

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