

HSBC HOLDINGS PLC
 Form 424B5
 March 06, 2019
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Aggregate Offering Price	Amount of Registration Fee⁽¹⁾
3.803% Fixed Rate/Floating Rate Senior Unsecured Notes due 2025	\$ 2,500,000,000	\$ 303,000
Floating Rate Senior Unsecured Notes due 2025	\$ 500,000,000	\$ 60,600
Total	\$ 3,000,000,000	\$ 363,600

(1) Calculated in accordance with Rule 457(o) of the Securities Act of 1933.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-223191

PROSPECTUS SUPPLEMENT

(To prospectus dated February 23, 2018)

HSBC Holdings plc

\$2,500,000,000 3.803% Fixed Rate/Floating Rate Senior Unsecured Notes due 2025

\$500,000,000 Floating Rate Senior Unsecured Notes due 2025

We are offering \$2,500,000,000 principal amount of 3.803% Fixed Rate/Floating Rate Senior Unsecured Notes due 2025 (the Fixed/Floating Rate Notes) and \$500,000,000 principal amount of Floating Rate Senior Unsecured Notes due 2025 (the Floating Rate Notes). The Notes (as defined below) will be issued pursuant to the indenture dated as of August 26, 2009 (as amended or supplemented from time to time), as amended and supplemented by a tenth supplemental indenture, which is expected to be entered into on March 11, 2019 (the indenture, together with the tenth supplemental indenture, the Indenture). The Notes means either the Fixed/Floating Rate Notes or the Floating Rate Notes, as applicable.

From (and including) March 11, 2019 (the Issue Date) to (but excluding) March 11, 2024 we will pay interest semi-annually in arrear on the Fixed/Floating Rate Notes on March 11 and September 11 of each year, beginning on September 11, 2019, at a rate of 3.803% per annum. Thereafter, we will pay interest quarterly in arrear on the Fixed/Floating Rate Notes on June 11, 2024, September 11, 2024, December 11, 2024 and March 11, 2025 at a floating rate equal to LIBOR (as defined herein) plus 1.211% per annum. The Fixed/Floating Rate Notes will mature on March 11, 2025.

We will pay interest quarterly in arrear on the Floating Rate Notes on March 11, June 11, September 11 and December 11 of each year, beginning on June 11, 2019, at a floating rate equal to LIBOR plus 1.230% per annum. The Floating Rate Notes will mature on March 11, 2025.

If LIBOR ceases to be calculated or administered for publication, the Independent Financial Adviser (as defined herein) or, if we are unable to appoint the Independent Financial Adviser or if the Independent Financial Adviser fails to determine an alternative rate prior to the relevant date, we may select an Alternative Base Rate (as defined herein) and the manner in which the floating interest rate is calculated or determined may be varied, as described in this prospectus supplement.

We may redeem the Fixed/Floating Rate Notes and the Floating Rate Notes, on March 11, 2024, in each case, in whole (but not in part) in our sole discretion, 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) in our sole discretion, at 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the date of redemption upon the occurrence of certain tax events as described in this prospectus supplement and the accompanying prospectus.

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

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

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree to be bound by the Independent Financial Adviser's or our determination of the Alternative Base Rate, the Alternative Screen Page (as defined herein) and any Floating Rate Calculation Changes (as defined herein), including as may occur without any prior notice from us and without the need for us to obtain any further consent from such noteholder.

The remedies under the Notes are more limited than those that may be available to some of our other unsubordinated creditors. There is no right of acceleration in the case of non-payment of principal and/or interest on the Notes or of our failure to perform any of our obligations under or in respect of the Notes. Payment of the principal amount of the Notes may be accelerated only upon certain events of a winding-up, as described under *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, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of (i) the UK bail-in power by the relevant UK resolution authority with respect to the Notes or (ii) the limited remedies available under the Indenture and the Notes for a non-payment of principal and/or interest on the Notes.

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

The Notes are not deposit liabilities of HSBC Holdings plc and are not covered by the United Kingdom Financial Services Compensation Scheme or insured by the U.S. Federal Deposit Insurance Corporation or any other governmental agency of the United Kingdom, the United States or any other jurisdiction.

Investing in the Notes involves certain risks. See *Risk Factors* beginning on Page S-15.

Singapore Securities and Futures Act Product Classification Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the SFA), we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Unless otherwise defined, terms that are defined in *Description of the Notes* beginning on page S-27 have the same meaning when used on this cover page.

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

	Per Fixed/ Floating Rate Note	Total	Per Floating Rate Note	Total
Public Offering Price ⁽¹⁾	100.000%	\$ 2,500,000,000	100.000%	\$ 500,000,000
Underwriting Discount	0.300%	\$ 7,500,000	0.300%	\$ 1,500,000
Proceeds to us (before expenses)	99.700%	\$ 2,492,500,000	99.700%	\$ 498,500,000

(1) Plus accrued interest, if any, from March 11, 2019.

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 the 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 March 11, 2019.

Sole Book-Running Manager

HSBC

The date of this prospectus supplement is March 4, 2019.

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Singapore Securities and Futures Act Product Classification

Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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, to the extent permitted by laws or regulations, 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 stabilization, if commenced, may be effected on any stock exchange, over-the-counter market or otherwise, in accordance with all applicable laws and rules.

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

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are outside the United

Kingdom (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

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at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus supplement has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (the "EEA") will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Member State of the Notes which are the subject of the offering contemplated in this prospectus supplement 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 the Notes through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the Notes contemplated in this prospectus supplement. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in any Member State.

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CERTAIN DEFINITIONS AND PRESENTATION OF FINANCIAL AND OTHER DATA

Definitions

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

As used in this prospectus supplement: (i) the *Notes* means either the Fixed/Floating Rate Notes or the Floating Rate Notes, as applicable; (ii) an *Interest Determination Date* means either a Fixed/Floating Interest Determination Date or a FRN Interest Determination Date, as applicable; (iii) an *Interest Reset Date* means either a Fixed/Floating Interest Reset Date or a FRN Interest Reset Date, as applicable; (iv) the *Initial Interest Rate* means either the Fixed/Floating Initial Interest Rate or the FRN Initial Interest Rate, as applicable; (v) a *Floating Rate Interest Period* means either a Fixed/Floating Interest Period or a FRN Interest Period, as applicable; (vi) the *Margin* means either the Fixed/Floating Margin or the FRN Margin, as applicable; (vii) an *Optional Redemption Date* means either the Fixed/Floating Optional Redemption Date or the FRN Optional Redemption Date, as applicable; and (viii) *Maturity Date* means either the Fixed/Floating Maturity Date or the FRN Maturity Date, as applicable.

Presentation of Financial Information

The consolidated financial statements of HSBC Group have been prepared in accordance with International Financial Reporting Standards (*IFRSs*), as issued by the International Accounting Standards Board (the *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, 2018, there were no unendorsed standards effective for the year ended December 31, 2018 affecting our consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2018, filed with the SEC on February 20, 2019 (the *2018 Form 20-F*). As of December 31, 2018 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, 2018 were prepared in accordance with IFRSs as issued by the IASB.

We use the U.S. dollar as our presentation currency in our consolidated financial statements because the U.S. 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) U.S. dollars, *US\$*, *dollars* or *\$* are to the lawful currency of the United States of America and (ii) *sterling*, *pounds sterling* or *£* are to the lawful currency of the UK.

LIMITATIONS ON ENFORCEMENT OF U.S. 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

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persons are located outside the United States. As a result, it may not be possible for you to effect service of conversion and thereafter. In addition, trading behavior, including prices and volatility, may be affected by the process within the United States upon these persons or to enforce against them or us in U.S. courts judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors, Cleary Gottlieb Steen & Hamilton LLP, that there is doubt as to enforceability in the English courts, in original actions or in actions for enforcement of judgments of U.S. 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: 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 2018 Form 20-F. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. Additional information, including information on factors which may affect HSBC's business, is contained in the 2018 Form 20-F.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We have filed with the SEC a registration statement on Form F-3 (No. 333-223191) (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 annual reports and special reports, proxy statements and other information with the SEC. Our SEC filings are available to you on the SEC's website at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this prospectus supplement, except as specifically incorporated by reference herein. We also make available on our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.hsbc.com. The information on that website is not part of this prospectus supplement, except as specifically incorporated by reference herein.

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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 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 2018 Form 20-F and the Form 6-K furnished to the SEC on February 25, 2019 (announcing changes to our board of directors).

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 United Kingdom

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-27 have the same meaning when used in this summary.

Issuer	HSBC Holdings plc.
Securities Offered	3.803% Fixed Rate/Floating Rate Senior Unsecured Notes due 2025 in an aggregate principal amount of \$2,500,000,000 (such series of notes, the "Fixed/Floating Rate Notes").
	Floating Rate Senior Unsecured Notes due 2025 in an aggregate principal amount of \$500,000,000 (such series of notes, the "Floating Rate Notes").
Issue Date	March 11, 2019 (the "Issue Date").
<i>Terms Specific to the Fixed/Floating Rate Notes:</i>	
Interest	From (and including) the Issue Date to (but excluding) March 11, 2024 (the "Fixed Rate Period"), interest on the Fixed/Floating Rate Notes will be payable at a rate of 3.803% per annum (the "Fixed/Floating Initial Interest Rate").
	From (and including) March 11, 2024 (the "Floating Rate Period"), the interest rate on the Fixed/Floating Rate Notes will be equal to LIBOR (as defined below), as determined on the applicable Fixed/Floating Interest Determination Date (as defined below), plus 1.211% per annum (the "Fixed/Floating Margin"). The interest rate on the Fixed/Floating Rate Notes will be reset quarterly on each Fixed/Floating Interest Reset Date (as defined below).
Interest Payment Dates	During the Fixed Rate Period, interest on the Fixed/Floating Rate Notes will be payable semi-annually in arrear on March 11 and September 11 of each year, beginning on September 11, 2019 (each, a "Fixed Rate Period Interest Payment Date").

During the Floating Rate Period, interest on the Fixed/Floating Notes will be payable quarterly in arrear on June 11, 2024, September 11, 2024, December 11, 2024 and March 11, 2025 (each, a Floating Rate Period Interest Payment Date).

Interest Reset Dates

March 11, 2024, June 11, 2024, September 11, 2024 and December 11, 2024 (each, a Fixed/Floating Interest Reset Date).

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 (each, a Fixed/Floating Interest Period); *provided* that the first Fixed/Floating Interest Period will begin on March 11,

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2024 and will end on (but exclude) the first Floating Rate Period Interest Payment Date.

Interest Determination Dates

The second London banking day preceding the applicable Fixed/Floating Interest Reset Date (each, a Fixed/Floating Interest Determination Date).

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

Optional Redemption

We may redeem the Fixed/Floating Rate Notes in whole (but not in part) in our sole discretion on March 11, 2024 (the Fixed/Floating Optional Redemption Date), at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the Fixed/Floating Optional Redemption Date. See *Risk Factors Risks Relating to the Notes We may redeem the Notes on an Optional Redemption Date and for certain tax reasons.*

Maturity Date

The Fixed/Floating Rate Notes will mature on March 11, 2025 (the Fixed/Floating Maturity Date).

Terms Specific to the Floating Rate Notes:

Interest

The initial interest rate on the Floating Rate Notes for the first FRN Interest Period (as defined below) will be equal to LIBOR, as determined on March 7, 2019 (which will be the second London banking day preceding the Issue Date), plus 1.230% per annum (such initial interest rate, the FRN Initial Interest Rate). Thereafter, the interest rate on the Floating Rate Notes for any FRN Interest Period will be LIBOR, as determined on the applicable FRN Interest Determination Date (as defined below), plus 1.230% per annum (the FRN Margin). The interest rate on the Floating Rate Notes will be reset quarterly on each FRN Interest Reset Date (as defined below).

Interest Payment Dates

Interest on the Floating Rate Notes will be payable quarterly in arrear on March 11, June 11, September 11 and December 11 of each year, beginning on June 11, 2019 (each, a FRN Interest Payment Date).

Interest Reset Dates

Every March 11, June 11, September 11 and December 11 of each year, beginning on June 11, 2019 (each, a FRN Interest Reset Date); *provided* that the interest rate in effect from (and including) the Issue Date to (but excluding) the first FRN Interest Reset Date will be the FRN Initial

Interest Rate.

Interest Periods

The period beginning on (and including) a FRN Interest Payment Date and ending on (but excluding) the next succeeding FRN Interest Payment Date (each, a FRN Interest Period); *provided* that the first FRN Interest Period will begin on the Issue Date and will end on (but exclude) the first FRN Interest Payment Date.

Interest Determination Dates

The second London banking day preceding the applicable FRN Interest Reset Date (each, a FRN Interest Determination Date).

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Optional Redemption

We may redeem the Floating Rate Notes in whole (but not in part) in our sole discretion on March 11, 2024 (the FRN Optional Redemption Date), at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) the FRN Optional Redemption Date. See *Risk Factors We may redeem the Notes on an Optional Redemption Date and for certain tax reasons.*

Maturity Date

The Floating Rate Notes will mature on March 11, 2025 (the FRN Maturity Date).

Terms Applicable to each Series of Notes:

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 an 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.

Calculation of LIBOR

LIBOR means the interest rate benchmark known as the London interbank offered rate, which is calculated and published by a designated distributor (on the Issue Date, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on the estimated interbank borrowing rate for U.S. dollars that is provided by a panel of contributor banks.

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 (or such other page as may replace such page on Reuters or such other information service or source, in each case, as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) (the relevant screen page) as 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) and (3) below.

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(2) With respect to an Interest Determination Date on which no rate appears on the relevant screen page, subject to the provisions described in (3) below, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected and identified by us (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., New York City time, 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 Interest Determination Date prior to the first Interest Reset Date, the interest rate will be the Initial Interest Rate.

(3) Notwithstanding clause (2) above, with respect to an Interest Determination Date on which no rate appears on the relevant screen page, if we (in consultation with the calculation agent) determine that LIBOR has ceased to be published on the relevant screen page as a result of LIBOR ceasing to be calculated or administered for publication thereon, we will use reasonable efforts to appoint an Independent Financial Adviser to determine the Alternative Base Rate and the Alternative Screen Page by no later than five business days prior to the Interest Determination Date relating to the next succeeding Floating Rate Interest Period (the Interest Determination Cut-off Date). If we are unable to appoint an Independent Financial Adviser, or if the Independent Financial Adviser fails to determine the Alternative Base Rate and the Alternative Screen Page prior to the Interest Determination Cut-off Date, we will determine the Alternative Base Rate and the Alternative Screen Page for such Floating Rate Interest Period; *provided* that if we do not determine the Alternative Base Rate and the Alternative

Screen Page prior to the Interest Determination Date for such Floating Rate Interest Period, the interest rate for such Floating Rate Interest Period will be equal to the interest rate in effect for the immediately preceding Floating Rate

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Interest Period or, in the case of the Interest Determination Date prior to the first Interest Reset Date, the Initial Interest Rate.

If the Independent Financial Adviser or we determine the Alternative Base Rate, the Independent Financial Adviser or we, as applicable, may also, following consultation with the calculation agent, make changes to the day count fraction, the business day convention, the definition of business day, the remaining Interest Determination Dates and any method for obtaining the substitute or successor base rate if the Alternative Base Rate or the Alternative Screen Page is unavailable on the relevant Interest Determination Date or otherwise, in each case in order to follow market practice, as well as any other changes (including to the Margin) that we, following consultation with the Independent Financial Adviser (if appointed), determine in good faith are reasonably necessary to ensure the proper operation of the Alternative Base Rate, as well as the comparability of the interest rate determined by reference to the Alternative Base Rate to the interest rate determined by reference to LIBOR (the Floating Rate Calculation Changes). Any Floating Rate Calculation Changes will apply to the Notes for all future Floating Rate Interest Periods.

We will promptly give notice of the determination of the Alternative Base Rate, the Alternative Screen Page and any Floating Rate Calculation Changes to the trustee, the paying agent, the calculation agent and the noteholders; *provided* that failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such determination.

Alternative Base Rate means the rate that has replaced LIBOR in customary market usage for determining floating interest rates in respect of bonds denominated in U.S. dollars or, if the Independent Financial Adviser or we (in consultation with the calculation agent and acting in good faith and a commercially reasonable manner), as applicable, determine that there is no such rate, such other rate as the Independent Financial Adviser or we (in consultation with the calculation agent and acting in good faith and a commercially reasonable manner), as applicable, determine in its or our sole discretion is most comparable to LIBOR. If the Alternative Base Rate is determined, such Alternative Base Rate will be the Alternative Base Rate for the remaining Floating Rate Interest Periods.

Alternative Screen Page means the alternative screen page, information service or source on which the Alternative Base Rate appears (or such other page, information service or source as may replace the alternative

screen page, information service or source, in each case, as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates).

Independent Financial Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by us at our own expense.

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Agreement with Respect to the Alternative Base Rate

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) (i) will acknowledge, accept, consent and agree to be bound by the Independent Financial Adviser's or our determination of the Alternative Base Rate, the Alternative Screen Page and any Floating Rate Calculation Changes, including as may occur without any prior notice from us and without the need for us to obtain any further consent from such noteholder, (ii) will waive any and all claims, in law and/or in equity, against the trustee, the paying agent and the calculation agent for, agree not to initiate a suit against the trustee, the paying agent and the calculation agent in respect of, and agree that none of the trustee, the paying agent or the calculation agent will be liable for, the determination of or the failure to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes, and any losses suffered in connection therewith and (iii) will agree that none of the trustee, the paying agent or the calculation agent will have any obligation to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes (including any adjustments thereto), including in the event of any failure by us to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes.

Events of Default and Defaults

You will not have 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 or to accelerate the Notes in the case of nonpayment of principal and/or interest on the Notes. Payment of the principal amount of the Notes may be accelerated only upon certain events of a winding-up, as described under *Description of the Notes Events of Default and Defaults*.

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*.

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

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power (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

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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.

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.

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 tenth supplemental indenture, which is expected to be entered into on March 11, 2019, with The Bank of New York Mellon, London Branch, as trustee (the indenture, together with the tenth supplemental indenture, the Indenture).

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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 March 11, 2019.
Use of Proceeds	We will use the net proceeds from the sale of the Notes for general corporate purposes.
Conflicts of Interest	HSBC Securities (USA) Inc. (HSI) is an affiliate of HSBC Holdings, and, as such, is deemed to have a conflict of interest under FINRA Rule 5121. Accordingly, the offering is being conducted in compliance with FINRA Rule 5121 (addressing conflicts of interest when distributing the securities of an affiliate), as administered by the Financial Industry Regulatory Authority (FINRA). Neither HSI nor any of our other affiliates will sell any Notes into any of its discretionary accounts without the prior specific written approval of the accountholder.
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 the City of New York, 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 the City of New York, New York.

Table of Contents**RISK FACTORS**

An investment in the Notes involves significant risk. Accordingly, you should consider carefully all of the information set forth in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors, before you decide to invest in the Notes. Terms which are defined in Description of the Notes included in this prospectus supplement beginning on page S-27 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 2018 Form 20-F, including the section entitled Risk factors on pages 104 through 111 and Note 35 (Legal proceedings and regulatory matters) to the consolidated financial statements included therein on pages 328 through 333, 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*

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

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

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 threat of

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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 enacted

under future legislative or regulatory proposals, including BRRD 2 (as defined below), as well as the manner in which such powers would affect us and our securities (including the Notes) if such powers were exercised.

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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.

Your remedies under the Notes are limited.

The remedies under the Notes are more limited than those that may be available to some of our other unsubordinated creditors.

There is no right of acceleration in the case of non-payment of principal and/or interest on the Notes or of our failure to perform any of our obligations under or in respect of the Notes. Payment of the principal amount of the Notes may be accelerated only upon certain events of a winding-up, as described under *Description of the Notes Events of Default and Defaults*, 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 is, subject to certain conditions and to the provisions described in *Description of the Notes Events of Default and Defaults* (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) in our sole discretion as more particularly described under *Risks Relating to the Notes We may redeem the Notes on an Optional Redemption Date and for certain tax reasons* below and *Description of Debt Securities Redemption* in the accompanying prospectus.

In particular, in light of the UK's vote to exit the EU following the referendum on June 23, 2016 and the results of the UK's general election held on June 8, 2017, there could be significant changes to EU laws applicable in the UK. The full impact of the UK's decision to withdraw from the EU remains uncertain and complex negotiations between the UK and the EU on the future terms of the UK's relationship with the EU are currently ongoing and may take a number of years to finalize. Current discussions between the UK and EU may result in any number of outcomes, including an extension or delay of the UK's withdrawal from the EU. While the UK's withdrawal from the EU 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. See also *We may issue securities pari passu with the Notes and/or secured debt* below for a discussion of the CRR2 and BRRD2 proposals and their implementation in the UK.

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Such legislative and regulatory uncertainty could also affect your ability to accurately value the Notes, as well as their liquidity 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.

We may redeem the Notes on an Optional Redemption Date and for certain tax reasons.

We may redeem the Fixed/Floating Rate Notes and the Floating Rate Notes, in each case in whole (but not in part) in our sole discretion on the relevant Optional Redemption Date, 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) in our sole discretion upon the occurrence of certain tax events, as more particularly described under *Description of the Notes Redemption* and *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 an 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 (G-SIBs) is being implemented in the UK by the BoE using its existing powers under the Banking Act and the Bank Recovery and Resolution (No 2) Order 2014 to set the minimum requirement for own funds and eligible liabilities (MREL). In the EU, EU institutions have reached a political agreement on the proposed revisions to CRR (CRR2) and proposed revisions to BRRD (BRRD2) that include proposals implementing the FSB TLAC standards. As the CRR2 and BRRD2 proposals do not yet have the force of law, it remains uncertain as to how such proposals will be implemented into UK law following the UK's withdrawal from the EU. Under the BoE statement of policy on its approach to setting MREL, as of January 2019 interim MREL requirements apply to us, as a G-SIB, and apply to some of our UK subsidiaries. While the BoE has powers to set the 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 have issued approximately US\$62 billion as of March 1, 2019, in order to meet these TLAC requirements. See pages 92 through 98 in the 2018 Form 20-F.

Furthermore, the terms of the Indenture permit us (and our subsidiaries) to incur additional debt, including secured debt. The Notes will be effectively subordinated to any indebtedness or other liabilities of our subsidiaries (see *Risks Relating to the Notes Our holding company structure may mean that our rights to participate in assets of any of our subsidiaries upon its liquidation may be subject to prior claims of some of its creditors, including when we have loaned or otherwise advanced the proceeds received from the issuance of the Notes to such subsidiary*) and to any of our indebtedness that is secured by property or assets to the extent of the value of the property or assets securing such indebtedness.

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

up.

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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 (which restructuring may be implemented without prior notification to you). 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 MREL in the EU, 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 92 through 98 in the 2018 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. The regulatory framework applicable to our subsidiaries may also provide statutory powers to regulatory authorities to write-down or convert such loans or investments to equity depending on the prudential or financial condition of the subsidiary. In addition, 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) you 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. Similarly, if any of our subsidiaries were subject to resolution proceedings (i) you may have no direct recourse against such subsidiary and (ii) you may also be exposed to losses pursuant to the exercise by the relevant resolution authority of resolution powers (including any applicable bail-in power).

The historical levels of three-month LIBOR are not an indication of its future levels.

In the past, the level of three-month LIBOR has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of three-month LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in three-month LIBOR is not an indication that it is more or less likely to increase or decrease at any time during an interest period, and you should not take the historical levels of three-month LIBOR as an indication of its future performance.

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Table of Contents***Uncertainty relating to the LIBOR calculation process may adversely affect the value of the Notes.***

LIBOR and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective, while others are still to be implemented. Following the implementation of any such reforms, the manner of administration of benchmarks, including LIBOR, may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. Any of the foregoing may have an adverse effect on the value of the Notes, or cause adverse U.S. federal income tax consequences for holders of the Notes.

For example, Regulation (EU) 2016/1011 (the Benchmark Regulation) has applied from January 1, 2018 (with the exception of certain provisions specified in Article 59 (mainly relating to critical benchmarks) that have applied since June 30, 2016). The Benchmark Regulation could have a material impact on any securities linked to LIBOR or another benchmark rate or index. In particular, if the methodology or other terms of LIBOR are changed in order to comply with the terms of the Benchmark Regulation, such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of LIBOR. In addition, the Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder must be licensed by the competent authority of the EU member state where such administrator is located. There is a risk that administrators of certain benchmarks will fail to obtain a necessary licence, preventing them from continuing to provide such benchmarks.

Moreover, existing and proposed reforms and the general increased regulatory scrutiny could increase the costs and risks of administering or otherwise participating in the setting of benchmarks, including LIBOR, and complying with any such regulations or requirements. Benchmark administrators may, therefore, cease to administer certain benchmarks due to such costs and risks. Even if benchmarks continue to be administered, there is also a risk that they may in time become obsolete. 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. Further, on July 12, 2018 the FCA announced that LIBOR may cease to be a regulated benchmark under the Benchmark Regulation. The FCA announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On June 22, 2017, the Alternative Reference Rates Committee (ARRC) convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York identified the Secured Overnight Financing Rate (SOFR), a broad U.S. treasuries repo financing rate to be published by the Federal Reserve Bank of New York, as the rate that, in the consensus view of the ARRC, represented best practice for use in certain new U.S. dollar derivatives and other financial contracts. SOFR has been published by the Federal Reserve Bank of New York since April 2018. However, the introduction of any such alternative to LIBOR, including SOFR, does not necessarily mean that the broader market will adopt it.

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, floating interest rates will be determined using the alternative methods described under *Description of Notes Interest LIBOR*. In particular, if we, in consultation with the calculation agent, determine that LIBOR has ceased to be published on the relevant screen page as a result of

LIBOR ceasing to be calculated or administered for publication, an independent financial adviser appointed by us, or failing such appointment, we, will have the discretion to select an alternative base rate for purposes of determining the floating interest rates, as well as to make certain changes to the manner in

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which floating interest rates are calculated or determined in consultation with the calculation agent. The independent financial advisers and our economic interests could be adverse to your interests as an investor in the Notes, and neither it nor we will have any obligation to consider your interests as a noteholder in taking any action that might affect the value of the Notes. Moreover, this alternative method 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. Additionally, if LIBOR is no longer calculated or administered and no alternative base rate is determined (including because the same costs and risks that may lead to the discontinuation or unavailability of LIBOR make the alternative base rate impossible or impracticable to determine), the floating interest rate on the Notes will accrue at the same rate as the immediately preceding Floating Rate Interest Period (or, in the case of the Floating Rate Interest Period following the initial Interest Determination Date, the Initial Interest Rate), effectively converting the Fixed/Floating Rate Notes (during the Floating Rate Period) and the Floating Rate Notes into fixed rate instruments. In addition, due to the uncertainty concerning the availability of alternative base rates and the involvement of the independent financial adviser, the relevant fallback provisions may not operate as intended at the relevant time. Any of the foregoing may have an adverse effect on the value of the Notes.

The Notes are not bank deposits.

An investment in the Notes is not equivalent to an investment in a bank deposit and carries risks that are very different from the risk profile of such a deposit.

The issue price, interest rate and yield to maturity of the Notes are expected to reflect the additional risks borne by investors therein when compared to those of depositors. For example, the Notes do not benefit from any protection provided pursuant to Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes or any national implementing measures implementing such directive in any jurisdiction (such as the UK Financial Services Compensation Scheme). Therefore, if we become insolvent or default on our obligations, investors could lose their entire investment. Additionally, given that the Notes are not bank deposits, they would be subject to the bail-in tool before it is applied to bank deposits (to the extent that such deposits are subject to the bail-in tool at all). 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.*

The Notes 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. Even though the Notes are expected to have greater liquidity than a bank deposit given that bank deposits are generally not transferable, there can be no assurance that an active public market for the Notes will develop. See *Risks Relating to the Notes The Notes are not bank deposits.* 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.

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

For example, in September 2017, Moody's downgraded the rating on our long-term senior unsecured debt. This reflected Moody's assessment of our financial strength based on deteriorating operating conditions in certain markets, including the UK, 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. 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. On March 1, 2019 Fitch placed the Long-Term Issuer Default Ratings of HSBC Holdings and some of its subsidiaries on Rating Watch Negative (RWN). The RWN reflects the heightened uncertainty over the ultimate outcome of the UK's withdrawal from the EU, and the increased risk that the UK may leave the EU without a withdrawal agreement in place, either in March 2019 or at the end of a short extension, which could result in a negative rating action.

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 U.S. 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 U.S. 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.

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HSBC HOLDINGS PLC

HSBC is one of the largest banking and financial services organizations in the world. As of December 31, 2018, we had total assets of US\$2,558 billion and total shareholders' equity of US\$186 billion. For the twelve-month period ended December 31, 2018, our operating profit was US\$17,354 million on total operating income of US\$63,587 million. We are a strongly capitalized banking group with a CRD IV common equity Tier 1 ratio (end-point basis) of 14.0% as of December 31, 2018.

Headquartered in London, HSBC operates through long-established businesses and serves customers worldwide from around 3,800 offices in 66 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 from the sale of the Notes for general corporate purposes.

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The following table shows the share capital position of HSBC Holdings plc and its consolidated capitalization and indebtedness as of December 31, 2018:

	As of December 31, 2018 in US\$m
Share capital of HSBC Holdings plc	
Ordinary shares (of nominal value US\$0.50 each) ⁽¹⁾	10,180
Preference shares (of nominal value US\$0.01 each)	1,450
HSBC Group Equity	
Called up share capital	10,180
Share premium account	13,609
Other equity instruments ⁽²⁾	22,367
Other reserves	1,906
Retained earnings	138,191
Total shareholders equity	186,253
Non-controlling interests	7,996
Total equity	194,249
HSBC Group Indebtedness⁽³⁾	
Debt securities in issue ⁽⁴⁾	85,342
Trading liabilities Debt securities in issue	1,400
Debt securities in issue designated at fair value	109,351
Subordinated liabilities ⁽⁵⁾	37,130
Total indebtedness	218,530
Total Capitalization and Indebtedness	412,779

(1) As of February 28, 2019, 15,715,189 ordinary shares of US\$0.50 each have been issued since December 31, 2018 as a result of shares issued pursuant to exercises of employee share options and share plans. No ordinary shares have been repurchased under the share buy-back program since December 31, 2018.

(2) Comprises 14 outstanding series of contingent convertible securities, each issued by HSBC Holdings plc.

(3) As of December 31, 2018, HSBC had other liabilities of US\$167,574 million and contingent liabilities and contractual commitments of US\$876,676 million (including guarantees of US\$95,002 million).

(4) The total carrying amount of debt securities in issue would increase by US\$3,000 million to reflect the sale of the Notes and application of the proceeds therefrom.

(5) Includes US\$1,000 million of guaranteed subordinated liabilities.

Save as disclosed in the above notes, there has been no material change in the issued share capital of HSBC Holdings, or its consolidated capitalization and indebtedness, since December 31, 2018.

The following exchange rates as of December 31, 2018 have been used in the notes above: £1.00 = US\$1.2768.

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 described 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 our registration statement on Form F-3 (the *Registration Statement*). The indenture will be supplemented and amended by a tenth supplemental indenture, which is expected to be entered into on March 11, 2019 (the *Issue Date*) among us, the trustee, the paying agent and the calculation agent (the indenture, together with the tenth supplemental indenture, the *Indenture*), the form of which will be filed as an exhibit to a report on Form 6-K on or about March 11, 2019, and which will be incorporated by reference in the Registration Statement.

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

The Fixed/Floating Rate Notes and the Floating Rate Notes will be issued in an aggregate principal amount of \$2,500,000,000 and \$500,000,000, respectively, and, unless previously redeemed or otherwise cancelled as described under *Redemption*, the Fixed/Floating Rate Notes will mature on March 11, 2025 (the *Fixed/Floating Maturity Date*) and the Floating Rate Notes will mature on March 11, 2025 (the *FRN Maturity Date*). The Notes will be issued only in registered form in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof.

Interest***Fixed/Floating Rate Notes***

From (and including) the Issue Date to (but excluding) March 11, 2024 (the *Fixed Rate Period*), interest on the Fixed/Floating Rate Notes will be payable at a rate of 3.803% per annum (the *Fixed/Floating Initial Interest Rate*). During the Fixed Rate Period, interest on the Fixed/Floating Rate Notes will be payable semi-annually in arrear on each Fixed Rate Period Interest Payment Date.

From (and including) March 11, 2024 (the *Floating Rate Period*), the interest rate on the Fixed/Floating Rate Notes will be equal to LIBOR (as defined below), as determined on the applicable Fixed/Floating Interest Determination Date, plus 1.211% per annum (the *Fixed/Floating Margin*). During the Floating Rate Period, interest on the Fixed/Floating Rate Notes will be payable quarterly in arrear on each Floating Rate Period Interest Payment Date. The interest rate on the Fixed/Floating Rate Notes will be reset quarterly on each Fixed/Floating Interest Reset Date.

The regular record dates for the Fixed/Floating Rate 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.

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If any scheduled Fixed Rate Period Interest Payment Date is not a business day, such Fixed Rate Period 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 Fixed Rate Period Interest Payment Date.

During the Floating Rate Period:

Interest will be calculated on the basis of the actual number of days in each Fixed/Floating Interest Period, assuming a 360-day year.

If any scheduled Fixed/Floating Interest Reset Date or Floating Rate Period Interest Payment Date (other than the Fixed/Floating Maturity Date) is not a business day, such Fixed/Floating Interest Reset Date and 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 Fixed/Floating Interest Reset Date and 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 Fixed/Floating Maturity Date) 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 Fixed/Floating Maturity Date or date of redemption or repayment of the Fixed/Floating 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 Fixed/Floating Maturity Date or date of redemption or repayment of the Fixed/Floating Rate Notes.

Floating Rate Notes

Interest on the Floating Rate Notes will be payable quarterly in arrear on March 11, June 11, September 11 and December 11 of each year, beginning on June 11, 2019 (each, a FRN Interest Payment Date).

The initial interest rate on the Floating Rate Notes for the first FRN Interest Period will be equal to LIBOR, as determined on March 7, 2019 (which will be the second London banking day preceding the Issue Date), plus 1.230% per annum (such initial interest rate, the FRN Initial Interest Rate). Thereafter, the interest rate on the Floating Rate Notes for any FRN Interest Period will be LIBOR, as determined on the applicable FRN Interest Determination Date, plus 1.230% per annum (the FRN Margin). The interest rate on the Floating Rate Notes will be reset quarterly on each FRN Interest Reset Date.

The regular record dates for the Floating Rate Notes will be the 15th calendar day preceding each FRN Interest Payment Date, whether or not a business day. Interest on the Floating Rate Notes will be calculated on the basis of the actual number of days in each FRN Interest Period, assuming a 360-day year.

If any scheduled FRN Interest Reset Date or FRN Interest Payment Date (other than the FRN Maturity Date) is not a business day, such FRN Interest Reset Date and FRN 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 FRN Interest Reset Date and FRN Interest Payment Date will be the immediately preceding business day. If any such FRN Interest Payment Date (other than the FRN Maturity Date) is postponed or brought forward as described above, the payment of interest due on such postponed or brought forward FRN Interest Payment Date will include interest accrued to but

excluding such postponed or brought forward FRN Interest Payment Date.

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

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LIBOR means the interest rate benchmark known as the London interbank offered rate, which is calculated and published by a designated distributor (on the Issue Date, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on the estimated interbank borrowing rate for U.S. dollars that is provided by a panel of contributor banks.

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 (or such other page as may replace such page on Reuters or such other information service or source, in each case, as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) (the relevant screen page) as 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) and (3) below.
- (2) With respect to an Interest Determination Date on which no rate appears on the relevant screen page, subject to the provisions described in (3) below, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market (which may include affiliates of the underwriters), as selected and identified by us (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., New York City time, 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 Interest Determination Date prior to the first Interest Reset Date, the interest rate will be the Initial Interest Rate.
- (3) Notwithstanding clause (2) above, with respect to an Interest Determination Date on which no rate appears on the relevant screen page, if we (in consultation with the calculation agent) determine that LIBOR has ceased to be published on the relevant screen page as a result of LIBOR ceasing to be calculated or administered for publication thereon, we will use reasonable efforts to appoint an Independent Financial

Adviser to determine the Alternative Base Rate and the Alternative Screen Page by no later than five business days prior to the Interest Determination Date relating to the next succeeding Floating Rate Interest Period (the Interest Determination Cut-off Date). If we are unable to appoint an Independent Financial Adviser, or if the Independent Financial Adviser fails to determine the Alternative Base Rate and the Alternative Screen Page prior to the Interest Determination Cut-off Date, we will determine the Alternative Base Rate and the Alternative Screen Page for such Floating Rate Interest Period; *provided* that if we do not determine the Alternative Base Rate and the Alternative Screen Page prior to the Interest Determination Date for such Floating Rate Interest Period, the interest rate for such Floating Rate Interest Period will be equal to the interest rate in effect for the immediately

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preceding Floating Rate Interest Period or, in the case of the Interest Determination Date prior to the first Interest Reset Date, the Initial Interest Rate.

If the Independent Financial Adviser or we determine the Alternative Base Rate, the Independent Financial Adviser or we, as applicable, may also, following consultation with the calculation agent, make changes to the day count fraction, the business day convention, the definition of business day, the remaining Interest Determination Dates and any method for obtaining the substitute or successor base rate if the Alternative Base Rate or the Alternative Screen Page is unavailable on the relevant Interest Determination Date or otherwise, in each case in order to follow market practice, as well as any other changes (including to the Margin) that we, following consultation with the Independent Financial Adviser (if appointed), determine in good faith are reasonably necessary to ensure the proper operation of the Alternative Base Rate, as well as the comparability of the interest rate determined by reference to the Alternative Base Rate to the interest rate determined by reference to LIBOR (the Floating Rate Calculation Changes). Any Floating Rate Calculation Changes will apply to the Notes for all future Floating Rate Interest Periods.

We will promptly give notice of the determination of the Alternative Base Rate, the Alternative Screen Page and any Floating Rate Calculation Changes to the trustee, the paying agent, the calculation agent and the noteholders; *provided* that failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such determination.

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 U.S. 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 Interest Period will in no event be higher than the maximum rate permitted by law or lower than 0% per annum.

Agreement with Respect to the Alternative Base Rate

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) (i) will acknowledge, accept, consent and agree to be bound by the Independent Financial Adviser's or our determination of the Alternative Base Rate, the Alternative Screen Page and any Floating Rate Calculation Changes, including as may occur without any prior notice from us and without the need for us to obtain any further consent from such noteholder, (ii) will waive any and all claims, in law and/or in equity, against the trustee, the paying agent and the calculation agent for, agree not to initiate a suit against the trustee, the paying agent and the calculation agent in respect of, and agree that none of the trustee, the paying agent or the calculation agent will be liable for, the determination of or the failure to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes, and any losses suffered in connection therewith and (iii) will agree that none of the trustee, the paying agent or the calculation agent will have any obligation to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes (including any adjustments thereto), including in the event of any failure by us to determine any Alternative Base Rate, any Alternative Screen Page and any Floating Rate Calculation Changes.

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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 Fixed/Floating Rate Notes in whole (but not in part) in our sole discretion on March 11, 2024 (the Fixed/Floating Optional Redemption Date). The redemption price will be equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) such Fixed/Floating Optional Redemption Date.

We may redeem the Floating Rate Notes in whole (but not in part) in our sole discretion on March 11, 2024 (the FRN Optional Redemption Date). The redemption price will be equal to 100% of their principal amount plus any accrued and unpaid interest to (but excluding) such FRN Optional Redemption Date.

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.

Any redemption of the Notes will be subject to our giving not less than 30 days, nor more than 60 days, prior notice to each noteholder.

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.

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.

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.

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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 circumstances to resolve such doubt, in which case we will forthwith take and expeditiously proceed with such action and will be bound by any final resolution of the doubt resulting therefrom. If any such resolution determines that the relevant payment can be made without violating any applicable law, regulation or order then the preceding sentence will cease to have effect and the payment will become due and payable on the expiration of the relevant grace period of 30 days after the trustee gives written notice to us informing us of such resolution.

Acceleration

If an Event of Default occurs and is continuing, the trustee may or, if requested by the holder or holders of not less than 25% in aggregate principal amount of the outstanding Notes will, declare the principal amount together with accrued but unpaid payments with respect to the Notes to be due and payable immediately (an acceleration) by a notice in writing to us (and to the trustee if given by the noteholders), and upon such declaration such principal amount will become immediately due and payable; *provided* that after such declaration, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding Notes, by written notice to us and the trustee, may (under certain circumstances) rescind and annul such declaration.

Under the terms of the Indenture and the Notes, the exercise of the UK bail-in power by the relevant UK resolution authority with respect to the Notes will not be stated to be an Event of Default or a Default. As a result, noteholders will not have the right to request that the trustee declare an acceleration or institute proceedings for our winding up solely due to the exercise of the UK bail-in power by the relevant UK resolution authority.

Notwithstanding any other provision of the Indentures or the Notes, the right of any noteholder to receive payment of the principal of, or interest on, the Notes on or after the due dates thereof and to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such noteholder.

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

By its acquisition of the Notes, each noteholder (which, for these purposes, includes each beneficial owner) will acknowledge, accept, consent and agree, notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements or understandings between us and any noteholder, to be bound by (a) the effect of the exercise of any UK bail-in power by the relevant UK resolution authority that may include and result in any of the

following, or some combination thereof: (i) the reduction of all, or a portion, of the Amounts Due; (ii) the conversion of all, or a portion, of the Amounts Due into our or another person's ordinary shares, other securities or other obligations (and the issue to, or conferral on, the noteholder of such ordinary shares, other securities or other obligations), including by means of an amendment, modification or variation of the terms of the Notes or the Indenture; (iii) the cancellation of the Notes; and/or (iv) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the interest payment

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dates, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes or the Indenture, if necessary, to give effect to the exercise of any UK bail-in power by the relevant UK resolution authority. No repayment or payment of Amounts Due will become due and payable or be paid after the exercise of any UK bail-in power by the relevant UK resolution authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. Moreover, each noteholder (which, for these purposes, includes each beneficial owner) will consent to the exercise of any UK bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the Notes.

For these purposes,

- (a) Amounts Due are the principal amount of, and any accrued but unpaid interest, including any Additional Amounts, on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK bail-in power by the relevant UK resolution authority;
- (b) a UK bail-in power is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the UK, relating to the transposition of the BRRD or otherwise, including but not limited to the Banking Act and the instruments, rules and standards created thereunder, pursuant to which (i) any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period); and (ii) any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised. A reference to a regulated entity is to any BRRD Undertaking as such term is defined under the PRA Rulebook promulgated by the PRA, as amended from time to time, which includes certain credit institutions, investment firms, and certain of their parent or holding companies or any comparable future definition intended to designate entities within the scope of the UK recovery and resolution regime; and

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

DTC UK Bail-in Power

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

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

Noteholder Set-off

To the fullest extent permitted by law, noteholders, in respect of any claims of such noteholders to payment of any principal, premium or interest in respect of the Notes, by their acceptance of the Notes, will be deemed to have waived any right of set-off or counterclaim that they might otherwise have.

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Modification and Waiver

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

Trustee and Trustee's Duties

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

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

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

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

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

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

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

supplemental indenture or amendment to the Indenture is agreed upon in the event the Notes remain outstanding following the completion of the exercise of the UK bail-in power.

Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction, but without prejudice to the *Description of Securities Additional Amounts Senior Debt Securities*

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and Undated Subordinated Debt Securities provisions in the accompanying prospectus. For the purposes of the preceding sentence, the phrase *fiscal or other laws, regulations and directives* will include any obligation on us to withhold or deduct from a payment pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to FATCA.

Additional Amounts

All payments made under or with respect to the Notes will be paid by us without deduction or withholding for, or on account of, any and all present and future taxes, levies, imposts, duties, charges, fees, deductions, or withholdings whatsoever imposed, levied, collected, withheld or assessed by or on behalf of the UK or any political subdivision or taxing authority thereof or therein having the power to tax (each, a *Taxing Jurisdiction*), unless required by law. If such deduction or withholding will at any time be required by the law of the Taxing Jurisdiction, we will pay such additional amounts in respect of any payments of principal or interest on the Notes (the *Additional Amounts*) as may be necessary so that the net amounts (including Additional Amounts) paid to the noteholders, after such withholding or deduction, will be equal to the respective amounts of principal or interest which the noteholders would have been entitled to receive in respect of the Notes in the absence of such withholding or deduction; *provided* that the foregoing will not apply to any such tax, levy, impost, duty, charge, fee, deduction or withholding which:

would not be payable or due but for the fact that the noteholder or beneficial owner is domiciled in, or is a national or resident of, or engaging in business or maintaining a permanent establishment or being physically present in, the Taxing Jurisdiction, or otherwise has some connection or former connection with the Taxing Jurisdiction other than the holding or ownership of a Note, or the collection of principal or interest payments on, or the enforcement of, a Note;

would not be payable or due but for the fact that the certificate representing the relevant Notes (i) is presented for payment in the Taxing Jurisdiction or (ii) is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the noteholder would have been entitled to such Additional Amount on presenting the same for payment at the close of such 30-day period;

would not have been imposed if presentation for payment of the certificate representing the relevant Notes had been made to a paying agent other than the paying agent to which the presentation was made;

is imposed in respect of a noteholder that is not the sole beneficial owner of the principal or the interest, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

is imposed because of the failure to comply by the noteholder or the beneficial owner or the beneficial owner of any payment on such Notes with a request from us addressed to the noteholder or the beneficial owner, including a written request from us related to a claim for relief under any applicable double tax treaty;

to provide information concerning the nationality, residence, identity or connection with a taxing jurisdiction of the noteholder or the beneficial owner; or

to make any declaration or other similar claim to satisfy any information or reporting requirement, if the information or declaration is required or imposed by a statute, treaty, regulation, ruling or administrative practice of the Taxing Jurisdiction as a precondition to exemption from withholding or deduction of all or part of the tax, duty, assessment or other governmental charge;

is imposed in respect of any estate, inheritance, gift, sale, transfer, personal property, wealth or similar tax, duty assessment or other governmental charge; or

is imposed in respect of any combination of the above items.

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We will agree in the Indenture that at least one paying agent for the Notes will be located outside the UK.

As provided in *Payments Subject to Fiscal Laws*, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, and we will not be required to pay any Additional Amounts on account of any such deduction or withholding required pursuant to FATCA.

Whenever we refer in this prospectus supplement, in any context, to the payment of any principal or interest on, or in respect of, any Notes, we mean to include the payment of Additional Amounts to the extent that, in the context, Additional Amounts are, were or would be payable.

Paying Agent

Payments of principal of and interest on the Notes will be made in U.S. dollars and such payments on Notes represented by a global security will be made through one or more paying agents to DTC or its nominee. Initially, the paying agent will be HSBC Bank USA, National Association. We may change the paying agent without prior notice to the noteholders, and in such an event we may act as paying agent. Payments of principal of, and interest on, the Notes represented by a global security will be made by wire transfer of immediately available funds.

Subsequent Holders Agreement

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

Governing Law

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

Listing

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

Definitions

Additional Amounts has the meaning given to that term under *Additional Amounts*.

Alternative Base Rate means the rate that has replaced LIBOR in customary market usage for determining floating interest rates in respect of bonds denominated in U.S. dollars or, if the Independent Financial Adviser or we (in consultation with the calculation agent and acting in good faith and a commercially reasonable manner), as applicable, determine that there is no such rate, such other rate as the Independent Financial Adviser or we (in consultation with the calculation agent and acting in good faith and a commercially reasonable manner), as applicable, determine in its or our sole discretion is most comparable to LIBOR. If the Alternative Base Rate is determined, such Alternative Base Rate will be the Alternative Base Rate for the remaining Floating Rate Interest Periods.

Alternative Screen Page means the alternative screen page, information service or source on which the Alternative Base Rate appears (or such other page, information service or source as may replace the alternative screen page, information service or source, in each case, as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates).

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

BRRD means