

HSBC HOLDINGS PLC
Form 424B5
May 25, 2016
Table of Contents

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-202420

PROSPECTUS SUPPLEMENT

(To prospectus dated February 25, 2016)

HSBC

HSBC HOLDINGS PLC

\$2,000,000,000 6.875% Perpetual Subordinated Contingent Convertible Securities

(Callable June 2021 and Every Five Years Thereafter)

We are offering \$2,000,000,000 principal amount of 6.875% Perpetual Subordinated Contingent Convertible Securities (Callable June 2021 and Every Five Years Thereafter) (the Securities). The Securities will be issued pursuant to the indenture dated August 1, 2014 (as amended or supplemented from time to time), as supplemented and amended by a fourth supplemental indenture, expected to be entered into on June 1, 2016 (together, the Indenture). From (and including) the issue date to (but excluding) June 1, 2021 (such date and each fifth anniversary date thereafter, a Reset Date), the interest rate on the Securities will be 6.875% per annum. From and including each Reset Date to (but excluding) the next following Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Mid-Market Swap Rate on the relevant Reset Determination Date and 5.514%. Subject to cancellation as described further below, we will pay interest on the Securities, if any, in arrear on June 1 and December 1 of each year, beginning on December 1, 2016.

The interest rate following any Reset Date may be less than the interest rate that applies immediately prior to such Reset Date, including the initial interest rate of 6.875%. Moreover, interest will be due and payable on an interest payment date only to the extent it is not cancelled or deemed to have been cancelled in accordance with the terms of the Securities. We will have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. The terms of the Securities also provide for circumstances under which we will be restricted from making an interest payment (in whole or in part) on an interest payment date, and the interest payable in respect of any such interest payment date will be deemed to have been cancelled (in whole or in part).

The Securities are perpetual and have no fixed maturity or fixed redemption date. As a result, you may not receive any payments with respect to the Securities as we are not required to pay the principal amount of the Securities at any time prior to a Winding-up Event and we will have the sole and absolute discretion at all times and for any reason to cancel in whole any interest payment.

We may redeem the Securities 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 (excluding any cancelled or deemed to have been cancelled interest) on any Reset Date or upon the occurrence of certain tax and regulatory events as described in this prospectus supplement under *Description of the Securities Redemption Special Event Redemption*. Any redemption of the Securities is subject to the restrictions described in this prospectus supplement under *Description of the Securities Redemption Redemption Conditions*.

If a Capital Adequacy Trigger Event occurs, then an Automatic Conversion will occur without delay (but no later than one month following the date on which it is determined such Capital Adequacy Trigger Event has occurred), at which point all of our obligations under the Securities will be released irrevocably and automatically in consideration of our issuance of Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the Conversion Date, and under no circumstances will such released obligations be reinstated. On the Settlement Date, we expect the Conversion Shares Depository to deliver to the securityholders either (i) Conversion Shares (based on the Conversion Price) or (ii) if we elect, in our sole and absolute discretion, that a Conversion Shares Offer be made, the Conversion Shares Offer Consideration (consisting of the *pro rata* share of cash proceeds from the sale of any Conversion Shares pursuant to the Conversion Shares Offer (based on the Conversion Shares Offer Price) and the *pro rata* share of any Conversion Shares not sold pursuant to the Conversion Shares Offer (based on the Conversion Price)). The realizable value of any Conversion Shares received by a securityholder following an Automatic Conversion may be significantly less than the initial Conversion Price of \$3.94740 and/or the US dollar equivalent of the initial Conversion Shares Offer Price of £2.70, and the securityholders could lose all or part of their investment in the Securities as a result of the Automatic Conversion.

By its acquisition of the Securities, among other things, each securityholder (which, for these purposes, includes each beneficial owner) will (i) acknowledge and agree that interest is payable solely at our discretion and no amount of interest will become due and payable in respect of the relevant interest period to the extent that it has been (x) cancelled (in whole or in part) by us at our sole discretion and/or (y) deemed to have been cancelled (in whole or in part), (ii) consent to all of the terms and conditions of the Securities, including (x) the occurrence of a Capital Adequacy Trigger Event and any related Automatic Conversion following a Capital Adequacy Trigger Event and (y) the appointment of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities), the issuance of the Conversion Shares to the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) and the potential sale of the Conversion Shares pursuant to a Conversion Shares Offer and (iii) acknowledge and agree that effective upon, and following,

Table of Contents

a Capital Adequacy Trigger Event, other than any amounts payable in the case of our winding-up or the appointment of an administrator for our administration as described in this prospectus supplement, no securityholder will have any rights against us with respect to repayment of the principal amount of the Securities or payment of interest or any other amount on or in respect of such Securities, in each case that is not due and payable, which liabilities will be automatically released.

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

For the avoidance of doubt, the potential conversion of the Securities into shares, other securities or other obligations in connection with the exercise of any UK bail-in power by the relevant UK resolution authority is separate and distinct from an Automatic Conversion following a Capital Adequacy Trigger Event.

By its acquisition of the Securities, each securityholder (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 Securities.

Application will be made to The Irish Stock Exchange plc (the Irish Stock Exchange) for the Securities to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. Admission to the Official List and trading on the Global Exchange Market is expected to begin within 30 days of the initial delivery of the Securities.

Investing in the Securities involves certain risks. See *Risk Factors* beginning on Page S-19.

The Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area (the EEA), as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other

than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed *Restrictions on marketing and sales to retail investors* on page S-2 of this prospectus supplement.

Unless otherwise defined, terms that are defined in *Description of the Securities* beginning on page S-47 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 Security	Total
Public Offering Price ⁽¹⁾	100.000%	\$ 2,000,000,000
Underwriting Discount	1.000%	\$ 20,000,000
Proceeds to us (before expenses)	99.000%	\$ 1,980,000,000

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

We may use this prospectus supplement and the accompanying prospectus in the initial sale of the Securities. 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 Securities 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 Securities to purchasers in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *soci t  anonyme*, and Euroclear Bank SA/NV on or about June 1, 2016.

Sole Structuring Adviser and Book-Running Manager

HSBC

The date of this prospectus supplement is May 24, 2016.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>Certain Definitions and Presentation of Financial and Other Data</u>	S-5
<u>Limitations on Enforcement of US Laws against Us, our Management and Others</u>	S-5
<u>Cautionary Statement Regarding Forward Looking Statements</u>	S-6
<u>Where You Can Find More Information About Us</u>	S-6
<u>Summary of the Offering</u>	S-8
<u>Risk Factors</u>	S-19
<u>HSBC Holdings plc</u>	S-41
<u>Use of Proceeds</u>	S-42
<u>Consolidated Capitalization and Indebtedness of HSBC Holdings plc</u>	S-43
<u>Description of the Securities</u>	S-47
<u>Taxation</u>	S-82
<u>Certain ERISA Considerations</u>	S-86
<u>Underwriting (Conflicts of Interest)</u>	S-88
<u>Legal Opinions</u>	S-94
<u>Independent Registered Public Accounting Firms</u>	S-94

Prospectus

	Page
<u>About This Prospectus</u>	2
<u>Presentation of Financial Information</u>	2
<u>Limitation on Enforcement of US Laws against Us, our Management and Others</u>	2
<u>Forward-Looking Statements</u>	3
<u>Where You Can Find More Information About Us</u>	3
<u>HSBC</u>	4
<u>Risk Factors</u>	5
<u>Use of Proceeds</u>	9
<u>Consolidated Capitalization and Indebtedness of HSBC Holdings plc</u>	10
<u>Description of Debt Securities</u>	14
<u>Description of Contingent Convertible Securities</u>	29
<u>Description of Dollar Preference Shares</u>	39
<u>Description of Preference Share ADSs</u>	45
<u>Description of Ordinary Shares</u>	52
<u>Taxation</u>	58
<u>Underwriting (Conflicts of Interest)</u>	68
<u>Legal Opinions</u>	71
<u>Independent Registered Public Accounting Firms</u>	71

Table of Contents

Restrictions on marketing and sales to retail investors

The Securities described in this prospectus supplement are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors. In particular, in June 2015, the Financial Conduct Authority (the "FCA") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from October 1, 2015 (the "PI Instrument"). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "PI Rules") (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Securities, must not be sold to retail clients in the European Economic Area (the "EEA"); and (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The underwriters are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from HSBC and/or any underwriter, each prospective investor represents, warrants, agrees with and undertakes to HSBC and its affiliates and each of the underwriters and their affiliates that: (1) it is not a retail client in the EEA (as defined in the PI Rules); (2) whether or not subject to the PI Rules, it will not (A) sell or offer the Securities (or any beneficial interest therein) to retail clients in the EEA or (B) communicate (including the distribution of this prospectus supplement or the accompanying prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules), in any such case other than (i) in relation to any sale, or offer to sell the Securities (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell the Securities (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Securities (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Securities (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("MiFID") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and (3) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from HSBC or any underwriter, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client. For the avoidance of doubt, the restrictions described above do not affect the distribution of the Securities in jurisdictions outside the EEA, such as the United States provided that any distribution into the EEA complies with the PI Rules.

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

S-2

Table of Contents

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 Securities 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 Securities, 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 Securities, 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 Securities at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on HSBC Securities (USA) Inc. or any agent of it to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

The Securities may not be a suitable investment for all investors and you must determine the suitability (either alone or with the help of a financial adviser) of an investment in the Securities in light of your own circumstances. In particular, each potential investor should:

have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus;

have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments (US dollars) is different from the currency in which such potential investor's financial activities are principally denominated;

understand thoroughly the terms of the Securities, such as the provisions regarding the cancellation of interest, Automatic Conversion upon a Capital Adequacy Trigger Event and the UK bail-in power, and be familiar with the behavior of any relevant indices and financial markets and the potential impact on the Securities of the cancellation of interest, Automatic Conversion upon a Capital Adequacy Trigger Event and/or the exercise of the UK bail-in power;

understand that the price, if any, at which securities dealers may be willing to purchase or sell the Securities in the secondary market may be influenced by factors that are beyond our control, and such potential investor may not be able to obtain a price equal to the price it paid for its Securities in the secondary market; and

be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

You should not invest in the Securities unless you have the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities due to the likelihood of our cancelling interest, the occurrence of a Capital Adequacy Trigger Event and corresponding Automatic Conversion or 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.

S-3

Table of Contents

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 Securities 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 Securities. Accordingly any person making or intending to make an offer in that Member State of the Securities which are the subject of an offering contemplated in this prospectus supplement as completed by final terms in relation to the offer of those Securities 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 Securities 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 the Securities through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the Securities 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.

Each securityholder (which, for these purposes, includes each beneficial owner) acknowledges that The Stock Exchange of Hong Kong Limited (the HKSE) and the Securities and Futures Commission of Hong Kong (the SFC) may request us to report certain information with respect to such securityholder (which may be obtained from the underwriters), including, among other things, such securityholder s name, countries of operation and allotment sizes, that we may provide the HKSE and the SFC with any such requested information with respect to such securityholder and that our major securityholders (which may include those who have invested in the Securities) and their respective interests may be disclosed in our annual and interim reports (which disclosure as of the date of this prospectus supplement would be required by those who have an interest in 5% or more of any class of our voting shares, including any interest in unissued shares that may be issuable upon conversion of the Securities) and/or other public filings as may be required to be made in the future by us in accordance with applicable stock exchange rules or regulatory requirements.

Table of Contents

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.

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. At 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.

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 and (iv) CAD are to the lawful currency of Canada.

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.

S-5

Table of Contents

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's statement regarding our financial strength; implementation and exercise of the UK bail-in powers; our plan to issue additional senior debt securities; interest payments, restrictions and cancellations; sale, price and delivery of Conversion Shares; occurrence and effects of certain trigger and conversion events; our capital requirements and potential management actions taken to meet such requirements; potential remedies and protections; changes in the market price of our ordinary shares; and listing of the Securities. 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 Form 6-K furnished to the SEC on May 3, 2016 (furnishing the earnings release for the period ended March 31, 2016).

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We have filed with the SEC a post-effective amendment 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 Securities 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 Securities, 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 shall 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

S-6

Table of Contents

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 Form 6-K furnished to the SEC on May 3, 2016 (furnishing the earnings release for the period ended March 31, 2016).

In addition, all documents filed by us with the SEC pursuant to Sections 13(a), 13(c) or 15(d) of the US Securities Exchange Act of 1934, as amended (the Exchange Act), and, to the extent expressly stated therein, certain reports on Form 6-K furnished by us after the date of this prospectus supplement 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

Table of Contents**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 Securities" included in this prospectus supplement beginning on page S-47 have the same meaning when used in this summary.

Issuer	HSBC Holdings plc.
Securities Offered	6.875% Perpetual Subordinated Contingent Convertible Securities (Callable June 2021 and Every Five Years Thereafter) in an aggregate principal amount of \$2,000,000,000 (the Securities).
Issue Date	June 1, 2016.
Interest	From (and including) the issue date to (but excluding) June 1, 2021, the interest rate on the Securities will be 6.875% per annum. From and including each Reset Date to (but excluding) the next following Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Mid-Market Swap Rate on the relevant Reset Determination Date and 5.514%.
Reset Dates	June 1, 2021 and each fifth anniversary date thereafter (each such date, a Reset Date).
	Each period from (and including) a Reset Date to (but excluding) the following Reset Date shall be a Reset Period.
Reset Determination Date	The second business day immediately preceding a Reset Date (each, a Reset Determination Date).
Mid-Market Swap Rate	Means the rate for US dollar swaps with a five-year term commencing on the relevant Reset Date which appears on Bloomberg page ISDA 01 (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) (the relevant screen page) as at approximately 11:00

a.m. (New York time) on the relevant Reset Determination Date, all as determined by the calculation agent (the Mid-Market Swap Rate).

If no such rate appears on the relevant screen page for such five-year term, then the Mid-Market Swap Rate will be determined through the use of straight-line interpolation by reference to two rates, one of which will be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next shorter than the length of the actual Reset Period and the other of which will be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next longer than the length of the actual Reset Period.

Table of Contents

If on any Reset Determination Date the relevant screen page is not available or the Mid-Market Swap Rate does not appear on the relevant screen page, the calculation agent will request the principal office in New York of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Market Swap Rate (as selected by us on the advice of an investment bank of international repute) (the Reference Banks) to provide it with its Mid-Market Swap Rate Quotation as at approximately 11:00 a.m. (New York time) on the relevant Reset Determination Date. If two or more of the Reference Banks provide the calculation agent with Mid-Market Swap Rate Quotations, the interest rate for the relevant Reset Period will be the sum of 5.514% and the arithmetic mean (rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations, as determined by the calculation agent. If only one or none of the Reference Banks provides the calculation agent with a Mid-Market Swap Rate Quotation, the interest will be determined to be the rate of interest as at the last preceding Reset Date or, in the case of the initial Reset Determination Date, 6.875%.

Interest Payment Dates

Interest on the Securities, if any, will be payable in arrear on June 1 and December 1 of each year, beginning on December 1, 2016.

Discretionary Interest Payments

We will have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date (the Discretionary Interest Payment Right).

Restriction on Interest Payments

Without prejudice to the Discretionary Interest Payment Right or the prohibition contained in Article 141(2) of CRD (as defined under *Description of the Securities Definitions*) (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) on the making of payments on the Securities before the Maximum Distributable Amount has been calculated, subject to the extent permitted in the following paragraph in respect of partial interest payments in respect of the Securities, we will not make an interest payment on any interest payment date (and such interest payment will therefore be deemed to have been cancelled and thus will not be due and payable on such interest payment date) if:

- (a) the amount of Relevant Distributions exceeds the amount of Distributable Items as of such interest payment date;

- (b) the aggregate of (x) the interest amount payable in respect of the Securities and (y) the amounts of any distributions of the kind referred to in Article 141(2) of CRD (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) exceeds the Maximum Distributable Amount (if any) applicable to us as of such interest payment date;

S-9

Table of Contents

- (c) the Solvency Condition is not satisfied in respect of such interest payment; or
- (d) the Relevant Regulator orders us to cancel (in whole or in part) the interest otherwise payable on such interest payment date.

We may, in our sole discretion, elect to make a partial interest payment on the Securities on any interest payment date, only to the extent that such partial interest payment may be made without breaching the restriction in the preceding paragraph. For the avoidance of doubt, the portion of interest not paid on the relevant interest payment date will be deemed to have been cancelled and thus will not be due and payable on such interest payment date.

Distributable Items means the amount of our profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of the Securities and any Parity Securities and Junior Securities less any losses brought forward, profits which are non-distributable pursuant to the Companies Act 2006 (United Kingdom), as amended from time to time (the **Companies Act**) or other provisions of English law from time to time applicable to us or our Memorandum and Articles of Association (our **Articles of Association**) and sums placed to non-distributable reserves in accordance with the Companies Act or other provisions of English law from time to time applicable to us or our Articles of Association, those losses and reserves being determined on the basis of our individual accounts and not on the basis of our consolidated accounts.

Junior Securities means, in respect of the Securities, (i) any of our ordinary shares or our other securities that rank, or are expressed to rank, junior to the Securities in our winding-up or administration as described under *Description of the Securities Subordination* and/or (ii) any securities issued by any other member of the HSBC Group where the terms of such securities benefit from a guarantee or support agreement entered into by us that ranks, or is expressed to rank, junior to the Securities in our winding-up or administration as described under *Description of the Securities Subordination* and/or (iii) any of our capital instruments that qualify as common equity Tier 1 instruments under the Relevant Rules.

Maximum Distributable Amount means any applicable maximum distributable amount relating to us required to be calculated in accordance with Article 141 of CRD (and any implementation of such

provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision).

Parity Securities means, (i) the most senior ranking class or classes of preference shares in our capital from time to time and any other of our securities ranking, or expressed to rank, *pari passu* with the Securities and/or such senior preference shares in our winding-up or

S-10

Table of Contents

administration as described under *Description of the Securities Subordination*, and/or (ii) any securities issued by any other member of the HSBC Group where the terms of such securities benefit from a guarantee or support agreement entered into by us which ranks or is expressed to rank *pari passu* with the Securities and/or such senior preference shares in our winding-up or administration as described under *Description of the Securities Subordination*.

Relevant Distributions means, in relation to any interest payment date, the sum of (i) all distributions or interest payments made or declared by us since the end of the last financial year and prior to such interest payment date on or in respect of any Parity Securities, the Securities and any Junior Securities and (ii) all distributions or interest payments payable by us (and not cancelled or deemed to have been cancelled) on such interest payment date on or in respect of any Parity Securities, the Securities and any Junior Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items.

Solvency Condition means the condition that, other than in the event of our winding-up or administration, as described in *Description of the Securities Subordination*, or with respect to the payment of the cash proceeds from any Conversion Shares Offer Consideration, as described under *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event Conversion Shares Offer*, payments in respect of, or arising from, the Securities will be conditional (x) upon our being solvent at the time of payment by us, and (y) in that no sum in respect of or arising from the Securities may fall due and be paid except to the extent that we could make such payment and still be solvent immediately thereafter. For purposes of determining whether the Solvency Condition is met, we will be considered to be solvent at a particular point in time if (x) we are able to pay our debts owed to Senior Creditors as they fall due and (y) the Balance Sheet Condition has been met.

Notice of Interest Cancellation

If practicable, we will provide notice of any cancellation or deemed cancellation of interest (in each case, in whole or in part) to the securityholders through the Depository Trust Company (DTC) (or, if the Securities are held in definitive form, to the securityholders at their addresses shown on the register for the Securities) and to the trustee and the paying agent directly on or prior to the relevant interest payment date. If practicable, we will endeavor to do so at least five business days prior to the relevant interest payment date. Failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest (and accordingly, such interest will not be due and payable), or give the securityholders any

rights as a result of such failure.

S-11

Table of Contents

Agreement to Interest Cancellation

By its acquisition of the Securities, each securityholder (which, for these purposes, includes each beneficial owner) will acknowledge and agree that:

- (a) interest is payable solely at our discretion and no amount of interest will become due and payable in respect of the relevant interest period to the extent that it has been (x) cancelled (in whole or in part) by us at our sole discretion and/or (y) deemed to have been cancelled (in whole or in part), including as a result of our Distributable Items or the Maximum Distributable Amount being exceeded, failing to satisfy the Solvency Condition or an order from the Relevant Regulator; and
- (b) a cancellation or deemed cancellation of interest (in each case, in whole or in part) in accordance with the terms of the Indenture (as defined below) and the Securities will not constitute a default in payment or otherwise under the terms of the Indenture or the Securities.

Optional Redemption

The Securities will not be redeemable at the option of the securityholders at any time.

The Securities may be redeemed in whole (but not in part) at our option on any Reset Date at a redemption price equal to 100% of the principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption (which interest will exclude any interest that is cancelled or deemed to have been cancelled as described under *Description of the Securities Interest Interest Cancellation*). Any redemption of the Securities is subject to the restrictions described under *Description of the Securities Redemption Redemption Conditions*.

Special Event Redemption

The Securities may be redeemed in whole (but not in part) at our option upon the occurrence of a Tax Event or a Capital Disqualification Event. See *Description of the Securities Redemption Special Event Redemption*. In each case, the redemption price will be equal to 100% of the principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption (which interest will exclude any interest that is cancelled or deemed to have been cancelled as described under *Description of the Securities Interest Interest Cancellation*). Any redemption of the Securities is subject to the restrictions described under *Description of the Securities Redemption Redemption Conditions*.

Notice of Redemption

Any redemption of the Securities will be subject to our giving prior notice to the securityholders as described under *Description of the Securities Redemption Notice of Redemption*.

A redemption notice will be automatically rescinded and will have no force and effect, and no redemption amount will be due and payable, if either (x) the Solvency Condition is not satisfied in respect of the

S-12

Table of Contents

relevant redemption amount on the applicable redemption date, (y) a Capital Adequacy Trigger Event occurs prior to the applicable redemption date (in which case, an Automatic Conversion will occur as described under *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event*) or (z) the relevant UK resolution authority exercises its UK bail-in power prior to the applicable redemption date.

Capital Adequacy Trigger Event

A Capital Adequacy Trigger Event will occur if at any time the end-point CET1 Ratio is less than 7.0%. Whether a Capital Adequacy Trigger Event has occurred at any time will be determined by us, the Relevant Regulator or any agent of the Relevant Regulator appointed for such purpose by the Relevant Regulator.

end-point CET1 Ratio means, as at any date, the ratio of CET1 Capital to the Risk Weighted Assets, in each case as of such date, expressed as a percentage.

CET1 Capital means, as of any date, the sum, expressed in US dollars, of all amounts that constitute common equity Tier 1 capital of the HSBC Group as of such date, less any deductions from common equity Tier 1 capital required to be made as of such date, in each case as calculated by us on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRR in accordance with the Relevant Rules applicable to us as at such date (which calculation will be binding on the trustee, the paying agent and the securityholders). For the purposes of this definition, the term common equity Tier 1 capital will have the meaning assigned to such term in CRD IV (as the same may be amended or replaced from time to time) as interpreted and applied in accordance with the Relevant Rules then applicable to the HSBC Group or by the Relevant Regulator.

Risk Weighted Assets means, as of any date, the aggregate amount, expressed in US dollars, of the risk weighted assets of the HSBC Group as of such date, as calculated by us on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRR in accordance with the Relevant Rules applicable to us as at such date (which calculation will be binding on the trustee, the paying agent and the securityholders). For the purposes of this definition, the term risk weighted assets means the risk weighted assets or total risk exposure amount, as calculated by us in accordance with the Relevant Rules.

Automatic Conversion upon a Capital Adequacy Trigger Event

If a Capital Adequacy Trigger Event occurs, then an Automatic Conversion will occur without delay (but no later than one month following the date on which it is determined such Capital Adequacy Trigger Event has occurred), as described under *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event Procedure Automatic Conversion Procedure*, at which point all of our obligations under the Securities will be irrevocably

S-13

Table of Contents

and automatically released in consideration of our issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the date on which the Automatic Conversion will take place, or has taken place, as applicable (such date, the Conversion Date), and under no circumstances will such released obligations be reinstated.

After a Capital Adequacy Trigger Event, subject to the conditions described under *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event Procedure*, we expect the Conversion Shares Depository to deliver to the securityholders on the Settlement Date either (i) Conversion Shares or (ii) if we elect, in our sole and absolute discretion, that a Conversion Shares Offer be made, the Conversion Shares Offer Consideration.

The Securities will not be convertible into Conversion Shares at the option of the securityholders at any time.

Conversion Shares means our ordinary shares to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) following an Automatic Conversion, which ordinary shares will be in such number as is determined by dividing the aggregate principal amount of the Securities outstanding immediately prior to the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of ordinary shares. The Conversion Price is fixed initially at \$3.94740 and is subject to certain anti-dilution adjustments as described under *Description of the Securities Anti-dilution Adjustment of Conversion Price and Conversion Shares Offer Price*. On the issue date, the Conversion Shares Offer Price and the Conversion Price will be equal (based on an exchange rate of £1.00 = \$1.46200).

Conversion Shares Offer means, our election, at our sole and absolute discretion, that the Conversion Shares Depository make an offer of all or some of the Conversion Shares to all or some of our ordinary shareholders at a cash price per Conversion Share equal to the Conversion Shares Offer Price, subject to the conditions described further under *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event Procedure*.

Conversion Shares Offer Price is fixed initially at £2.70 and is subject to certain anti-dilution adjustments as described under *Description of the Securities Anti-dilution Adjustment of Conversion Price and Conversion*

Shares Offer Price. On the issue date, the Conversion Shares Offer Price and the Conversion Price will be equal (based on an exchange rate of £1.00 = \$1.46200).

Conversion Shares Offer Consideration means in respect of each Security (i) if all the Conversion Shares are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from such sale attributable to such Security converted from sterling (or any such

Table of Contents

other currency in which our ordinary shares are denominated) into US dollars at the Prevailing Rate as of the date that is three Depository Business Days prior to the relevant Settlement Date as determined by the Conversion Shares Depository (less the *pro rata* share of any foreign exchange transaction costs) (the *pro rata* cash component), (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* cash component and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Conversion Shares, and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Security rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) in order for the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) to conduct the Conversion Shares Offer.

Agreement with Respect to a Capital Adequacy Trigger Event

By its acquisition of the Securities, each securityholder (which, for these purposes, includes each beneficial owner) will (i) consent to all of the terms and conditions of the Securities, including (x) the occurrence of a Capital Adequacy Trigger Event and any related Automatic Conversion following a Capital Adequacy Trigger Event and (y) the appointment of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities), the issuance of the Conversion Shares to the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) and the potential sale of the Conversion Shares pursuant to a Conversion Shares Offer, (ii) acknowledge and agree that effective upon, and following, a Capital Adequacy Trigger Event, other than any amounts payable in the case of our winding-up or the appointment of an administrator for our administration as described under *Description of the Securities Subordination*, no securityholder will have any rights against us with respect to repayment of the principal amount of the Securities or payment of interest or any other amount on or in respect of such Securities, in each case that is not due and payable, which liabilities will be automatically released, (iii) acknowledge and agree that events in, and related to, clause (i) may occur without any further action on the part of such securityholder (or beneficial owner), the trustee or the paying agent, (iv) authorize, direct and request DTC and any direct participant in DTC or other intermediary through which it holds such Securities to take any and all necessary action, if required, to implement the Automatic Conversion without any further action or direction on the part of such

securityholder (or beneficial owner), the

S-15

Table of Contents

trustee or the paying agent and (v) waive, to the extent permitted by the Trust Indenture Act of 1939, as amended, any claim against the trustee arising out of its acceptance of its trusteeship for the Securities, including, without limitation, claims related to or arising out of or in connection with a Capital Adequacy Trigger Event and/or any Automatic Conversion.

Agreement with Respect to a Conversion Shares Offer

If we elect, in our sole and absolute discretion, that a Conversion Shares Offer be conducted, by its acquisition of the Securities, each securityholder (which, for these purposes, includes each beneficial owner) will: (i) consent to (x) any Conversion Shares Offer and to the Conversion Shares Depository's using the Conversion Shares to settle any Conversion Shares Offer in accordance with the terms of the Securities, notwithstanding that such Conversion Shares are held by the Conversion Shares Depository on behalf of the securityholders and (y) the transfer of the beneficial interest it holds in the Conversion Shares to the Conversion Shares Depository in connection with the Conversion Shares Offer in accordance with the terms of the Securities, and (ii) irrevocably agree that (x) we, the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Securities, and (y) neither we, the trustee, the paying agent, the Conversion Shares Depository nor the Conversion Shares Offer Agent, if any, will, to the extent permitted by applicable law, incur any liability to the securityholders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depository in respect of the securityholders' entitlement to any Conversion Shares Offer Consideration).

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

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

purposes, **Amounts Due** are the principal amount of, and any accrued but unpaid interest, including any **Additional Amounts** (as defined under

S-16

Table of Contents

Description of the Securities Additional Amounts), on, the Securities. 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 Securities Agreement with Respect to the Exercise of UK Bail-in Power*.

Moreover, each securityholder (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 Securities.

For the avoidance of doubt, the potential conversion of the Securities into shares, other securities or other obligations in connection with the exercise of any UK bail-in power by the relevant UK resolution authority is separate and distinct from an Automatic Conversion following a Capital Adequacy Trigger Event.

Payment of Additional Amounts

We will pay additional amounts in respect of the Securities in the circumstances described under *Description of the Securities Additional Amounts*.

Subordination

The Securities will constitute our direct, unsecured and subordinated obligations, ranking equally without any preference among themselves. The Securities will be subordinated to the claims of Senior Creditors.

Senior Creditors means our creditors (i) who are unsubordinated creditors; (ii) whose claims are, or are expressed to be, subordinated to the claims of our unsubordinated creditors but not further or otherwise; or (iii) whose claims are, or are expressed to be, junior to the claims of our other creditors, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the securityholders in a winding-up occurring prior to a Capital Adequacy Trigger Event. For the avoidance of doubt, holders of any of our existing or future Tier 2 capital instruments will be Senior Creditors.

Form of Securities

The Securities will be issued in the form of one or more global securities registered in the name of the nominee for, and deposited with, DTC.

**Trading through DTC, Clearstream
Luxembourg and Euroclear**

Initial settlement for the Securities will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking, *société anonyme*, in Luxembourg (Clearstream Luxembourg) customers and/or Euroclear Bank SA/NV (Euroclear) participants will occur in the ordinary way in

S-17

Table of Contents

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 The Irish Stock Exchange plc (the Irish Stock Exchange) for the Securities to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange.

Sinking Fund

There will be no sinking fund for the Securities.

Trustee

We will issue the Securities under the indenture dated August 1, 2014 (as amended or supplemented from time to time), as supplemented and amended by a fourth supplemental indenture, expected to be entered into on June 1, 2016, in each case with The Bank of New York Mellon, London Branch, as trustee (the indenture, together with the fourth supplemental indenture, the Indenture).

Paying Agent

HSBC Bank USA, National Association, or its successor appointed by us pursuant to the Indenture.

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 June 1, 2016.

Use of Proceeds

We will use the net proceeds from the sale of the Securities for general corporate purposes and to further strengthen our capital base pursuant to requirements under CRD IV (as defined under *Description of the Securities Definitions*).

Conflicts of Interest

HSBC Securities (USA) Inc. is an affiliate of HSBC Holdings and, as such, the offering is being conducted in compliance with the FINRA Rule 5121, as administered by the Financial Industry Regulatory Authority (FINRA).

Minimum Denominations

The Securities 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 and Jurisdiction

The Indenture and the Securities will be governed by, and construed in accordance with, the laws of the State of New York, except that the subordination provisions of the Indenture and of the Securities (see *Description of the Securities Subordination*) will be governed by, and construed in accordance with, the laws of England and Wales. Any legal proceedings arising out of, or based upon, the Indenture or the Securities may be instituted in any state or federal court in the Borough of Manhattan in New York City, New York.

S-18

Table of Contents

RISK FACTORS

An investment in the Securities 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 Securities. Terms which are defined in "Description of the Securities" included in this prospectus supplement beginning on page S-47 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 Note 40 (*Legal proceedings and regulatory matters*) to the consolidated financial statements included therein on pages 446 through 454, which is 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 Securities

The Securities have no fixed maturity and no fixed redemption date and you do not have the right to accelerate the repayment of the principal amount of the Securities prior to a Winding-up Event.

The Securities are perpetual securities and have no fixed maturity date or fixed redemption date. Moreover, you do not have the right to cause the Securities to be redeemed or otherwise accelerate the repayment of the principal amount of the Securities prior to a Winding-up Event (as described under "Description of the Securities - Default and Remedies"). Accordingly, we are under no obligation to repay or redeem (in whole or in part) the principal amount of the Securities at any time prior to such Winding-up Event and, as a result, you may not receive any payments of principal on the Securities.

Interest on the Securities will be due and payable on an interest payment date only if it is not cancelled or deemed to have been cancelled, and we may cancel interest (in whole or in part), in our absolute and sole discretion, at any time.

Interest will be due and payable only on an interest payment date to the extent it is not cancelled or deemed to have been cancelled in accordance with the terms of the Securities. Although we may, in our sole discretion, elect to make a partial interest payment on the Securities on any interest payment date, we may do so only to the extent that such partial interest payment may be made without breaching the restriction described below. Moreover, any portion of interest not paid on the relevant interest payment date will be deemed to have been cancelled.

We will have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. If we do not make an interest payment in respect of the Securities on the relevant interest payment date (or if we elect to make a payment of a portion, but not all, of such interest payment), such non-payment will evidence the exercise of our discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) will not be due and payable. Moreover, notwithstanding such cancellation or that the Securities rank senior to our ordinary shares, we may use funds that could have been applied to make such cancelled interest payments to pay dividends on our ordinary or preference shares or to meet our other obligations as they become due, including on any Parity Securities (such as any other series of contingent convertible securities we may issue under the Indenture). It is the current intention of our board of directors to take into account the relative ranking in our

capital structure of our ordinary shares and outstanding additional Tier 1 securities whenever exercising its discretion to declare dividends on the former or to cancel interest on the latter. However, our board of directors may depart from this policy at any time in its sole discretion.

S-19

Table of Contents

In addition, we will not make an interest payment on any interest payment date, and such interest payment will therefore be deemed to have been cancelled (and thus will not be due and payable on such interest payment date), if:

the amount of Relevant Distributions date exceeds the amount of Distributable Items as of such interest payment date;

the aggregate of (x) the interest amount payable in respect of the Securities and (y) the amounts of any distributions of the kind referred to in Article 141(2) of CRD (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) (as discussed under *Risks Relating to the Securities CRD IV introduces capital requirements and powers to the PRA that will restrict us from making interest payments on the Securities in certain circumstances, and certain regulatory proposals may restrict or prohibit us further from making such interest payments, in which case interest payments will be cancelled, which you may not be able to anticipate*) exceeds the Maximum Distributable Amount (if any) applicable to us as of such interest payment date;

the Solvency Condition (as described under *Description of the Securities Subordination*) is not satisfied in respect of such interest payment; or

the Relevant Regulator orders us to cancel (in whole or in part) the interest otherwise payable on such interest payment date.

Interest will not be due and will not accumulate or be payable at any time after cancellation or deemed cancellation, and you will have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. Furthermore, no cancellation or deemed cancellation of interest in accordance with the terms of the Indenture will constitute a default in payment or otherwise under the terms of the Securities. Although we will endeavor to provide notice of cancellation or deemed cancellation at least five business days prior to the relevant interest payment date, we will only do so if practicable and failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest.

CRD IV introduces capital requirements and powers to the PRA that will restrict us from making interest payments on the Securities in certain circumstances, and certain regulatory proposals may restrict or prohibit us further from making such interest payments, in which case interest payments will be cancelled, which you may not be able to anticipate.

CRD IV introduces capital buffer requirements that are in addition to the Pillar 1 requirements and Pillar 2A guidance and are required to be met with common equity Tier 1 capital. The five new capital buffers include: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions (G-SII) buffer, (iv) the buffer for other systemically important institutions and (v) the systemic risk buffer. Some or all of these buffers may be applicable to the HSBC Group as determined by the UK Prudential Regulation Authority (the PRA). See pages 239 through 241 in the 2015 Form 20-F.

Under Article 141 of CRD (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) (Article 141),

Member States must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution) the systemic risk buffer, G-SII buffer and the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD IV as payments or distributions relating to common equity Tier 1, variable remuneration and payments on additional Tier 1 instruments (such as the Securities)). Since these requirements apply to institutions on a consolidated basis, the PRA can indirectly impose these restrictions on us. The restrictions for failing to meet the combined buffer requirement will be

S-20

Table of Contents

scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the last distribution of profits or discretionary payment. Such calculation will result in a maximum distributable amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary payments will be permitted to be paid.

As a consequence, in the event of breach of the combined buffer requirement, it may be necessary to reduce discretionary payments in whole or in part, including potentially cancelling (in whole or in part) interest payments in respect of the Securities. Moreover, the HSBC Group's capital requirements, including Pillar 2A guidance, by their nature, are calculated by reference to a number of factors, any one or combination of which may not be easily observable or capable of calculation by you. As a result, you may not be able to anticipate whether we will need to reduce discretionary payments, including by cancelling interest payments (in whole or in part) in respect of the Securities, which may affect the value of your investment in the Securities. Additionally, although the PRA implemented Article 141 on May 1, 2014 in the PRA Rulebook, the interaction of such restriction with the capital requirements and buffers referred to above remains uncertain in many respects. Such uncertainty is expected to continue while the relevant authorities in the EU and the United Kingdom consult on and develop their proposals and provide guidance on the application of the rules.

The PRA also has the power under section 55M of the Financial Services and Markets Act 2000 (the FSMA) (implementing Article 104 of CRD) to impose requirements on us, the effect of which will be to restrict or prohibit payments of interest to you, which is most likely to materialize if at any time we are failing, or are expected to fail, to meet our capital requirements. If the PRA exercises its discretion, we will cancel (in whole or in part, as required by the PRA) interest payments in respect of the Securities.

In addition, the PRA's supervisory statement establishes that all firms, which includes us, will be expected to satisfy the new PRA buffer with 100% CET1 capital, which will be in addition to the CET1 capital used to meet the combined buffer requirement, by January 2019. The PRA also has recently introduced requirements in relation to minimum leverage ratios, as described on page 241 of the 2015 Form 20-F. Failure to meet the PRA buffer or leverage ratios could result in the preparation of a capital restoration plan. Such capital restoration plan may impose restrictions on discretionary payments, which may result in the cancellation (in whole or in part) of interest payments in respect of the Securities.

Separately, certain current regulatory proposals may restrict or prohibit us further from making interest payments on the Securities in certain circumstances. For example, the BRRD (as defined under *Description of the Securities Definitions*) requires member states to enable their resolution authorities to set a minimum requirement for eligible liabilities (MREL) for banks in their jurisdiction. The United Kingdom has implemented the MREL requirement through the Banking Act 2009 (the Banking Act) and the Bank Recovery and Resolution (No 2) Order 2014, which may be further amended to reflect the final regulatory technical standards developed by the European Banking Authority (the EBA). The EBA has stated that it expects these technical standards to be broadly compatible with the proposed term sheet published by the Financial Stability Board (the FSB) on total loss absorbing capacity (TLAC) requirements for global systemically important banks, such as us. In particular, the FSB's TLAC proposal suggests that capital buffers that influence the maximum distributable amount under CRD IV are intended to be met separately from the TLAC requirements. As a result, our capital buffer requirements may be effectively increased. If United Kingdom authorities implement the MREL requirement in accordance with the FSB's TLAC proposal as it currently stands, this will increase the possibility that we breach our combined buffer requirement. Such implementation may result in the reduction of discretionary payments (in whole or in part), including the cancellation (in whole or in part) of interest payments in respect of the Securities.

Cancellation (in whole or in part) of interest payments in respect of the Securities may affect the value of your investment in the Securities.

S-21

Table of Contents***As a holding company, our level of Distributable Items is affected by a number of factors, and insufficient Distributable Items may restrict our ability to make interest payments on the Securities.***

As a holding company, our level of Distributable Items is affected by a number of factors, principally our ability to receive funds, directly or indirectly, from our operating subsidiaries in a manner that creates Distributable Items for us. Consequently, our future Distributable Items, and therefore our ability to make interest payments (see *Risks Relating to the Securities Interest on the Securities will be due and payable on an interest payment date only if it is not cancelled or deemed to have been cancelled, and we may cancel interest (in whole or in part), in our absolute and sole discretion, at any time*), are a function of our existing Distributable Items, our future operating profits, our distributions and our ability to distribute or dividend profits from our operating subsidiaries up the HSBC Group structure to us. In addition, our Distributable Items may also be adversely affected by the servicing of more senior instruments.

The ability of our subsidiaries to pay dividends and our ability to receive distributions from our investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These factors could limit the payment of dividends and distributions to us by our subsidiaries, and to the extent that we are dependent on the receipt of such dividends and distributions, as opposed to other sources of income, such as interest and other payments from our subsidiaries, this could in time restrict our ability to fund other operations or to maintain or increase our Distributable Items.

The level of our Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. In particular, local capital or ring fencing requirements outside the United Kingdom could adversely affect our Distributable Items in the future, such as, for example, the implementation of section 165 of the Dodd-Frank Act and potential requirements for capitalizing intermediate holding companies in the United States.

Further, our Distributable Items may be adversely affected by the performance of the HSBC Group's business in general, factors affecting its financial position (including capital and leverage), the economic environment in which the HSBC Group operates and other factors outside of our control. See *Risks Relating to HSBC's Business*.

The Securities may trade with accrued interest even though interest may not be paid on the relevant interest payment date.

The Securities may trade, and/or the prices for the Securities may appear, on the Global Exchange Market of the Irish Stock Exchange and in other trading systems with accrued interest. However, if a payment of interest on any interest payment date is cancelled or deemed to have been cancelled (in each case, in whole or in part) and thus is not due and payable (see *Risks Relating to the Securities Interest on the Securities will be due and payable on an interest payment date only if it is not cancelled or deemed to have been cancelled, and we may cancel interest (in whole or in part), in our absolute and sole discretion, at any time*), you will not be entitled to that interest payment (in whole or in part, as applicable) on the relevant interest payment date. This may affect your ability to sell your Securities in the secondary market and, as a result, the value of your investment in the Securities.

The interest rate on the Securities will reset on each Reset Date.

The interest rate on the Securities will initially be 6.875% per annum from (and including) the issue date to (but excluding) June 1, 2021, the initial Reset Date. However, the interest rate will be reset every five years on each Reset Date such that the applicable per annum interest rate will be equal to the sum of 5.514% and the applicable

Mid-Market Swap Rate on the relevant Reset Determination Date. As a result, the interest rate following any Reset Date may be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date, which would affect the amount of any interest payments under the Securities and, by extension, could affect their market value.

S-22

Table of Contents***We may redeem the Securities for certain tax or regulatory reasons or on any Reset Date.***

We may redeem the Securities in whole (but not in part) upon the occurrence of a Tax Event or a Capital Disqualification Event, as more particularly described under *Description of the Securities Redemption Special Event Redemption*. 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 Securities at any time after the issue date. A Tax Event will include, among other things, a change in law (or in its application or official interpretation) after the issue date whereby the Securities would no longer be treated as loan relationships for UK tax purposes or the Securities (or any part thereof) would become treated as a derivative or an embedded derivative for UK tax purposes.

Moreover, we may redeem the Securities in whole (but not in part) on any Reset Date, as more particularly described under *Description of the Securities Redemption Optional Redemption*.

Our optional redemption on any Reset Date may limit the market value of the Securities to the redemption price during the period shortly before the Reset Date. Moreover, if we redeem the Securities in any of the circumstances mentioned above, you may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

In addition, any early redemption of any of the Securities may be subject to conditions imposed by the Relevant Regulator, regardless of whether such redemption would be favorable to you. In particular, Article 78(1) of CRR provides that a competent authority shall grant permission for a redemption or repurchase if either: (i) prior to or simultaneously with such redemption or repurchase, we replace the Securities being redeemed or repurchased with our own funds instruments of equal or higher quality at terms that are sustainable for our income capacity; or (ii) we have demonstrated to the satisfaction of the Relevant Regulator that our own funds would, following such redemption or repurchase, exceed the sum of (x) the capital ratios set by Article 92(1) of CRR (broadly, a CET1 capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%) and (y) the combined buffer requirement, in each case, by a margin that the Relevant Regulator may consider necessary to capture risks to which we are or might be exposed (taking into account various quantitative and qualitative assessments, reviews and evaluations specified in Article 104(3) of CRD).

The Securities may be subject to an Automatic Conversion and upon the occurrence of such an event you could lose all or part of the value of your investment in the Securities due to the deterioration in the realizable value of any Conversion Shares.

A Capital Adequacy Trigger Event will occur if at any time the end-point CET1 Ratio is less than 7.0%, as determined by us, the Relevant Regulator or any agent of the Relevant Regulator appointed for such purpose by the Relevant Regulator. See *Risks Relating to the Securities The circumstances surrounding or triggering an Automatic Conversion are unpredictable*.

Upon the occurrence of a Capital Adequacy Trigger Event, an Automatic Conversion will occur on the Conversion Date. Following an Automatic Conversion, you will receive only (i) the Conversion Shares (based on the Conversion Price) or (ii) if we elect, in our sole and absolute discretion, that a Conversion Shares Offer be made, the Conversion Shares Offer Consideration, which will comprise Conversion Shares (based on the Conversion Price) and/or cash (based on the Conversion Shares Offer Price) depending on the results of the Conversion Shares Offer. See *Description of the Securities Automatic Conversion Upon Capital Adequacy Trigger Event* and *Risks Relating to the Securities You may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period*. The Automatic Conversion will be irrevocable and, following the occurrence of an Automatic Conversion, you will not be entitled to any compensation in the event of any

improvement in the end-point CET1 Ratio after the Conversion Date.

S-23

Table of Contents

Conversion Shares are our ordinary shares to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) following an Automatic Conversion. Because a Capital Adequacy Trigger Event will only occur at a time when the end-point CET1 Ratio has deteriorated significantly, a Capital Adequacy Trigger Event may be accompanied by a deterioration in the market price of our ordinary shares, which may be expected to continue after the occurrence of a Capital Adequacy Trigger Event. In addition, there may be a delay in your receiving your Conversion Shares following a Capital Adequacy Trigger Event (in particular if we elect that a Conversion Shares Offer be conducted), during which time the market price of our ordinary shares may further decline. Therefore, the realizable value of any Conversion Shares received may be significantly less than (x) the sterling (or any other currency in which our ordinary shares may trade) equivalent of the Conversion Price and/or (y) the Conversion Shares Offer Price. As a result, you may lose all or part of the value of your investment in the Securities following an Automatic Conversion. See also *Risks Relating to the Securities* You will bear the risk of depreciation of sterling against the US dollar.

You will have limited rights after a Capital Adequacy Trigger Event and the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with terms of the Securities) will constitute an irrevocable and automatic release of all of our obligations in respect of the Securities.

Following an Automatic Conversion, we will be obligated to issue the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities), which will hold the Conversion Shares on your behalf. If we do not deliver the Conversion Shares to the Conversion Shares Depository following a Capital Adequacy Trigger Event, the only claims you will have against us will be for specific performance to have such Conversion Shares issued and delivered. Moreover, you will not have any rights against us with respect to repayment of the principal amount of the Securities or payment of interest or any other amount on, or in respect of, the Securities, in each case that is not due and payable, which liabilities will be automatically released. Accordingly, the principal amount of the Securities will equal zero at all times thereafter and any interest will be cancelled or deemed to have been cancelled at all times thereafter and will not be due and payable, including any interest in respect of an interest period ending on any interest payment date falling between the date of a Capital Adequacy Trigger Event and the Conversion Date.

Once the Conversion Shares are delivered to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities), all of our obligations under the Securities will be irrevocably and automatically released in consideration of such issuance to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities), and under no circumstances will such released obligations be reinstated. With effect from the Conversion Date, you will have recourse only to the Conversion Shares Depository for the delivery to you of Conversion Shares or, if we elect that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which you are entitled.

In addition, we have not yet appointed a Conversion Shares Depository and we may not be able to appoint a Conversion Shares Depository if an Automatic Conversion occurs. In such case, we will effect, by means we deem reasonable under the circumstances (including, without limitation, issuance of the Conversion Shares to another nominee or to you directly), the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to you. Such arrangements may be disadvantageous to, and more restrictive on, you, such as involving a longer period of time before you receive your Conversion Shares or Conversion Shares Offer Consideration, as applicable, than would be the case under the arrangements expected to be entered into with a Conversion Shares Depository. Nevertheless, such issuance also will irrevocably and automatically release all of our obligations under the Securities as if the Conversion Shares had been issued to the Conversion Shares Depository.

Table of Contents***You will bear the risk of changes in the end-point CET1 Ratio.***

The value of your Securities is expected to be affected by changes in the end-point CET1 Ratio. Any indication that the end-point CET1 Ratio is moving towards the level of a Capital Adequacy Trigger Event may have an adverse effect on the value of your Securities. Moreover, we currently only publicly report the end-point CET1 Ratio quarterly as of the period end, and therefore, there may be no prior warning of adverse changes in our end-point CET1 Ratio. Any unexpected change in the end-point CET1 Ratio that we report or anticipate in our quarterly reports or otherwise, or that is anticipated by the market, may lead to an immediate and significant decrease in the value of your Securities. See *Risks Relating to the Securities The circumstances surrounding or triggering an Automatic Conversion are unpredictable* for a description of factors that may increase the risk of occurrence of a Capital Adequacy Trigger Event, including the implementation of CRD IV requirements in the United Kingdom after the date hereof.

The circumstances surrounding or triggering an Automatic Conversion are unpredictable.

The occurrence of a Capital Adequacy Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside our control.

A Capital Adequacy Trigger Event could occur on any date on which the end-point CET1 Ratio is below 7.0%, as determined by us, the Relevant Regulator or any agent of the Relevant Regulator appointed for such purpose by the Relevant Regulator. Although we currently publicly report the end-point CET1 Ratio only as of the last day of each of our financial quarters, the PRA, as part of its supervisory activity, may instruct us to calculate such ratio as of any date, including if we are subject to recovery and resolution actions by the relevant UK resolution authority. Moreover, we might otherwise determine to calculate such ratio in our own discretion. Accordingly, a Capital Adequacy Trigger Event could occur on any date.

Separately, changes in the end-point CET1 Ratio may be caused by changes in the amount of CET1 Capital and/or Risk Weighted Assets (each of which will be calculated by us and will be binding on the trustee, the paying agent and you). Accordingly, the end-point CET1 Ratio could be affected by one or more factors, including changes to our business and our future earnings, dividend payments, regulatory changes (including changes to definitions, interpretations and calculations of regulatory capital ratios and their components, including CET1 Capital and Risk Weighted Assets, as described further below), actions that we are required to take at the discretion of the Relevant Regulator, accounting rule changes (as described further below), the HSBC Group's ability to manage Risk Weighted Assets in both its ongoing businesses and those it may seek to exit, and foreign currency movements (due to changes in foreign exchange rates resulting in changes to the US dollar equivalent value of foreign currency denominated capital resources and Risk Weighted Assets).

The actual impact of CRD IV on capital ratios may be materially different as the CRD IV requirements adopted in the United Kingdom may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards adopted or to be developed by the EBA or changes to the way in which the PRA interprets and applies these requirements to UK banks (including with respect to individual model approvals under the predecessors to CRD IV). The PRA has published several supervisory statements and consultation papers setting out the PRA's expectations in relation to capital and leverage ratios and the quality of capital, respectively, including SS 45/15 and PS 27/15 (each released on December 7, 2015).

Nonetheless, if the PRA rules, guidance or expectations in relation to capital or leverage were to be amended in the future in a manner other than as set out in the statements, and depending on the content of final binding regulatory technical standards developed by the EBA, it could be materially more difficult for the HSBC Group to maintain compliance with prudential requirements. Any such changes, either individually and/or in aggregate, may lead to

further unexpected enhanced requirements in relation to the HSBC Group's capital and may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to

S-25

Table of Contents

issuance and deployment of capital and funding for the HSBC Group) and changing the HSBC Group's business mix or exiting other businesses and/or undertaking other actions to strengthen the HSBC Group's capital position. The implementation of CRD IV in the United Kingdom subsequent to the date hereof may individually and/or in the aggregate further negatively affect the HSBC Group's end-point CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event.

Applicable accounting rules, or changes to regulatory adjustments that modify the regulatory impact of accounting rules, may affect the calculation of the end-point CET1 Ratio. Even if changes in applicable accounting rules, or changes to regulatory adjustments that modify the regulatory impact of accounting rules, are not yet in force as of the relevant calculation date, the Relevant Regulator could require us to reflect such changes in any particular calculation of the end-point CET1 Ratio. Moreover, the HSBC Group's end-point CET1 Ratio is a non-IFRS measure, and our interpretation of CRD IV and the basis of our calculation of this financial measure may be different from those of other financial institutions.

Because of the inherent uncertainty regarding whether a Capital Adequacy Trigger Event will occur, it will be difficult to predict when, if at all, an Automatic Conversion may occur. Accordingly, the trading behavior of the Securities, including prices, volatility and liquidity, may be affected by any threat of a Capital Adequacy Trigger Event and, as a result, the Securities are not necessarily expected to follow the trading behavior associated with other types of securities, including our debt securities. As a result, you may not be able to sell your Securities easily, or at all, or at prices that will provide them with a yield comparable to other types of subordinated securities. In addition, the risk of an Automatic Conversion could lead to a decline in the price of our ordinary shares, which could have a material adverse effect on the market value of the Conversion Shares you receive.

The end-point CET1 Ratio will be affected by our business decisions and our and your interests may not be aligned.

As discussed in *Risks Relating to the Securities The circumstances surrounding or triggering an Automatic Conversion are unpredictable*, the end-point CET1 Ratio could be affected by a number of factors, including the HSBC Group's decisions relating to its businesses and operations, as well as the management of its capital position. The HSBC Group will have no obligation to consider your interests in connection with such decisions, including in respect of its capital management. Such decisions could cause you to lose all or part of the value of your investment in the Securities due to their effect on the end-point CET1 Ratio, and you will not have any claim against us or any other member of the HSBC Group relating to such decisions, regardless of whether they result in the occurrence of a Capital Adequacy Trigger Event.

A Capital Adequacy Trigger Event may be triggered even when our common equity Tier 1 ratio as calculated by applying the Transitional Provisions is above 7.0%, which could cause you to lose all or part of the value of your investment in the Securities.

Under CRD IV, we are required to calculate our consolidated capital resources for regulatory purposes on the basis of common equity Tier 1 capital instead of core Tier 1 capital (as we have historically calculated and published). We also are required to calculate our risk weighted assets, which represent our assets adjusted for their associated risk, on a different basis than we did prior to CRD IV. CRD IV sets out a minimum pace of introduction of these enhanced capital requirements and applies transitional provisions as set out in Part Ten of the CRR (the Transitional Provisions). The Transitional Provisions are designed to implement certain CRD IV requirements in stages over a prescribed period; however, each of the Member States has the discretion to accelerate that minimum pace of transition.

In the United Kingdom, the PRA accelerated the introduction of certain of the enhanced capital requirements under CRD IV. In accordance with the PRA's rules and supervisory statements published on December 19, 2013, the PRA requires the HSBC Group to meet certain capital targets within certain prescribed

S-26

Table of Contents

timeframes, without regard to any Transitional Provisions. Accordingly, for the purposes of the Securities, we will calculate the CET1 Capital and Risk Weighted Assets without applying the Transitional Provisions and will instead calculate the end-point CET1 Ratio on a so-called "fully loaded" basis, which is a more stringent basis than currently applicable under the CRD IV regime and will lead to the end-point CET1 Ratio being lower than it would be were we to calculate the common equity Tier 1 ratio applying the Transitional Provisions to our calculation of CET1 Capital and Risk Weighted Assets. As a result, a Capital Adequacy Trigger Event may be triggered (because the end-point CET1 Ratio is less than 7.0%) even when our common equity Tier 1 ratio as calculated by applying the Transitional Provisions is above 7.0%, which could cause you to lose all or part of the value of your investment in the Securities. See *Risks Relating to the Securities* *The Securities may be subject to an Automatic Conversion and upon the occurrence of such an event you could lose all or part of the value of your investment in the Securities due to the deterioration in the realizable value of any Conversion Shares.*

Upon the occurrence of a Capital Adequacy Trigger Event, your rights will be subordinated further.

Upon the occurrence of a Capital Adequacy Trigger Event, you will rank as a holder of our ordinary shares (or beneficial owner of our ordinary shares as evidenced by the Securities). Accordingly, you will be subordinated further on a winding-up or administration due to the change in your status from being the holder of an instrument ranking *pari passu* with holders of our most senior class of preference shares (and therefore ahead of holders of our ordinary shares). Even if other creditors with claims that rank *pari passu* with the Securities, or junior to the Securities but senior to our ordinary shares, are paid in full, following a Capital Adequacy Trigger Event, you will have no rights to the repayment of the principal amount of the Securities or the payment of interest on the Securities that is not due or payable. As a result, upon the occurrence of a Capital Adequacy Trigger Event, you may lose all or part of your investment in the Securities irrespective of whether we have sufficient assets available to settle in winding-up proceedings or otherwise what would have been your claims as a securityholder, the claims of other creditors subordinated to the same extent as the Securities and the claims of other creditors subordinated to a greater extent than the Securities but senior to our ordinary shares.

You may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period.

We may elect, in our sole and absolute discretion, that the Conversion Shares Depository conduct a Conversion Shares Offer. If all of the Conversion Shares are sold in the Conversion Shares Offer, you will be entitled to receive, in respect of each Security, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security converted from sterling into US dollars at the Prevailing Rate as of the date that is three Depository Business Days prior to the relevant Settlement Date as determined by the Conversion Shares Depository (less the *pro rata* share of any foreign exchange transaction costs) (the *pro rata* cash component). If some but not all of the Conversion Shares are sold in the Conversion Shares Offer, you will be entitled to receive, in respect of each Security, (a) the *pro rata* cash component and (b) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Conversion Shares (the *pro rata* Conversion Shares component). If no Conversion Shares are sold in a Conversion Shares Offer, you will be entitled to receive, in respect of each Security, the relevant Conversion Shares attributable to such Security rounded down to the nearest whole number of Conversion Shares.

Any *pro rata* cash component will be subject to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the

Securities) in order for the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities) to conduct the Conversion Shares Offer. Moreover, no interest or other compensation is payable in respect of the period elapsed from the Conversion Date to the date of delivery of any *pro rata* cash component or Conversion Shares.

S-27

Table of Contents

Furthermore, neither the occurrence of a Capital Adequacy Trigger Event nor, following the occurrence of a Capital Adequacy Trigger Event, the election (if any) by us to undertake a Conversion Shares Offer, will preclude us from undertaking a rights issue or other equity issuance at any time on such terms as we deem appropriate, at our sole discretion, including for the avoidance of doubt the offer of our ordinary shares at or below the Conversion Shares Offer Price. Additionally, there can be no assurance that the Conversion Shares Offer would be conducted on an SEC-registered basis.

In addition, we or the Conversion Shares Depository will provide notice of the results of any Conversion Shares Offer only at the end of the Conversion Shares Offer Period (which may be as many as 40 business days following the delivery of the Conversion Shares Offer Notice). Accordingly, you would not know the composition of the Conversion Shares Offer Consideration to which you may be entitled until the end of the Conversion Shares Offer Period.

Following an Automatic Conversion, the Securities will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing your right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities), and your rights will be limited accordingly.

Following an Automatic Conversion (and thus the issuance of the Conversion Shares to the Conversion Shares Depository on the Conversion Date), the Securities will remain in existence until the applicable Cancellation Date (at which point the Securities will be cancelled) for the sole purpose of evidencing your right to receive Conversion Shares or the Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities). If we have been unable to appoint a Conversion Shares Depository, we will effect, by means we deem reasonable under the circumstances (including, without limitation, issuance of the Conversion Shares to another nominee or to the securityholders directly), the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to you. See also

Risks Relating to the Securities You will have limited rights after a Capital Adequacy Trigger Event and Issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with terms of the Securities) will constitute an irrevocable and automatic release of all of our obligations in respect of the Securities. Moreover, the Securities may cease to be admitted to the Irish Stock Exchange's Official List and to be traded on the Global Exchange Market (the exchange regulated market of the Irish Stock Exchange) after the Suspension Date.

Although we currently expect that beneficial interests in the Securities will be transferrable between the Conversion Date and the Suspension Date, there is no guarantee that this will be the case. Even if the Securities are transferable following the Automatic Conversion, there is no guarantee that an active trading market will exist for the Securities, and the Securities may cease to be admitted to the Irish Stock Exchange's Official List and to be traded on the Global Exchange Market before the Suspension Date. Accordingly, the price received for the sale of any beneficial interest in a Security during this period may not reflect the market price of such Security or the Conversion Shares. Furthermore, transfers of beneficial interests in the Securities may be restricted following the Conversion Date. For example, if the clearance and settlement of transactions in the Securities is suspended by DTC at an earlier time than currently expected, it may not be possible to transfer beneficial interests in the Securities in DTC and trading in the Securities may cease.

In addition, we have been advised by DTC that it will suspend all clearance and settlement of transactions in the Securities on the Suspension Date. As a result, you will not be able to settle the transfer of any Securities through DTC following the Suspension Date, and any sale or other transfer of the Securities that you may have initiated prior to the Suspension Date that is scheduled to settle after the Suspension Date will be rejected by DTC and will not be

settled through DTC.

Moreover, although you will become a beneficial owner of your *pro rata* share of Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depository and the Conversion Shares will be

S-28

Table of Contents

registered in the name of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities), you will not be able to sell or otherwise transfer any Conversion Shares until such time as they are delivered to you and registered in your name.

You must submit an Automatic Conversion Settlement Notice and may need an account with a clearing system in order to receive delivery of the Conversion Shares or any Conversion Shares Offer Consideration, as applicable, and you will be required to provide further documentation if such Automatic Conversion Settlement Notice is delivered after the Notice Cut-off Date.

In order to obtain delivery of the relevant Conversion Shares or any Conversion Shares Offer Consideration, as applicable, you (or your nominee, custodian or other representative) must deliver an Automatic Conversion Settlement Notice (and the relevant Securities, if held in definitive form) to the Conversion Shares Depository. The Automatic Conversion Settlement Notice must contain certain information, including your CREST or other clearing system account details (assuming the Conversion Shares are a participating security in a clearing system). Accordingly, in such cases, you (or your nominee, custodian or other representative) must have an account with the relevant clearing system in order to receive the Conversion Shares or *pro rata* Conversion Shares component, as applicable. Moreover, the Conversion Shares Depository will determine, in its sole and absolute discretion, whether your Automatic Conversion Settlement Notice has been properly completed and delivered, and such determination will be conclusive and binding on you. If you fail to properly complete and deliver an Automatic Conversion Settlement Notice (and the relevant Securities, if held in definitive form) the Conversion Shares Depository will be entitled to treat such Automatic Conversion Settlement Notice as null and void.

Although the Conversion Shares Depository will continue to hold the relevant Conversion Shares or Conversion Shares Offer Consideration, as applicable, if you fail to properly complete and deliver an Automatic Conversion Settlement Notice on or before the Notice Cut-off Date, the relevant Securities will be cancelled on the Final Cancellation Date (which will be a date at most 15 business days after the Notice Cut-off Date). Moreover, after the Notice Cut-off Date you will continue to be required to provide an Automatic Conversion Settlement Notice, as well as evidence of your entitlement to the relevant Conversion Shares or the Conversion Shares Offer Consideration, as applicable. Such evidence must be satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order for you to receive delivery of such Conversion Shares or Conversion Shares Offer Consideration, as applicable.

We will have no liability to you for any loss resulting from your failure to receive any Conversion Shares or Conversion Shares Offer Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of your (or your custodian, nominee, broker or other representative) failing to duly submit an Automatic Conversion Settlement Notice (and the relevant Securities, if held in definitive form) on a timely basis or at all.

You will have limited remedies.

The remedies under the Securities are more limited than those typically available to our unsubordinated creditors.

There is no right of acceleration in the case of non-payment of principal or interest on the Securities or of our failure to perform any of our obligations under or in respect of the Securities. Payment of the principal amount of the Securities will be accelerated only in the event of certain events of a winding-up or administration involving us that constitute a Winding-up Event before the occurrence of a Capital Adequacy Trigger Event. Under the terms of the Indenture, a Winding-up Event will result if (x) a court of competent jurisdiction in England (or such other jurisdiction in which we may be organized) makes an order for our winding-up which is not successfully appealed within 30 calendar days of the making of such order, (y) our ordinary shareholders adopt an effective resolution for our

winding-up (other than, in the case of either (x) or (y) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (z) following the appointment of an administrator, the administrator gives notice that it intends to declare and distribute a dividend.

S-29

Table of Contents

The sole remedy against us available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Securities is, subject to certain conditions and to the provisions set forth in *Description of the Securities Default and Remedies No Other Remedies*, for the trustee, in accordance with the Indenture, to institute proceedings in England (or such other jurisdiction in which we may be organized) (but not elsewhere) for our winding-up and/or prove in our winding-up and/or claim in our liquidation or administration.

Although the trustee may without further notice institute such proceedings against us as it may deem fit to enforce any term, obligation or condition binding upon us under the Securities or the Indenture (other than any of our payment obligations under, or arising from, the Securities or the Indenture, including payment of any principal or interest, including Additional Amounts) (such obligation, a Performance Obligation), the sole and exclusive remedy that the trustee (acting on your behalf) and/or you may seek under the Securities and the Indenture is specific performance under the laws of the State of New York. Moreover, to the extent any judgment or other award given in such proceedings requires the payment of money by us, whether by way of damages or otherwise (a Monetary Judgment), the trustee (acting on your behalf) and/or you may not enforce, and will not be entitled to enforce, or otherwise claim such Monetary Judgment against us, except by proving such Monetary Judgment in our winding up or administration. As such, we will not be obliged to pay any sum or sums, in cash or otherwise (including damages), as a consequence of the institution of any such proceedings for a breach of any Performance Obligation, except where you prove any Monetary Judgment in our winding up or administration.

Furthermore, by your acquisition of the Securities, you will acknowledge and agree that (i) the sole and exclusive remedy that you and/or the trustee (acting on your behalf) may seek under the Securities and the Indenture for a breach by us of a Performance Obligation is specific performance under the laws of the State of New York, (ii) you will not (and waive any right to) seek, and will not (and waive any right to) direct the trustee (acting on your behalf) to seek, any other remedy against us in respect of any breach by us of a Performance Obligation, (iii) you will not (and waive any right to) enforce, and will not be entitled to enforce (and waive any such entitlement), or otherwise claim (and waive any other right to claim) a Monetary Judgment against us, except by proving such Monetary Judgment in our winding up or administration and (iv) to the extent permitted by the Trust Indenture Act, you will waive any and all claims, in law and/or in equity, against the Trustee for, and 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 connection with your right to enforce a Performance Obligation in accordance with the terms of the Indenture.

You will bear the risk of depreciation of sterling against the US dollar.

The Conversion Price is fixed at \$3.94740 per Conversion Share, subject to certain anti-dilution adjustments (see *Description of the Securities Anti-dilution Adjustment of Conversion Price and Conversion Shares Offer Price*). Our ordinary shares trade primarily in sterling, as well as in Hong Kong dollars. The US dollar value of our ordinary shares may fluctuate depending on the exchange rate between the US dollar and sterling (or any other currency in which our ordinary shares may trade). For example, if sterling (or any other currency in which our ordinary shares may trade) depreciates relative to the US dollar, the US dollar value of our ordinary shares will decrease. Because the Conversion Price is denominated in US dollars, depreciation of sterling (or any other currency in which our ordinary shares may trade) against the US dollar may result in the US dollar value of any Conversion Shares you receive following an Automatic Conversion being significantly less than the price implied by the Conversion Price.

If a Conversion Shares Offer is made, the Conversion Shares Offer Price will be in sterling and the cash consideration received for any Conversion Shares sold in such Conversion Shares Offer initially will be denominated in sterling. Such sterling cash consideration will be converted into US dollars at the Prevailing Rate as of the date on which the cash proceeds are delivered to you (less the *pro rata* share of any foreign exchange transaction costs). Accordingly, a decline in the value of sterling relative to the US dollar between the issue date and the date on which the cash

proceeds are converted into US dollars will result in your receiving an amount of cash proceeds in US dollars that is less than if the Conversion Shares had been sold at the Conversion Price.

S-30

Table of Contents

In addition, following a Capital Adequacy Trigger Event there may be a delay in your receiving your Conversion Shares (in particular if we elect that a Conversion Shares Offer be conducted) and/or a delay in converting the sterling cash consideration into US dollars after the Conversion Shares Offer, during which time the exchange rate of sterling against the US dollar may further decline.

No interest or other compensation is payable in the event of a loss by you due to foreign currency conversions.

As a result, the realizable value in US dollars of the Conversion Shares upon a Capital Adequacy Trigger Event could be substantially lower than that implied by the US dollar price paid for the Securities at the time of their purchase.

You do not have anti-dilution protection in all circumstances.

The number of Conversion Shares to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the Conversion Date will equal the quotient obtained by dividing the (i) aggregate principal amount of the Securities then outstanding immediately prior to the Automatic Conversion on the Conversion Date by (ii) the Conversion Price, rounded down, if necessary, to the nearest whole number of Conversion Shares. The Conversion Price is fixed at the time of issue of the Securities at \$3.94740 per Conversion Share. Although the Conversion Price will be adjusted in certain instances in an effort to preserve your economic interest in us, including if there is a consolidation, reclassification or subdivision of our ordinary shares, an issuance of ordinary shares in certain circumstances by way of capitalization of profits or reserves, certain issues of rights for our ordinary shares, an Extraordinary Dividend or a Qualifying Takeover Event, adjustments are not required for every corporate or other event that may affect the market price of the Conversion Shares and an Independent Financial Adviser may make modifications as it determines to be appropriate. See *Description of the Securities Anti-Dilution* and *Description of the Securities Qualifying Takeover Event*. The adjustment events that are included are less extensive than those often included in the terms of convertible securities. Moreover, there will be no adjustment to the Conversion Price if a Takeover Event occurs that is not a Qualifying Takeover Event (because the Acquirer is not an Approved Entity or the New Conversion Condition is not satisfied). As a result, the Conversion Price or the New Conversion Price, as applicable, may not reflect the market price of our ordinary shares or the Approved Entity Shares, respectively, which could be significantly lower than the Conversion Price or the New Conversion Price, respectively. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price or New Conversion Price, as applicable, is made may adversely affect the value of the Securities.

If a Takeover Event occurs, the Securities may be convertible into shares in an entity other than us or into unlisted shares.

If a Takeover Event is a Qualifying Takeover Event (because the Acquirer is an Approved Entity and the New Conversion Condition is satisfied), then following an Automatic Conversion the Securities will become convertible or exchangeable into the Approved Entity Shares at the New Conversion Price as described under *Description of the Securities Anti-Dilution* and *Description of the Securities Qualifying Takeover Event*. There can be no assurance as to the nature of any such Acquirer, or of the risks associated with becoming an actual or potential shareholder in such Acquirer and, accordingly, a Qualifying Takeover Event may have an adverse effect on the value of the Securities.

In addition, we and the Acquirer have certain discretion in determining whether a Qualifying Takeover Event has occurred as it requires the New Conversion Condition to be satisfied. The New Conversion Condition will be satisfied only if we and the Acquirer enter into arrangements to our satisfaction for delivery of the Approved Entity Shares upon an Automatic Conversion. If we are unable to enter into such arrangements within seven days following the occurrence of a Takeover Event, the New Conversion Condition would not be satisfied.

Table of Contents

If our ordinary shares become delisted following a non-Qualifying Takeover Event or otherwise, the Securities will be convertible into unlisted ordinary shares upon an Automatic Conversion. Unlisted shares may be more illiquid than listed shares, and therefore, may have little or no resale value. In addition, where a non-Qualifying Takeover Event occurs because the Acquirer is a Governmental Entity (and therefore not an Approved Entity), the Securities will not be convertible into, or exchangeable for, any securities or other instruments of such Governmental Entity or any other person or entity (other than us). Accordingly, a Takeover Event that is not a Qualifying Takeover Event is likely to have an adverse effect on the value of the Securities.

Prior to the Conversion Date, you will not be entitled to any rights with respect to our ordinary shares, but will be subject to all changes made with respect to our ordinary shares.

The exercise of voting rights and rights related thereto with respect to our ordinary shares will be possible only after delivery of the Conversion Shares following the Conversion Date and the registration of the

person entitled to such Conversion Shares in our share register as an ordinary shareholder with voting rights in

accordance with the provisions of, and subject to the limitations provided in, our Articles of Association.

Under the terms of the Securities, you will agree to be bound by the exercise of the UK bail-in power by the relevant UK resolution authority.

You will agree to be bound by the exercise of the UK bail-in power (as defined under *Description of the Securities 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 Securities or securities into which the 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 Securities are the subject of the UK bail-in power, which may result in your Securities being written down to zero or converted into other securities, including unlisted equity securities*).

Specifically, by your acquisition of the Securities, you (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Securities, the 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 defined under *Description of the Securities Agreement with Respect to the Exercise of UK Bail-in Power*); and (b) the variation of the terms of the Securities 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 Securities 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 Securities. For more information, see *Description of the Securities Agreement with Respect to the Exercise of UK Bail-in Power*.

The Securities are the subject of the UK bail-in power, which may result in your Securities being written down to zero or converted into other securities, including unlisted equity securities.

On January 1, 2015, the Banking Act, and other primary and secondary legislative instruments were amended to give effect to the BRRD in the United Kingdom. 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.

S-32

Table of Contents

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 (BoE), the PRA and the FCA in circumstances where a UK bank has encountered or is likely to encounter financial difficulties.

As a result, the 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 a 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 such power 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 BoE or PRA determines the point of non-viability for such purposes as the point at which the relevant 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. In contrast to the bail-in tool, the capital instruments write-down and conversion power does not include a safeguard designed to leave no creditor worse off than in the case of insolvency.

Similarly, where the conditions for resolution exist, the BoE may use the bail-in tool (individually or in combination with other 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. As a result, additional Tier 1 instruments (including the Securities) will be written down or converted before Tier 2 instruments or subordinated debt that does not qualify as additional Tier 1 or Tier 2 instruments (and any such subordinated debt would only be written down or converted if the reduction of additional Tier 1 and Tier 2 instruments does not sufficiently reduce the aggregate amount of liabilities that must be written down or converted). 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 bail-in tool on other creditors who have not been excluded (which may include you).

As a result, the Securities, which are subject to the capital instruments write-down and conversion power and the bail-in tool, may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments.

Table of Contents

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 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 your 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 your 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 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 Securities, 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 Securities or securities into which your 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, your 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 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 the 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 the 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 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), 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;

S-34

Table of Contents

(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 (including the 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. 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 the Securities and/or our ability to satisfy our obligations under the Securities.

Other changes in law may adversely affect your rights as a securityholder.

Changes in law after the date hereof may affect your rights as a securityholder as well as the market value of the Securities. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Securities, which may have an adverse effect on an investment in the Securities. Moreover, any change in law or regulation that would cause the Securities to cease to qualify in whole as our regulatory capital or to be reclassified as a lower quality form of our regulatory capital (other than as a consequence of an Automatic Conversion), could trigger a Capital Disqualification Event (as defined under *Description of the Securities Redemption Special Event Redemption*). In addition, any change in law or regulation that results in our having to pay Additional Amounts to you could constitute a Tax Event (as defined under *Description of the Securities Redemption Special Event Redemption*) that also may entitle us to redeem the Securities, in whole (but not in part). See *Risks Relating to the Securities We may redeem the Securities for certain tax or regulatory reasons or on any Reset Date* and *Description of the*

Securities Redemption Special Event Redemption.

S-35

Table of Contents

In particular, if the United Kingdom were to vote to exit the EU following the referendum scheduled for June 23, 2016, there could be significant changes to those EU laws applicable in the United Kingdom, depending on whether, following exit, the United Kingdom 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 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. Moreover, CRD IV, a portion of which currently has direct effect in the United Kingdom and forms the basis for the structuring of the Securities, may cease to apply in the United Kingdom. This may affect the regulatory capital treatment of the Securities, which could trigger a Capital Disqualification Event, and may reduce the liquidity of the Securities while ongoing uncertainty exists. In addition, many of the terms of the Securities are determined or calculated by reference to CRD IV, including the end-point CET1 Ratio, which would continue to be the case even if CRD IV ceased to apply to us. This may have an adverse effect on you if, for example, a Capital Adequacy Trigger Event occurred under the terms of the Securities, even though no such event would have occurred had the end-point CET1 Ratio been determined by reference to the new capital rules applicable to us.

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

We may issue securities senior to, or pari passu with, the Securities or the Conversion Shares.

There is no restriction on the amount of securities that we may issue that rank senior to, or *pari passu* with, the Securities or the Conversion Shares. In particular, the Financial Stability Board (the FSB) final standards for 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 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 and the Securities will be effectively subordinated to any indebtedness or other liabilities of our subsidiaries (see *Risks Relating to the Securities 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 Securities to such subsidiary*).

In the event of our winding up prior to a Capital Adequacy Trigger Event, the Securities will be subordinated in right of payment to the claims of Senior Creditors (including those creditors holding any securities we may issue that rank senior to the Securities, such as those issued to meet TLAC requirements). See *Description of the Securities Subordination*. After a Capital Adequacy Trigger Event, the Conversion Shares will be subordinated to the claims of our depositors and all of our other creditors, other than claims which by their terms are, or are expressed to be, subordinated to, or *pari passu* with, our ordinary shares (including those creditors holding any securities we may issue that rank senior to our ordinary shares).

As a result, in the event of our winding-up, you may recover from the value of our assets to satisfy your claims only after our creditors that rank senior to the Securities or the Conversion Shares, as applicable, 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 Securities in the event of our winding-up.

Table of Contents

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 Securities to such subsidiary.

The Securities 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 Securities.

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 Securities, 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 EBA's 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 Securities* *The Securities are the subject of the UK bail-in power, which may result in your Securities 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 securityholders would have no right to proceed against the assets of such subsidiary and (ii) the liquidator of such subsidiary would first apply the assets 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.

As a result of your receiving Conversion Shares upon a Capital Adequacy Trigger Event, you are particularly exposed to changes in the market price of our ordinary shares.

Many investors in convertible or exchangeable securities seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities, often through short selling of the

underlying equity securities or through similar transactions. Prospective investors in the Securities may look to sell our ordinary shares in anticipation of taking a position in, or during the term of, the Securities. This could drive down the price of our ordinary shares. Since the Securities will mandatorily convert into a fixed number of Conversion Shares upon a Capital Adequacy Trigger Event, the price of the Conversion Shares may be more volatile if we are trending toward a Capital Adequacy Trigger Event.

S-37

Table of Contents

You may be subject to disclosure obligations and/or may need approval from our regulator under certain circumstances.

As you may receive Conversion Shares if a Capital Adequacy Trigger Event occurs, an investment in the Securities may result in your having to comply with certain disclosure and/or regulatory approval requirements pursuant to applicable laws and regulations following an Automatic Conversion. For example, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, we (and the FCA) must be notified by a person when the percentage of voting rights in us controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches or crosses 3% and every percentage point thereafter.

Furthermore, as Conversion Shares represent voting securities of a parent undertaking of a number of regulated group entities, under the laws of the United Kingdom, the United States and other jurisdictions, ownership of the Securities (or the Conversion Shares) above certain levels may require you to obtain regulatory approval or subject you to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrance of substantial fines or other criminal and/or civil penalties and/or suspension of voting rights associated with the Conversion Shares. Accordingly, you should consult your legal advisers as to the terms of the Securities, in respect of your existing shareholding and the level of holding you would have if you receive Conversion Shares following a Capital Adequacy Trigger Event.

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 Securities will constitute a new issue of securities by us. Prior to our present issuance of Securities, there will have been no public market for the Securities. Although application will be made to the Irish Stock Exchange for the Securities to be admitted to the Official List and to trading on the Global Exchange Market (the exchange regulated market of the Irish Stock Exchange), there can be no assurance that an active public market for the Securities 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 Securities 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 Securities, and changes to any credit rating assigned to us or the Securities may affect the market value of the Securities.

Our credit rating or those assigned to the Securities 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 Securities. 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 Securities 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 Securities may change the methodologies that they use for analyzing securities with features similar to the Securities.

S-38

Table of Contents

In March 2016, Moody's Investor Service (Moody's) changed the outlook on our long-term senior unsecured debt rating to negative from stable. This change reflects Moody's re-assessment of our financial strength due to 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 is unlikely to improve over the next 12 to 18 months, 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. Any such downgrade would negatively affect any rating assigned to the Securities.

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

The Securities may be assigned a credit rating below investment grade in the future, in which case the Securities will be subject to the risks associated with non-investment grade securities.

The Securities are expected to be assigned a credit rating slightly above investment grade. However, rating agencies that are expected to assign ratings to the Securities may adopt methodology changes that may result in lowering the credit rating of the Securities to below investment grade. Moreover, after the issue date, we may seek a credit rating on the Securities from additional rating agencies, any of which may assign a credit rating to the Securities below investment grade, including due to methodology changes between the issue date and the date the credit rating is assigned. See *Our credit ratings may not reflect all risks of an investment in the Securities, and changes to any credit rating assigned to us or the Securities may affect the market value of the Securities.*

If the Securities are not considered to be investment grade securities, they will be subject to a higher risk of price volatility than more highly rated securities. Furthermore, increases in leverage or deteriorating outlooks for us or volatile markets could lead to a significant deterioration in market prices of below-investment grade rated securities.

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

If you are entitled to any recovery with respect to the Securities 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.

You will be responsible for any taxes following an Automatic Conversion

Neither we nor any member of the HSBC Group will be liable for any taxes or duties (including, without limitation, any capital, stamp, issue and registration or transfer taxes or duties) arising on conversion or that may arise or be paid as a consequence of the issue and delivery of Conversion Shares following an Automatic Conversion. You must pay any taxes or duties (including, without limitation, any capital, stamp, issue and registration and/or transfer taxes or duties) arising on conversion in connection with the issue and delivery of Conversion Shares to the Conversion Shares Depository on your behalf and you must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of your Securities or interest therein (except for any taxes or duties arising on delivery or transfer of Conversion Shares to a purchaser in any Conversion Shares Offer).

Table of Contents

You may be subject to US tax upon adjustments (or failure to make adjustments) to the Conversion Price and the Conversion Shares Offer Price even though you do not receive a corresponding cash distribution.

The Conversion Price and the Conversion Shares Offer Price are subject to adjustment in certain circumstances, as described under *Description of the Securities Anti-Dilution*. If, as a result of adjustments (or failure to make adjustments), your proportionate interest in our assets or earnings were deemed to be increased for US federal income tax purposes, you may be treated as having received a taxable distribution for these purposes, without the receipt of any cash or property. See *Taxation Material US Federal Income Tax Considerations* for a further discussion of these US federal t