

HSBC HOLDINGS PLC
Form 424B2
November 14, 2017
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Registration No. 333-202420

The information in this preliminary prospectus supplement is incomplete and may be changed. This preliminary prospectus supplement and the accompanying prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED NOVEMBER 14, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated February 22, 2017)

HSBC HOLDINGS PLC

\$ % Fixed Rate/Floating Rate Senior Unsecured Notes due 2023

We are offering \$ principal amount of % Fixed Rate/Floating Rate Senior Unsecured Notes due 2023 (the Notes). The Notes will be issued pursuant to the indenture dated as of August 26, 2009 (as amended or supplemented from time to time), as amended and supplemented by a fifth supplemental indenture, which is expected to be entered into on November , 2017 (the indenture, together with the fifth supplemental indenture, the Indenture).

From (and including) the issue date to (but excluding) , , we will pay interest semi-annually in arrear on the Notes on and of each year, beginning on , 2018, at a rate of % per annum. Thereafter, we will pay interest quarterly in arrear on the Notes on , , and , beginning on , , at a floating rate equal to the three-month U.S. dollar London interbank offered rate (LIBOR), plus % per annum. The Notes will mature on , 2023.

We may redeem the Notes in whole (but not in part) on , 2022 at 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption.

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

Upon the occurrence of a Loss Absorption Disqualification Event (as defined herein), the events of default and defaults under the Notes will be varied as described in this prospectus supplement.

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power (as defined herein) by the relevant UK resolution authority (as defined herein); and (b) the variation of the terms of the Notes or the Indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority. No repayment or payment of Amounts Due (as defined below) will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. For these purposes, Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts (as defined herein), on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority. See

Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power. Moreover, each noteholder (which, for these purposes, includes each beneficial owner) will consent to the exercise of the UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the Notes.

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree to be bound by the variation of the events of default and defaults on the occurrence of a Loss Absorption Disqualification Event (including as may occur without any prior notice from us), without the need for us to obtain any further consent from such noteholder. See *Description of the Notes Events of Default and Defaults.*

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

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

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

Unless otherwise defined, terms that are defined in *Description of the Notes* beginning on page S-28 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 Note	Total
Public Offering Price ⁽¹⁾	%	\$

Underwriting Discount	%	\$
Proceeds to us (before expenses)	%	\$

(1) Plus accrued interest, if any, from November , 2017.

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

The underwriters expect to deliver the Notes to purchasers in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking S.A. and Euroclear Bank SA/NV on or about November , 2017.

Sole Book-Running Manager

HSBC

The date of this prospectus supplement is November , 2017.

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Prohibition of sales to EEA retail investors

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

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

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

In connection with the issue of the Notes, HSBC Securities (USA) Inc. or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on HSBC Securities (USA) Inc. or any agent of it to do this. Any stabilization may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after we receive the proceeds of the issue and 60 days after the date of the allotment of any Notes. Such stabilizing, if commenced, may be effected on any stock exchange, over-the-counter market or otherwise, in accordance with all applicable laws and rules.

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

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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

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Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom (UK) or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus supplement has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes which are the subject of an offering contemplated in this prospectus supplement as completed by final terms in relation to the offer of the Notes may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither we nor any of the underwriters have authorized, nor do we or any of the underwriters authorize, the making of any offer of the Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer. Neither we nor the underwriters have authorized, nor do we authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the Notes contemplated in this prospectus supplement.

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CERTAIN DEFINITIONS AND PRESENTATION OF FINANCIAL AND OTHER DATA

Definitions

As used in this prospectus supplement and the accompanying prospectus, the terms HSBC Holdings, we, us and our refer to HSBC Holdings plc. HSBC Group and HSBC mean HSBC Holdings together with its subsidiary undertakings.

Presentation of Financial Information

The consolidated financial statements of HSBC Group have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). EU-endorsed IFRSs could differ from IFRSs as issued by the IASB, if, at any point in time, new or amended IFRSs were to be endorsed by the EU. As of December 31, 2016, there were no unendorsed standards effective for the year ended December 31, 2016 affecting our consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2016 filed with the SEC on February 21, 2017 (the 2016 Form 20-F), and as of June 30, 2017, there were no unendorsed standards effective for the period ended June 30, 2017 affecting our interim condensed consolidated financial statements, included in our Interim Report for the six-month period ended June 30, 2017 furnished under cover of Form 6-K to the SEC on July 31, 2017 (the 2017 Interim Report). As of December 31, 2016 and June 30, 2017, there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC. Accordingly, HSBC's financial statements for the year ended December 31, 2016 and the six-month period ended July 31, 2017 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 currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, (iii) sterling pounds sterling or £ are to the lawful currency of the UK, (iv) CAD are to the lawful currency of Canada, (v) NOK are to the lawful currency of Norway, (vi) JPY are to the lawful currency of Japan and (vii) SGD are to the lawful currency of Singapore.

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

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doubt as to enforceability in the English courts, in original actions or in actions for enforcement of judgments of US courts, of liabilities predicated solely upon the federal securities laws of the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in the UK. The enforceability of any judgment in the UK will depend on the particular facts of the case in effect at the time.

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 (Moody's) statement regarding our financial strength; implementation and exercise of the UK bail-in powers; our plan to issue additional senior debt securities; and listing of the Notes. We have based the forward-looking statements on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, as described under Cautionary statement regarding forward-looking statements contained in the 2016 Form 20-F and the 2017 Interim Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. Additional information, including information on factors which may affect HSBC's business, is contained in the 2016 Form 20-F, the Form 6-K furnished to the SEC on May 4, 2017 (furnishing our earnings release for the three-month period ended March 31, 2017) (the 2017 Q1 Earnings Release), the 2017 Interim Report and the Form 6-K furnished to the SEC on October 30, 2017 (furnishing our earnings release for the nine-month period ended September 30, 2017) (the 2017 Q3 Earnings Release).

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We have filed with the SEC a post-effective amendment no.2 to the registration statement on Form F-3 (No. 333-202420) (the Registration Statement) under the Securities Act of 1933, as amended (the Securities Act), with respect to the Notes offered by this prospectus supplement. As permitted by the rules and regulations of the SEC, this prospectus supplement and the accompanying prospectus omit certain information, exhibits and undertakings contained in the Registration Statement. For further information with respect to us or the Notes, please refer to the Registration Statement, including its exhibits and the financial statements, notes and schedules filed as a part thereof. Statements contained in this prospectus supplement and the accompanying prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. In addition, we file with the SEC annual reports and special reports, proxy statements and other information. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room. Documents filed with the SEC are also available to the public on the SEC's internet site at <http://www.sec.gov>.

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We are incorporating by reference in this prospectus supplement and the accompanying prospectus the information in the documents that we file with the SEC, which means we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus. Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such documents will not create any implication that there has been no change in our affairs since the date thereof or that the information

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contained therein is current as of any time subsequent to its date. The information incorporated by reference is considered to be a part of this prospectus supplement and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus supplement is considered to be automatically updated and superseded. In the case of a conflict or inconsistency between information contained in this prospectus supplement and information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later. We incorporate by reference in this prospectus supplement and the accompanying prospectus the 2016 Form 20-F, the 2017 Q1 Earnings Release, the 2017 Interim Report and the 2017 Q3 Earnings Release.

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

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

Group Company Secretary HSBC Holdings plc

8 Canada Square

London E14 5HQ

England

Tel: +44-20-7991-8888

HSBC Holdings plc

c/o HSBC Bank USA, National Association

452 Fifth Avenue

New York, New York, 10018

Attn: Company Secretary

Tel: +1-212-525-5000

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The following summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the financial statements and related notes incorporated by reference herein, before making an investment decision. Terms which are defined in "Description of the Notes" included in this prospectus supplement beginning on page S-28 have the same meaning when used in this summary.

Issuer	HSBC Holdings plc.
Securities Offered	% Fixed Rate/Floating Rate Senior Unsecured Notes due 2023 in an aggregate principal amount of \$ (such series of notes, the Notes).
Issue Date	November , 2017.
Interest	<p>From (and including) the issue date to (but excluding) , (the Fixed Rate Period), interest on the Notes will be payable at a rate of % per annum (the Initial Interest Rate).</p> <p>From (and including) , (the Floating Rate Period), the interest rate on the Notes will be equal to the three-month U.S. dollar London interbank offered rate (LIBOR), as determined on the applicable Interest Determination Date (as defined below), plus % per annum. The interest rate on the Notes will be reset quarterly on each Interest Reset Date (as defined below).</p>
Interest Payment Dates	<p>During the Fixed Rate Period, interest on the Notes will be payable semi-annually in arrear on and of each year, beginning on , 2018.</p> <p>During the Floating Rate Period, interest on the Notes will be payable quarterly in arrear on , , and , beginning on , (each, a Floating Rate Period Interest Payment Date).</p>
Interest Reset Dates	, , and , beginning on , (each, an Interest Reset Date).
Floating Rate Interest Periods	

During the Floating Rate Period, the period beginning on (and including) a Floating Rate Period Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Period Interest Payment Date; *provided* that the first floating rate interest period will begin on _____, _____ and will end on (but exclude) the first Floating Rate Period Interest Payment Date.

Interest Determination Date

The second London banking day preceding the applicable Interest Reset Date (the Interest Determination Date).

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

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Optional Redemption

We may redeem the Notes in whole (but not in part) in our sole discretion on _____, 2022 at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption. See *Risk Factors We may redeem the Notes on the optional redemption date and for certain tax reasons.*

Tax Event Redemption

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

Redemption by Noteholders

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

Redemption Conditions

Any redemption of the Notes is subject to the regulatory consent described under *Description of the Notes Redemption.*

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

Maturity Date

The Notes will mature on _____, 2023.

Events of Default and Defaults

Upon the occurrence of a Loss Absorption Disqualification Event (as defined under *Description of the Notes Loss Absorption Disqualification Event*) you will lose the right to request the trustee to declare the principal amount and accrued but unpaid payments with respect to the Notes to be due and payable in the case of non-payment of principal or interest on the Notes after a 30-day grace period. After such event, payment of the principal amount of the Notes will be accelerated only upon certain events of a winding-up, as described under *Description of the Notes Events of Default and Defaults After a Loss Absorption Disqualification Event.*

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree to be bound by the variation of the events of default

and defaults on the occurrence of a Loss Absorption Disqualification Event, including as may occur without any prior notice from us and without the need for us to obtain any further consent from such noteholder. See *Description of the Notes Events of Default and Defaults*.

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

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between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power (as defined under *Description of the Notes Definitions*) by the relevant UK resolution authority (as defined under *Description of the Notes Definitions*); and (b) the variation of the terms of the Notes or the Indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority. No repayment or payment of Amounts Due (as defined below) will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. For these purposes, Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts (as defined below), on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority. See *Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power*.

Moreover, each noteholder (which, for these purposes, includes each beneficial owner) will consent to the exercise of the UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the Notes.

Calculation of U.S. Dollar LIBOR

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

- (1) With respect to any Interest Determination Date, LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars having a maturity of three months commencing on the related Interest Reset Date that appears on Reuters Page LIBOR01 (as defined below) as of 11:00 a.m., London time, on that Interest Determination Date. If no such rate appears, then LIBOR, in respect of that Interest Determination Date, will be determined in accordance with the provisions described in (2) below.
- (2) With respect to an Interest Determination Date on which no rate appears on Reuters Page LIBOR01, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected and identified by us (the London Reference Banks), to provide its offered quotation (expressed as a percentage per annum) for deposits in U.S. dollars for the period of three months, commencing on the related Interest Reset Date, to prime banks in the London interbank market at

approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the Interest

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Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the City of New York, on the Interest Determination Date by three major banks in the City of New York (which may include affiliates of the underwriters), as selected and identified by us (together with the London Reference Banks, the Reference Banks), for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the related Interest Reset Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, LIBOR on the Interest Determination Date will be the arithmetic mean of such rates. If fewer than two such rates are so provided, LIBOR on the Interest Determination Date will be LIBOR in effect with respect to the immediately preceding Interest Determination Date or, in the case of the initial Interest Determination Date, the Initial Interest Rate.

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

Payment of Additional Amounts

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

Ranking

The Notes will constitute our direct, unsecured obligations and rank *pari passu* with our other senior indebtedness, and the Notes will rank equally and ratably without any preference among themselves. Senior indebtedness will not include any indebtedness that is expressed to be subordinated to or *pari passu* with subordinated debt securities. See *Description of Debt Securities Senior Debt Securities Defaults and Events of Default* in the accompanying prospectus.

Form of Notes

The Notes will be issued in the form of one or more global securities registered in the name of the nominee for, and deposited with, The Depository Trust Company (DTC). See *Description of Debt Securities Form, Settlement and Clearance* in the accompanying prospectus.

Trading through DTC, Clearstream Luxembourg and Euroclear

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in

immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking S.A. in Luxembourg (Clearstream Luxembourg) customers and/or Euroclear Bank SA/NV (Euroclear) participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds

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Listing	Application will be made to list the Notes on the New York Stock Exchange in accordance with its rules.
Sinking Fund	There will be no sinking fund for the Notes.
Trustee	We will issue the Notes under the indenture dated August 26, 2009 (as amended or supplemented from time to time), as supplemented and amended by a fifth supplemental indenture, which is expected to be entered into on November , 2017, with The Bank of New York Mellon, London Branch, as trustee (the indenture, together with the fifth 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 November , 2017.
Use of Proceeds	We will use the net proceeds from the sale of the Notes to finance, in whole or in part, eligible businesses and projects in accordance with our Sustainable Development (SDG) Bond Framework (as described herein).
Conflicts of Interest	HSBC Securities (USA) Inc. is an affiliate of HSBC Holdings, and, as such, the offering is being conducted in compliance with FINRA Rule 5121, as administered by the Financial Industry Regulatory Authority (FINRA).
Minimum Denominations	The Notes will be issued only in registered form in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof.
Business Day	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England, and in New York City, New York.
Governing Law	The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. Any legal

proceedings arising out of, or based upon, the Indenture or the Notes may be instituted in any state or federal court in the Borough of Manhattan in New York City, New York.

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An investment in the Notes involves significant risk. Accordingly, you should consider carefully all of the information set forth in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors, before you decide to invest in the Notes. Terms which are defined in Description of the Notes included in this prospectus supplement beginning on page S-28 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 2016 Form 20-F, including the section entitled Risk Factors on pages 92 through 97, the section entitled Risk Areas of Special Interest on pages 97 through 98 and Note 35 (Legal proceedings and regulatory matters) to the consolidated financial statements included therein on pages 288 through 294, and the 2017 Interim Report, including the section entitled Risk Areas of Special Interest on page 56 and Note 13 (Legal proceedings and regulatory matters) to the interim condensed consolidated financial statements included therein on pages 100 through 107, which are incorporated by reference in this prospectus supplement, and/or similar disclosure in subsequent filings incorporated by reference in this prospectus supplement.

Risks Relating to the Notes

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

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

Specifically, by your acquisition of the Notes, you (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and 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 Notes Agreement with Respect to the Exercise of UK Bail-in Power); and (b) the variation of the terms of the Notes or the Indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority. No repayment or payment of Amounts Due (as defined under Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power) will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. Moreover, you (which, for these purposes, includes each beneficial owner) will consent to the exercise of the UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the Notes. For more information, see Description of the Notes Agreement with Respect to the Exercise of UK Bail-in Power.

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

On January 1, 2015, the UK Banking Act 2009, as amended (the Banking Act), and other primary and secondary legislative instruments were amended to give effect to the BRRD (as defined under *Description of the*

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Notes Definitions) in the UK. The stated aim of the BRRD is to provide supervisory authorities, including the relevant UK resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' contributions to bank bail-outs and/or exposure to losses.

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

As a result, the Notes are subject to existing UK bail-in powers under the Banking Act and may be subject to future UK bail-in powers under existing or future legislative and regulatory proposals, including measures implementing the BRRD. In particular, the Banking Act was amended to implement a bail-in tool, which may be exercised by the BoE (as a relevant UK resolution authority) and forms part of the UK bail-in power.

Where the conditions for resolution exist, the BoE may use the bail-in tool (individually or in combination with 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. Although the bail-in tool has a safeguard designed to leave no creditor worse off than in the case of insolvency, due to the discretion afforded to the BoE, the claims of some creditors whose claims would rank equally with yours may be excluded from being subject to the bail-in tool. The greater number of such excluded creditors there are, the greater the potential impact of the bail-in tool on other creditors who have not been excluded (which may include you).

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

Moreover, to the extent the UK bail-in power is exercised pursuant to the Banking Act or otherwise, any securities issued upon conversion of your Notes may not meet the listing requirements of any securities exchange, and our outstanding listed securities may be delisted from the securities exchanges on which they are listed. Any securities you receive upon conversion of your Notes (whether debt or equity) may not be listed for at least an extended period of time, if at all, or may be on the verge of being delisted by the relevant exchange, including, for example, our American depositary receipts listed on the New York Stock Exchange or our ordinary shares listed on the London Stock Exchange or otherwise. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the issuer of any securities issued upon conversion of your Notes, or the disclosure with respect to any existing issuer may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the UK bail-in power.

Moreover, the exercise of the UK bail-in power and/or other actions implementing the UK bail-in power may require interests in the Notes to be held or taken, as the case may be, through clearing systems, intermediaries or persons other than DTC. Furthermore, the trustee may be unwilling to continue serving in its capacity as trustee for the Notes,

subject to the terms of the Indenture. As a result, there may not be an active market for any securities you may hold after the exercise of the UK bail-in power.

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

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

There may be limited protections, if any, that will be available to holders of securities subject to the UK bail-in power (including the Notes) and to the broader resolution powers of the relevant UK resolution authority. For example, although under the Banking Act the BoE's resolution instrument with respect to the exercise of the bail-in tool must set out the provisions allowing for securities to be transferred, cancelled or modified (or any combination of these), the resolution instrument may make any other provision that the BoE considers to be appropriate in exercising its specific powers. Such other provisions are expected to be specific and tailored to the circumstances that have led to the exercise of the bail-in tool under the Banking Act and there is uncertainty as to the extent to which usual processes or procedures under English law will be available to holders of securities (including the Notes). Accordingly, you may have limited or circumscribed rights to challenge any decision of the BoE or other relevant UK resolution authority to exercise its UK bail-in power.

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

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

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

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

The circumstances under which the relevant UK resolution authority would exercise its UK bail-in power or other resolution tools under the Banking Act or future legislative or regulatory proposals are uncertain, which may

affect the value of your Notes.

There remains significant uncertainty regarding the ultimate nature and scope of the resolution powers under the Banking Act (and such significant uncertainty may exist with respect to any other resolution powers or tools

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enacted under future legislative or regulatory proposals, including changes proposed to the BRRD in November 2016), as well as the manner in which such powers would affect us and our securities (including the Notes) if such powers were exercised.

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

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

Under the terms of the Notes, you will agree to be bound by the variation of the events of default and defaults on the occurrence of a Loss Absorption Disqualification Event, which will result in a further limitation of your remedies.

You will agree to be bound by the variation of the events of default and defaults on the occurrence of a Loss Absorption Disqualification Event (as defined under *Description of the Notes Loss Absorption Disqualification Event*), without prior notice from us or the need to obtain your consent, which will result in a further limitation of your remedies under the Notes.

Specifically, upon the occurrence of a Loss Absorption Disqualification Event, you will lose the right to request the trustee to declare the principal amount and accrued but unpaid payments with respect to the Notes to be due and payable in the case of non-payment of principal or interest on the Notes after a 30-day grace period. After such event, payment of the principal amount of the Notes will be accelerated only upon certain events of a winding-up, as described under *Description of the Notes Events of Default and Defaults After a Loss Absorption Disqualification Event*, and the sole remedy against us under the Indenture for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Notes will be, subject to certain conditions and to the provisions set forth in *Description of the Notes Events of Default and Defaults After a Loss Absorption Disqualification Event* (including your right to institute suit for the enforcement of any payment of the principal of, or interest on, the Notes on or after the due dates thereof), 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.

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

Changes in law after the date hereof may affect your rights as noteholder as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. In addition, any change in law or regulation that results in our having to pay Additional Amounts to you could constitute a tax event that may entitle us to redeem the Notes, in whole (but not in part), as more particularly described under *Risks Relating to the Notes We may redeem the Notes on the optional redemption date and for certain tax reasons* below and *Description of Debt Securities Redemption* in the

accompanying prospectus.

In particular, because the UK voted to exit the EU following the referendum on June 23, 2016 (Brexit), there could be significant changes to those EU laws applicable in the UK (depending on, among other things, whether, following exit, the UK will be re-admitted to the European Free Trade Association and EEA, and

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whether it will remain subject to EU legislation applicable to the EEA). While any exit should not in and of itself affect the validity of the Banking Act (through which the BRRD is implemented), it is possible that subsequent changes in law affecting your rights could take place.

Such legislative and regulatory uncertainty could also affect your ability to accurately value and the liquidity of the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described under *Risks Relating to the Notes The circumstances under which the relevant UK resolution authority would exercise its UK bail-in power or other resolution tools under the Banking Act or future legislative or regulatory proposals are uncertain, which may affect the value of your Notes*, could have on the Notes.

The interest rate on the Notes will reset on the Interest Reset Date.

The interest rate on the Notes will initially be % per annum from (and including) the issue date to (but excluding) , . Thereafter, however, the interest rate will be reset on each Interest Reset Date such that the applicable per annum interest rate will be equal to the sum of % and LIBOR on the applicable Interest Determination Date. As a result, the interest rate following , may be less than the initial interest rate and/or the interest rate that applies immediately prior to the relevant Interest Reset Date, which would affect the amount of any interest payments under the Notes and, by extension, could affect their market value.

We may redeem the Notes on the optional redemption date and for certain tax reasons.

We may redeem the Notes in whole (but not in part) on , 2022, as more particularly described under *Description of the Notes Redemption*. Moreover, we may redeem the Notes at any time in whole (but not in part) upon the occurrence of certain tax events, as more particularly described under *Description of Debt Securities Redemption* in the accompanying prospectus. Certain of such tax events may occur at any time after the issue date and it is therefore possible that we would be able to redeem the Notes at any time after the issue date.

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

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

There is no restriction on the amount of securities that we may issue that rank *pari passu* with the Notes. In particular, the Financial Stability Board (the FSB) final standards for total loss absorbing capacity (TLAC) requirements for global systemically important banks will apply to us once implemented in the UK (which are due to be implemented from January 2019 onwards). While the BoE will have powers to set the BRRD minimum requirement for own funds and eligible liabilities (MREL) thresholds at individual bank level, the policy intention is that the MREL standards for UK banks and groups to which TLAC applies will be consistent with TLAC requirements. We expect to issue towards the lower end of our initial estimated range (between \$60 billion and \$80 billion in aggregate principal amount of senior debt securities) over a period of time expected to be in excess of three years (starting from 2016). We have issued approximately US\$41 billion as of November 13, 2017, in order to meet these TLAC requirements. See pages 81 through 86 in the 2016 Form 20-F.

Furthermore, the terms of the Indenture permit us (and our subsidiaries) to incur additional debt, including secured debt. The Notes will be effectively subordinated to any indebtedness or other liabilities of our subsidiaries (see *Risks Relating to the Notes Our holding company structure may mean that our rights to participate in assets of any of our*

subsidiaries upon its liquidation may be subject to prior claims of some of its

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creditors, including when we have loaned or otherwise advanced the proceeds received from the issuance of the Notes to such subsidiary) and to any of our indebtedness that is secured by property or assets to the extent of the value of the property or assets securing such indebtedness.

In the event of our winding up, you may recover from the value of our assets to satisfy your claims only after our secured creditors have been paid in full. In addition, the claims of *pari passu* creditors may reduce the amount recoverable by you. Therefore, you may lose all or some of your investment in the Notes in the event of our winding up.

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

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

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

We also have absolute discretion as to how we make our investments in, or advance funds to, our subsidiaries, including the proceeds of issuances of debt securities, such as the Notes, and as to how we may restructure existing investments and funding in the future. The ranking of our claims in respect of such investments and funding in the event of the liquidation of a subsidiary, and their treatment in resolution, will depend in part on their form and structure and the types of claim that they give rise to. The purposes of such investments and funding, and any such restructuring, may include, among other things, the provision of different amounts or types of capital or funding to particular subsidiaries, including for the purposes of meeting regulatory requirements, such as the implementation of the European Banking Authority's 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 81 through 86 in the 2016 Form 20-F.

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

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

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Regulators and law enforcement agencies in the UK and elsewhere are conducting civil and criminal investigations into the calculation of daily LIBOR by banks that contributed to the British Bankers Association (the BBA) when it was the body which exclusively set the relevant LIBOR benchmark rates. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR. ICE Benchmark Rate Administration Ltd. (ICE Administration) has been appointed as the independent LIBOR administrator, effective February 1, 2014. Actions by ICE Administration, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. Some of these reforms are already effective, while others are still to be implemented or formulated. For example, on July 27, 2017, the FCA announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, and it appears highly likely that LIBOR will be discontinued or modified by 2021. Moreover, any of the proposals for reform or the general increased regulatory scrutiny of LIBOR could increase the costs and risks of administering or otherwise participating in the setting of a LIBOR rate and complying with any such regulations or requirements. As a result, it is not possible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR to allow for the calculation of LIBOR in its current form, whether LIBOR rates will cease to be published or supported before or after 2021, or whether any additional reforms to LIBOR may be enacted in the UK or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities, such as the Notes. Uncertainty as to the nature of any potential changes or reforms to LIBOR may adversely affect the trading market for the Notes.

To the extent LIBOR is discontinued or is no longer quoted, the floating interest rate will be determined using the alternative methods described under *Description of Notes LIBOR*. Any of these alternative methods may result in interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on the Notes if LIBOR was available in its current form. In particular, if LIBOR is not available and the banks are unable or unwilling to provide quotations for the calculation of LIBOR, the interest rate on the Notes will accrue at the same rate as the immediately preceding interest period, effectively converting the Notes into a fixed rate instrument.

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

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

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

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

Any rating assigned to us or the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors that can change over time, including the credit rating agency's

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assessment of: our strategy and management's capability; our financial condition, including in respect of capital, funding and liquidity; competitive, economic, legal and regulatory conditions in our key markets, including those markets where we have large exposures or on which our operating results, including revenues, are substantially dependent; the level of political support for the industries in which we operate; and legal and regulatory frameworks affecting our legal structure, business activities and the rights of our creditors. Moreover, the rating agencies that currently, or may in the future, publish a rating for us or the Notes may change the methodologies that they use for analyzing securities with features similar to the Notes.

In September 2017, Moody's downgraded and maintained its negative rating outlook on the rating on our long-term senior unsecured debt. This reflects Moody's assessment of our financial strength based on deteriorating operating conditions in certain markets, including the U.K., as well as 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. The negative outlook reflects the increased likelihood that losses following any failure of our Hong Kong subsidiary would be passed to us following the implementation of Hong Kong's new banking resolution framework. As a result, our long-term ratings could be downgraded if the financial strength of our main operating entities weakens further or if the risk of loss to our creditors increases (including, for example, an increase in our tangible banking assets (as defined by Moody's) or a material reduction in the amount of our loss absorbing liabilities). Separately, in July 2016, S&P Global Ratings (S&P), as part of its review of the ratings of UK banks in light of Brexit, changed the outlook on our long-term senior unsecured debt rating to negative from stable. This change primarily reflects S&P's view of the economic risk in the U.K. banking sector resulting from Brexit. S&P has indicated further that our long-term ratings could be downgraded if, among other things, it considers that economic conditions and prospects in our major markets are no longer supportive of our current ratings, including as a result of China's economic slowdown. Any such downgrade would negatively affect any rating assigned to the Notes.

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

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

If you are entitled to any recovery with respect to the Notes in any winding up, you might not be entitled in those proceedings to a recovery in US dollars and might be entitled only to a recovery in pounds sterling or any other lawful currency of the UK. 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 UK 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.

The use of proceeds of the Notes may not meet investor expectations.

We will exercise our judgment and sole discretion in determining the businesses and projects that will be financed by the proceeds of the Notes. If the use of the proceeds of the Notes is a factor in your decision to invest in the Notes, you should consider our discussion in *Use of Proceeds* and consult with your counsel or other advisors before making an investment in the Notes. There can be no assurance that any of the businesses and projects funded with the proceeds from the Notes will meet our sustainable development goals or your expectations. Furthermore, there is no contractual obligation to allocate the proceeds of the Notes to finance eligible businesses and projects or to provide annual progress reports as described in *Use of Proceeds*. Our failure to so allocate or report, or the failure of Sustainalytics or other external assurance provider to opine on the progress report's conformity with the Framework (as defined herein),

will not constitute an Event of Default (as defined herein) with respect to the Notes and may affect the value of the Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in green assets.

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HSBC HOLDINGS PLC

HSBC is one of the largest banking and financial services organizations in the world. As at September 30, 2017, we had total assets of US\$2,526,214 million and total shareholders' equity of US\$191,013 million. For the nine-month period ended September 30, 2017, our operating profit was US\$13,044 million on total operating income of US\$48,502 million. We are a strongly capitalized banking group with a CRD IV common equity Tier 1 ratio (end-point basis) of 14.6% as at September 30, 2017.

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

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USE OF PROCEEDS

We will use the net proceeds of the Notes to finance, in whole or in part, new and/or existing businesses and projects in the Eligible Categories (as defined below) in accordance with our Sustainable Development Goal (SDG) Bond Framework (the Framework) (as described below).

The term of funding to any eligible business or project under the Framework may be shorter or longer than the term of the Notes and may mature or be sold before or after the maturity date of the Notes. In the case of any investment that matures or is sold before the maturity date of the Notes, we expect to reallocate funds with respect to that eligible business or project back to our account either until maturity of the Notes or allocation of such amounts to new eligible businesses or projects. If funding for any eligible business or project remains outstanding after the maturity date of the Notes, neither we nor any of our consolidated subsidiaries will be required to terminate the financing of such project on the maturity date of the Notes.

Payment of principal and interest on the Notes will be made from our general funds and will not be directly linked to the performance of any eligible business or project.

Framework

In September 2015, the UN General Assembly formally established 17 Sustainable Development Goals (the SDGs) to be addressed by 2030. The goals set a common framework for public and private stakeholders to set their agendas and define their policies and strategies over the interim 15 years. The Framework is a step towards contributing capital towards the accomplishment of the SDGs.

We believe that the Framework is consistent with the International Capital Market Association's 2017 Green Bond Principles and Social Bond Principles, and in reaching such conclusion, we relied in part on a second party opinion from Sustainalytics, an external assurance provider, confirming the alignment of the Framework with the International Capital Market Association's 2017 Sustainability Bond Guidelines. The opinion is expected to be made available on our website.

We have furnished the Framework under cover of Form 6-K to the SEC on November 14, 2017, which we expect to make available on our website. We expect to furnish any future versions of the Framework with the SEC under cover of Form 6-K, as well as to make it available on our website.

Eligible Categories

In accordance with the Framework, the Eligible Categories comprise:

Good Health and Well-being (SDG 3) activities that strengthen the capacity of all countries, in particular developing countries, for provision of free or subsidized healthcare, and early warning, risk reduction and management of health crises.

Quality Education (SDG 4) activities that (i) expand access to primary, secondary, adult and vocational education, (ii) target women and minority inclusion in education or (iii) improve educational infrastructure.

Clean Water and Sanitation (SDG 6) activities that (i) expand public access to safe and affordable drinking water, (ii) provide access to adequate sanitation facilities, (iii) improve water quality or (iv) increase water-use efficiency through water recycling, treatment and reuse (including treatment of wastewater).

Affordable and Clean Energy (SDG 7) activities that involve (i) generation of energy from renewable sources, (ii) construction, maintenance and/or expansion of associated distribution networks, (iii) manufacturing of components of renewable energy technology, (iv) development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or system(s), (v) improved efficiency in the delivery of bulk energy services or (vi) manufacturing of components to enable energy efficiency.

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Industry Innovation and Infrastructure (SDG 9) activities that (i) develop quality, reliable, sustainable infrastructure (including regional and trans-border) to support affordable and equitable access for all in a manner that also benefits economic development and human well-being or (ii) upgrade and retrofit infrastructure to make it sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

Sustainable Cities and Communities (SDG 11) activities that expand or maintain the supply of affordable housing or access to sustainable transport systems.

Climate Change (SDG 13) activities that demonstrably contribute to reducing vulnerability to climate change identified in the project area and do not increase carbon emissions.

Eligibility Criteria of Businesses and Projects

The net proceeds will be used to finance, in whole or in part, future and/or re-finance existing businesses and projects, including our own operations, that promote any of the Eligible Categories in accordance with the Framework.

We will determine the eligibility of businesses and projects based on whether they apply their funds to Eligible Categories and whether a significant net positive sustainability impact is achieved by them. If a business or project derives at least 90% its revenue from activities within the Eligible Categories, it would be considered for financing with the net proceeds. In these instances, the net proceeds can be used for general purposes, so long as this financing does not fund expansion into activities falling outside of the Eligible Categories.

We recognize that businesses and projects may benefit the environment and society in important ways while also degrading it in others. Accordingly, our assessment of environmental and societal benefits will consider the balance of impact in determining the overall net benefit. We will exercise our professional judgment, discretion and sustainability knowledge in determining eligibility of businesses and projects for the use of the net proceeds.

Businesses and projects that are involved in the following operations will be ineligible: (i) nuclear power generation; (ii) weapons; (iii) alcohol; (iv) gambling / adult entertainment; and (v) palm oil. Moreover, the businesses and projects will not include any coal-fired power plants, the extraction and refining of coal, thermal coal mines or mountaintop removal.

Management and Tracking of the Proceeds

Our Green Bond Committee has responsibility for governing the Framework and for the ratification of eligible businesses and projects by applying the guidelines in the Framework. Our Green Bond Committee also will track the use of proceeds of the Notes using its internal information system, as described in the Framework. While any portion of the net proceeds has not been applied to Eligible Categories, we may invest such unused proceeds according to our local liquidity management guidelines.

Reporting

We will provide a progress report on an annual basis until all proceeds have been fully allocated including:

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aggregate amounts of funds allocated to each of the Eligible Categories, together with a description of the types of business and projects financed;

the remaining balance of unallocated net proceeds at the reporting period end; and

confirmation that the use of proceeds of the Notes issued conforms with the Framework.

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Moreover, we expect Sustainalytics to act as the external assurance provider that will independently review the progress report, on an annual basis, and opine on its conformity with the Framework. We expect to make the annual progress report and related opinion available on our website.

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The following table shows the consolidated unaudited capitalization, indebtedness and share capital position of the HSBC Group as at June 30, 2017:

		Issued and Fully Paid US\$m
Called up Share Capital		
	Ordinary shares (of nominal value US\$0.50 each)	10,188
US\$1,450m	Preference shares (of nominal value US\$0.01 each) 6.20% non-cumulative dollar preference shares, Series A aggregate redemption price	1,405
		Carrying Amount US\$m
Other Equity Instruments		
US\$3,800m	8.00% perpetual subordinated capital securities, Series 2 (of nominal value US\$25 each)	3,716
US\$2,450m	6.375% perpetual subordinated contingent convertible securities	2,460
US\$2,250m	6.375% perpetual subordinated contingent convertible securities	2,244
US\$2,200m	8.125% perpetual subordinated capital securities (of nominal value US\$25 each)	2,133
1,500m	5.25% perpetual subordinated contingent convertible securities	1,943
1,000m	6.00% perpetual subordinated contingent convertible securities	1,120
US\$1,500m	5.625% perpetual subordinated contingent convertible securities	1,494
US\$2,000m	6.875% perpetual subordinated contingent convertible securities	1,998
US\$3,000m	6.00% perpetual subordinated contingent convertible securities	2,997
SGD1,000m	4.70% perpetual subordinated contingent convertible securities	723
		20,828
		Carrying Amount US\$m
Subordinated Liabilities		
Undated Subordinated Loan Capital of Subsidiary Undertakings		
US\$750m	Undated floating rate primary capital notes	750
US\$500m	Undated floating rate primary capital notes	500
US\$400m	Primary capital undated floating rate notes (third series)	400
US\$300m	Undated floating rate primary capital notes, Series 3	300
		1,950

Subordinated Loan Capital of HSBC Holdings plc		
US\$2,500m	6.5% subordinated notes 2037	3,292
1,750m	6.0% subordinated notes 2019	2,228
1,600m	6.25% subordinated notes 2018	1,835
1,500m	3.0% subordinated notes 2025	1,888
1,500m	3.375% callable subordinated notes 2024*	1,826
US\$2,000m	4.25% subordinated notes 2024*	2,102
US\$2,000m	6.5% subordinated notes 2036	2,037
£900m	6.375% callable subordinated notes 2022	1,237
US\$1,500m	5.25% subordinated notes 2044*	1,751

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		Carrying Amount US\$m
US\$1,500m	6.8% subordinated notes 2038	1,494
US\$1,500m	4.25% subordinated notes 2025	1,569
1,000m	3.125% subordinated notes 2028	1,248
£900m	6.0% subordinated notes 2040	1,149
£750m	7.0% subordinated notes 2038	1,026
£650m	5.75% subordinated notes 2027	1,061
£650m	6.75% subordinated notes 2028	841
US\$488m	7.625% subordinated notes 2032	528
US\$222m	7.35% subordinated notes 2032	278
US\$1,500m	4.25% subordinated notes 2026	1,566
		28,955

Subordinated Loan Capital of Subsidiary Undertakings

US\$2,939m	6.676% senior subordinated notes 2021	2,193
US\$1,250m	4.875% subordinated notes 2020	1,256
£700m	5.844% non-cumulative step-up perpetual preferred securities	908
US\$1,000m	5.875% subordinated notes 2034	1,220
£600m	4.75% subordinated notes 2046	770
US\$900m	10.176% non-cumulative step-up perpetual preferred securities, series 2 ****	892
£500m	5.375% subordinated notes 2033	875
US\$750m	5.625% subordinated notes 2035	915
US\$750m	5.00% subordinated notes 2020	748
US\$700m	7.00% subordinated notes 2039	691
£350m	5.00% callable subordinated notes 2023	482
£350m	5.375% callable subordinated step-up notes 2030	559
£300m	5.862% non-cumulative step-up perpetual preferred securities	438
US\$500m	6.00% subordinated notes 2017	495
£300m	6.50% subordinated notes 2023	388
US\$300m	7.65% subordinated notes 2025	376
£225m	6.25% subordinated notes 2041	291
US\$300m	Non-convertible subordinated obligations 2019	241
US\$250m	7.20% subordinated debentures 2097	221
	Other subordinated liabilities less than US\$200m	4,681
		18,641

		Carrying Amount US\$m
Senior Indebtedness of HSBC Holdings plc		
US\$3,000m	3.4% senior unsecured notes 2021	3,118
US\$3,000m	4.3% senior unsecured notes 2026	3,238

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US\$1,000m	Floating rate senior unsecured notes 2021	998
2000m	1.5% senior unsecured notes 2022	2,392
1250m	2.5% senior unsecured notes 2027	1,598
£1000m	2.625% senior unsecured notes 2028**	1,197
NOK5,900m	3.1% senior unsecured notes 2027**	664
2000m	0.875% senior unsecured notes 2024**	2,175
US\$2000m	4% senior unsecured notes 2022**	2,133
JPY 58,100m	0.45% senior unsecured notes 2021**	513

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		Carrying Amount US\$m
JPY 64,400m	1.207% senior unsecured notes 2026**	564
JPY 59,300m	0.842% senior unsecured notes 2023**	521
US\$1,250m	Floating rate senior unsecured notes 2022	1,247
CAD1,000m	3.196% senior unsecured notes 2023**	749
US\$2500m	2.95% senior unsecured notes 2021**	2,438
US\$1000m	Floating rate senior unsecured notes 2021	997
US\$2000m	3.60% senior unsecured notes 2023**	1,931
US\$2500m	3.90% senior unsecured notes 2026**	2,371
US\$2500m	2.650% senior unsecured notes 2022**	2,408
900m	Floating rate senior unsecured notes 2018	1,032
£650m	6.50% senior unsecured notes 2024	843
US\$2500m	5.10% senior unsecured notes 2021	2,753
US\$900m	4.875% senior unsecured notes 2022	1,004
US\$2000m	4% senior unsecured notes 2036	1,700
US\$750m	6.1% senior unsecured notes 2042	1,010
US\$2500m	4.041% senior unsecured notes 2028***	2,490
US\$2500m	3.262% senior unsecured notes 2023***	2,492
1500m	Floating rate senior unsecured notes 2022***	1,708
		46,283

- (1) The aggregate redemption price of the US\$1,450 million 6.20% non-cumulative dollar preference shares is included within share premium.
- (2) HSBC Holdings has two outstanding series of exchangeable bonds: US\$2,200 million 8.125% perpetual subordinated capital securities and US\$3,800 million 8.00% perpetual subordinated capital securities, Series 2. HSBC Holdings has six outstanding series of contingent convertible securities: US\$2,250 million 6.375% perpetual subordinated contingent convertible securities, 1,500 million 5.25% perpetual subordinated contingent convertible securities, US\$1,500 million 5.625% perpetual subordinated contingent convertible securities, US\$2,450 million 6.375% perpetual subordinated contingent convertible securities, 1,000 million 6.00% perpetual subordinated contingent convertible securities and US\$2,000 million 6.875% perpetual subordinated contingent convertible securities.
- (3) Reserves include share premium, retained earnings, available-for-sale fair value reserve, cash flow hedging reserve, foreign exchange reserve and merger reserve.
- (4) As at November 10, 2017, 810,180,197 ordinary shares of US\$0.50 each have been issued since June 30, 2016 as a result of shares issued in lieu of cash dividends, exercise of employee share options and share plans, and 629,205,998 ordinary shares of US\$0.50 each have been repurchased under the share buy-back program.
- (5) HSBC has prepared its consolidated financial statements in accordance with IFRSs as issued by the IASB. HSBC has adopted the Amendment to IAS39: The Fair Value Option. As a result, as at June 30, 2017, US\$24,181 million of subordinated loan capital and US\$17,252 million of senior indebtedness above are designated at fair value.

Within subordinated loan capital, the 3.375% callable subordinated notes 2024, 4.25% subordinated notes 2024 and 5.25% subordinated notes 2044 (* above) are measured at amortized cost in HSBC Holdings, where the interest rate

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

Within senior indebtedness, the 2.95% fixed rate notes 2021, 3.6% fixed rate notes 2023, 3.9% fixed rate notes 2026, 2.65% fixed rate notes 2022, 0.875% fixed rate notes 2024, 4% fixed rate notes 2036, 2.625% fixed rate notes 2028, 3.196% fixed rate notes 2023, 3.1% fixed rate notes 2027, 1.207% fixed rate notes 2026, 0.842% fixed rate notes 2023 and 0.45% fixed rate notes 2021 (** above) are measured at amortized cost in HSBC Holdings, where the interest rate risk is hedged using a fair value hedge, while it is measured at fair value in HSBC.

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Within senior indebtedness, the 4.041% fixed rate notes 2028, 3.262% fixed rate notes 2023 and floating rate notes 2022 (***) above) are measured at amortized cost in HSBC Holdings, while it is measured at fair value in HSBC.

- (6) The £700 million 5.844% non-cumulative step-up perpetual preferred securities and the £300 million 5.862% non-cumulative step-up perpetual preferred securities each benefit from a subordinated guarantee by HSBC Bank plc. The other non-cumulative step-up perpetual preferred security (**** above) benefits from a subordinated guarantee by HSBC Holdings. None of the other above consolidated loan capital is secured or guaranteed. No account has been taken of liabilities or guarantees between undertakings within HSBC.
- (7) As at June 30, 2017, HSBC had other indebtedness of US\$2,207,948 million (including deposits by banks of US\$64,230 million, customer accounts of US\$1,311,958 million, trading liabilities of US\$202,401 million, debt securities in issue of US\$17,006 million, derivatives of US\$223,413 million and other liabilities of US\$388,940 million) and contingent liabilities and contractual commitments of US\$761,707 million (comprising contingent liabilities and guarantees of US\$84,213 million and other commitments, including undrawn formal standby facilities, credit lines and other commitments to lend, of US\$677,494 million).
- (8) As at November 13, 2017, the total carrying amount of the senior indebtedness of HSBC Holdings increased by US\$3,000 million, reflecting the sale of 1,500 million senior unsecured floating rate notes 2023 and £1,000 million 2.256% fixed rate senior unsecured notes 2026 and application of the proceeds therefrom. The notes are measured at amortized cost in HSBC Holdings, while it is measured at fair value in HSBC.
- (9) The total carrying amount of the senior unsecured indebtedness of HSBC Holdings would increase by US\$ million to reflect the sale of the Notes and application of the proceeds therefrom.

Save as disclosed in the above notes, there has been no material change in the issued share capital, loan capital or senior indebtedness of HSBC Holdings, or loan capital, other indebtedness, contingent liabilities or third party guarantees of HSBC Holdings subsidiary undertakings since June 30, 2017.

The following exchange rates as at June 30, 2017 have been used in the table above: 1.00 = US\$1.1419; £1.00 = US\$1.2976; US\$1.00 = CAD1.296; US\$1.00 = SGD1.3764; US\$1.00 = NOK8.3939; US\$1.00 = JPY112.155.

Table of Contents**DESCRIPTION OF THE NOTES**

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

The Notes will constitute senior unsecured notes issued under the indenture dated as of August 26, 2009 (as amended or supplemented from time to time) among us, The Bank of New York Mellon, as trustee, and HSBC Bank USA, National Association, as paying agent, the form of which is filed as an exhibit to the post-effective amendment no. 2 to our registration statement on Form F-3 (the "Registration Statement"). The indenture will be supplemented and amended by a fifth supplemental indenture, which is expected to be entered into on November 1, 2017 among us, the trustee, the paying agent and the calculation agent (the indenture, together with the fifth supplemental indenture, the "Indenture"), the form of which will be filed as an exhibit to a report on Form 6-K on or about November 1, 2017, and which will be incorporated by reference in the Registration Statement.

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

The Notes will be issued in an aggregate principal amount of \$ _____ and, unless previously redeemed or otherwise cancelled as described under *Redemption*, will mature on _____, 2023. The Notes will be issued only in registered form in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof.

Interest

From (and including) the issue date to (but excluding) _____, _____ (the "Fixed Rate Period"), interest on the Notes will be payable at a rate of _____ % per annum (the "Initial Interest Rate"). During the Fixed Rate Period, interest on the Notes will be payable semi-annually in arrear on _____ and _____ of each year, beginning on _____, 2018.

From (and including) _____, _____ (the "Floating Rate Period"), the interest rate on the Notes will be equal to the three-month U.S. dollar London interbank offered rate (LIBOR), as determined on the applicable Interest Determination Date, plus _____ % per annum. During the Floating Rate Period, interest on the Notes will be payable quarterly in arrear on _____, _____, _____ and _____, beginning on _____, _____ (each, a "Floating Rate Period Interest Payment Date"). The interest rate on the Notes will be reset quarterly on each Interest Reset Date.

The regular record dates for the Notes will be the 15th calendar day preceding each interest payment date, whether or not a business day.

During the Fixed Rate Period:

Interest will be calculated on the basis of twelve 30-day months or, in the case of an incomplete month, the actual number of days elapsed, in each case assuming a 360-day year.

If any scheduled interest payment date is not a business day, such interest payment date will be postponed to the next day that is a business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date.

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During the Floating Rate Period:

Interest will be calculated on the basis of the actual number of days in each interest period, assuming a 360-day year. A floating rate interest period will be the period beginning on (and including) a Floating Rate Period Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Period Interest Payment Date; *provided* that the first floating rate interest period will begin on _____, _____ and will end on (but exclude) the first Floating Rate Period Interest Payment Date.

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

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

LIBOR

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

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

York (which may include affiliates of the underwriters), as selected and identified by us (together with the London Reference Banks, the Reference Banks), for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the related Interest Reset Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two such rates are so provided, LIBOR on the Interest Determination Date will be the arithmetic mean of such rates. If fewer than two such rates are so provided, LIBOR on the Interest Determination Date will be LIBOR in effect with respect to the immediately preceding Interest Determination Date or, in the case of the initial Interest Determination Date, the Initial Interest Rate.

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

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

The interest rate on the Notes during the applicable floating rate periods will in no event be higher than the maximum rate permitted by law or lower than 0% per annum.

Redemption

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

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

We may redeem the Notes in whole (but not in part) in our sole discretion on _____, 2022. The redemption price will be equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption.

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

Notwithstanding anything to the contrary in the accompanying prospectus, the Indenture or the Notes, we may only redeem or repurchase the Notes prior to the maturity date if we have obtained any Relevant Supervisory Consent.

Purchases

Members of the HSBC Group other than HSBC Holdings may purchase or otherwise acquire any of the outstanding Notes at the same or differing prices in the open market, negotiated transactions, or otherwise without giving prior notice to or obtaining any consent from noteholders, in accordance with the Relevant Rules and, if required, subject to obtaining any Relevant Supervisory Consent.

Events of Default and Defaults

Notwithstanding anything to the contrary in the accompanying prospectus, the Notes and the Indenture specify certain events that will constitute an event of default or a default, which will depend on whether a Loss Absorption Disqualification Event has occurred.

Prior to a Loss Absorption Disqualification Event

On the issue date, and for so long as no Loss Absorption Disqualification Event has occurred, an Event of Default with respect to the Notes means any one of the following events:

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

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- (ii) an effective resolution is validly adopted by our shareholders for our winding up other than in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency;
- (iii) failure to pay principal or premium, if any, on the Notes at maturity, and such default continues for a period of 30 days; or
- (iv) failure to pay any interest on the Notes when due and payable, which failure continues for 30 days.

After a Loss Absorption Disqualification Event

On and after the date a Loss Absorption Disqualification Event has occurred, an Event of Default with respect to the Notes means any one of the following events:

- (i) an order is made by an English court which is not successfully appealed within 30 days after the date such order was made for our winding up other than in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency; or
- (ii) an effective resolution is validly adopted by our shareholders for our winding up other than in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency.

After a Loss Absorption Disqualification Event has occurred, in addition to Events of Default, the Indenture also will provide separately for Defaults. A Default with respect to the Notes means any one of the following events:

- (i) failure to pay principal or premium, if any, on the Notes at maturity, and such default continues for a period of 30 days; or
- (ii) failure to pay any interest on the Notes when due and payable, which failure continues for 30 days.

If a Default occurs, the trustee may institute proceedings in England (but not elsewhere) for our winding-up; *provided* that the trustee may not, upon the occurrence of a Default, accelerate the maturity of any outstanding Notes, unless an Event of Default has occurred and is continuing.

Notwithstanding the foregoing, failure to make any payment in respect of the Notes will not be a Default in respect of the Notes if such payment is withheld or refused:

- (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
- (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said grace period of 30

days by independent legal advisers acceptable to the trustee;
provided, however, that the trustee may, by notice to us, require us to take such action (including but not limited to proceedings for a declaration by a court of competent jurisdiction) as the trustee may be advised in an opinion of counsel, upon which opinion the trustee may conclusively rely, is appropriate and reasonable in the circumstan