850m	Fixed rate notes 2016	960
£650m	Fixed rate notes 2024	960
US\$900m	Fixed rate notes 2022	1,009
US\$750m	Fixed rate notes 2042	983
		8,857

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	Carrying Amount US\$m
Held for Sale securities	
Total from Brazil***	126

- (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. HSBC Holdings has five outstanding series of contingent convertible securities: US\$2,250 million 6.375% perpetual subordinated contingent convertible securities, 1,500 million 5.625% perpetual subordinated contingent convertible securities, US\$1,500 million 5.25% perpetual subordinated contingent convertible securities, US\$2,450 m