

On 10 January 2023, HSBC submitted the below announcement to the Stock Exchange of Hong Kong Limited regarding waivers from strict compliance with Rules 17.03A, 17.07 and 17.09 of the amended Chapter 17 of the Rules Governing the Listing of Securities in relation to HSBC Employee Share Plans.

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Hong Kong Stock Code: 5



10 January 2023

HSBC HOLDINGS PLC

WAIVERS FROM STRICT COMPLIANCE WITH RULES 17.03A, 17.07 and 17.09: EMPLOYEE SHARE PLANS

1. Introduction

HSBC Holdings plc (the "**Company**") has applied for, and The Stock of Exchange of Hong Kong Limited (the "**Exchange**") has granted, certain waivers to the Company from strict compliance with Rules 17.03A, 17.07 and 17.09 of the amended Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (such amendments took effect on 1 January 2023).

The amendments expand the application of Chapter 17 of the Listing Rules to all share plans operated by an issuer (rather than only to share option plans) and introduce various new requirements relating to share plans. All references in this announcement are to the Listing Rules as amended.

Rule 17.03A states that the participants of a share plan may only comprise employee participants, related entity participants or service providers (known as "**eligible participants**"). Former employees are not considered eligible participants under Rule 17.03A.

Rule 17.07 requires the issuer to include a table of specified summary information (including the particulars of the awards or options granted) in their interim and annual report for any options and awards granted and to be granted to a list of specified persons (including, among others, directors, chief executives, substantial shareholders on an individual basis and employee participants, related entity participants and service providers by category).

Rule 17.09 requires the issuer to include in their annual report a summary of each share plan with certain specified information (including but not limited to the purpose and participants of the plan, as well as details of the awards).

HSBC Holdings plc

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2. **Waiver from strict compliance with Rule 17.03A**

2.1 **Background**

Under the HSBC Share Plan 2011 (the "**2011 Plan**"), the Company is able to grant share awards to former employees of the Company and its subsidiaries (the "**Group**") in various circumstances to comply with legal and regulatory requirements.

One example would be the UK's Prudential Regulation Authority's ("**PRA**") requirements under their remuneration rules ("**Remuneration Rules**") relating to the deferral of variable remuneration. Under the Remuneration Rules, the Company must deliver variable remuneration in the form of deferred share awards for certain individuals. As the Remuneration Rules do not make a distinction between current and former employees, the Company needs the flexibility to grant awards to employees who may have left the Company.

2.2 **Reasons for the waiver**

Rule 17.03A does not allow for grants of awards under share plans to former employees. Awards can only be granted to the eligible participants referred to above. The Company would not be allowed to grant awards to former employees under the 2011 Plan to meet legal and regulatory requirements without the grant of a waiver from strict compliance with Rule 17.03A.

2.3 **Terms of the waiver**

The Exchange has granted the waiver from strict compliance with Rule 17.03A such that the Company can grant options and awards under the 2011 Plan to former employees of the Group in tightly defined circumstances, meaning grants for the purpose of ensuring compliance with various legal and/or regulatory requirements that the Group may be subject to from time to time.

3. **Waiver from strict compliance with Rules 17.07 and 17.09**

3.1 **Background**

Under Rules 17.07 and 17.09, the Company must provide certain summary information relating to both the share plans and the awards under the plans in its interim and annual report. In a waiver dated 24 December 2010 (the "**2010 Waiver**"), the Exchange allowed the Company to issue a separate document containing this information (in the context of its option plans) instead of including it in its interim or annual report. This waiver was subject to various conditions, notably that details of any options granted to directors must be included in the document, the full details required by Rules 17.07 and 17.09 must be accessible on the Company's website and the information must be accessible to shareholders upon request.

The updated Chapter 17 now applies to all share plans and is not limited to option plans. Further, Rules 17.07 and 17.09 have been expanded to include new requirements relating to the disclosure of specified information (such as vesting periods) and participants (such as descriptions by category for eligible participants).

3.2 **Reasons for the waiver**

As the 2010 Waiver only related to descriptions of option grants and their associated plans, the Company requested a waiver from strict compliance with Rules 17.07 and 17.09 so that it could continue to issue a separate document with descriptions of any awards granted under the Company's share plans.

3.3 **Terms of the waiver**

The waiver was granted subject to the following conditions:

- (1) the Company must disclose in its directors' remuneration report within the annual report (or the additional information section of the interim report) details of the options and awards granted to directors (and connected persons, if any) in a manner which complies with Rules 17.07 and 17.09; and
- (2) the full details required under Rules 17.07 and 17.09 will be provided on both the Company's website and the Exchange's website together with the annual/interim report, and such information will be sent to the shareholders on request.

The aforementioned waivers are granted on the condition that the Company discloses details of the waivers in its announcement and/or annual report.

For and on behalf of
HSBC Holdings plc

Aileen Taylor
Group Company Secretary and Chief Governance Officer

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Tucker*, Noel Quinn, Geraldine Buckingham†, Rachel Duan†, Georges Elhedery, Carolyn Julie Fairbairn†, James Anthony Forese†, Steven Guggenheimer†, José Antonio Meade Kuribreña†, Eileen K Murray†, David Nish† and Jackson Tai†.

* Non-executive Group Chairman

† Independent non-executive Director