HSBC ◆

14 September 2016

(Hong Kong Stock Code: 5)

HSBC HOLDINGS PLC

WAIVER FROM STRICT COMPLIANCE WITH RULE 13.25A(2)

HSBC Holdings plc (the "**Company**") has applied for, and the Stock Exchange of Hong Kong (the "**Stock Exchange**") has granted, a waiver from strict compliance with Rule 13.25A(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "**Listing Rules**") pursuant to which the Company's obligation to file a Next Day Return (defined below) following the issue of new shares pursuant to the vesting of share awards granted under its Share Plans (defined below) to persons who are not directors would only be triggered where it falls within one of the circumstances set out under Rule 13.25A(3) (the "**Waiver**").

Background to the Waiver

The Company issues shares to employees who are not directors pursuant to the vesting of share awards granted to eligible employees under certain share plans which the Company operates (the "**Share Plans**").

Under Rule 13.25A(1) the Company is required to publish a return by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the occurrence of the events referred to in Rule 13.25A(2)(a) and, subject to Rule 13.25A(3), the events referred to in Rule 13.25A(2)(b) ("**Next Day Return**"), including changes to the issued shares of the Company which are not a result of an exercise of an option by employees who are not directors.

However, if shares had been issued to non-director employees pursuant to an exercise of an option (whether or not under a share option scheme), under Rule 13.25A(3) a Next Day Return would be required only in limited circumstances.

Reasons for seeking the Waiver

As the Share Plans are not structured as share option schemes, the Company is required to make a Next Day Return every time it issues shares under the Share Plans. The Company considers that the grant of a share award to employees (excluding directors) under the Share Plans which is satisfied by the issue of new shares is in effect equivalent to the exercise by an employee of an option under a share option scheme after it vests, and therefore should be subject to the same treatment under Rule 13.25A(3) that is afforded to the issue of shares pursuant to the exercise of options.

Moreover, due to its large size and its correspondingly large number of employees, strict compliance with Rule 13.25A(2) means that the Company has been filing Next Day Returns on a frequent basis as a result of the vesting of share awards. These Next Day returns, which would in most cases not be required if the Share Plans were structured as share option schemes (and which are administratively burdensome because of the time difference between the United Kingdom and Hong Kong) do not, in the opinion of the Company, provide useful information to the market.

Terms of the Waiver

The Waiver is subject to the condition that the Company must announce the Waiver and disclose the Waiver in the Company's annual report, in both cases with details and reasons for the Waiver.

For and on behalf of
HSBC Holdings plc

Ben JS Mathews
Group Company Secretary

The Board of Directors of HSBC Holdings plc as at the date of this announcement are: Douglas Flint, Stuart Gulliver, Phillip Ameen[†], Kathleen Casey[†], Laura Cha[†], Henri de Castries[†], Lord Evans of Weardale[†], Joachim Faber[†], Sam Laidlaw[†], Irene Lee[†], John Lipsky[†], Rachel Lomax[†], Iain Mackay, Heidi Miller[†], Marc Moses, David Nish[†], Jonathan Symonds[†], Jackson Tai[†], Pauline van der Meer Mohr[†] and Paul Walsh[†].

[†] Independent non-executive Director