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CANCELLATION OF NON-VOTING DEFERRED SHARES AND ISSUE OF ONE SERIES A STERLING PREFERENCE SHARE

As part of a technical internal capital reorganisation necessitated by the amended EU Capital Requirements Directive 2, which will apply from 31 December 2010, HSBC Holdings plc will cancel its 301,500 non-voting deferred shares of £1 each, which are currently held by a wholly owned subsidiary.

To facilitate the cancellation of the deferred shares and comply with the provisions of the Companies (Authorised Minimum) Regulations 2009 the Company has issued one Series A Sterling Preference Share of £0.01 for £1.00.

None of the above has an impact on the Company's reported Tier 1 capital ratio, which at 30 September 2010 was 12.1%.

By order of the Board

R G Barber
Group Company Secretary

29 December 2010

The Board of Directors of HSBC Holdings plc as at the date of this announcement are: D J Flint, M F Geoghegan, S A Catz[†], V H C Cheng, M K T Cheung[†], J D Coombe[†], R A Fairhead[†], A A Flockhart, S T Gulliver, J W J Hughes-Hallett[†], W S H Laidlaw[†], J R Lomax[†], I J Mackay, G Morgan[†], N R N Murthy[†], Sir Simon Robertson[†], J L Thornton[†] and Sir Brian Williamson[†].

[†] Independent non-executive Director

Hong Kong Stock Code: 5