HSBC Holdings plc

SIFI Plan

Public Section

Date: December 17, 2021

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the HSBC Group's beliefs and expectations. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC Group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements. The SIFI Plan is not binding on a bankruptcy court, the HSBC Group's regulators or any other resolution authority, and the scenarios described and the assumptions made are hypothetical and do not necessarily reflect events to which HSBC Group is or may be subject.

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SIFI Plan: Public Section

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HSBC Holdings plc

SIFI Plan: Public Section

1 INTRODUCTION

1.1 Overview

This public section has been submitted consistent with the requirements for a SIFI Plan (as defined below) established by the Federal Deposit Insurance Corporation (**FDIC**) and the Board of Governors of the Federal Reserve System (**FRB** or **Board** and, together with the FDIC, referred to as **Agencies**). Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. § 5365(d)) (**DFA**) and the jointly issued implementing regulation, 12 CFR part 243 and 12 CFR part 381, requires certain financial companies, including foreign bank holding companies (**BHCs**) such as HSBC Holdings plc (**HGHQ**, and together with its subsidiaries and affiliates, **HSBC Group**), to report periodically to the Agencies their plan for the rapid and orderly resolution of their covered company or, in the case of a covered company incorporated or organized outside of the US, such as HGHQ, their US operations under the US Bankruptcy Code in the event of material financial distress or failure (**SIFI Plan**).

The Agencies have, by rule and through the supervisory process, prescribed the assumptions, required approach and scope for SIFI Plans and have required that certain information be included in a public section of SIFI Plans. The Agencies have also identified specific areas for which the HSBC Group should continue to enhance its resolution-related capabilities through their feedback letter the HSBC Group's 2018 SIFI Plan (**Feedback Letter**).

In September 2011, the Agencies issued a final rule (**SIFI Rule**) implementing Section 165(d) of the DFA to require the submission of the SIFI Plan by covered companies, and in 2019, the Agencies finalized amendments to the SIFI Rule. In 2020, the Agencies announced further resolution plan actions, including an information request for certain targeted SIFI Plan submissions, including that of HSBC Group, due on December 17, 2021. The HSBC Group is part of the Triennial Full Filer category of covered companies, which are required to alternate between full and targeted SIFI Plan submissions on a three-year cycle, and this SIFI Plan is the HSBC Group's first targeted SIFI Plan submission. Targeted SIFI Plan submissions are required to describe core elements of the covered company's resolution strategy and include any information responsive to a targeted information request by the Agencies, which for this SIFI Plan submission includes information regarding how lessons learned from the covered company's response to the COVID-19 pandemic are integrated into the resolution planning process.

The HSBC Group's initial SIFI Plan submission was made to the FDIC and the FRB as of July 1, 2013, and subsequent submissions to the FDIC and the FRB were made on July 1, 2014, December 31, 2015, and December 31, 2018. This document is the public section of the HSBC Group's fifth SIFI Plan submission to the Agencies.

HSBC Holdings plc

SIFI Plan: Public Section

HGHQ submits this public section of the SIFI Plan:

- In compliance with the requirements of SIFI Rule and other relevant guidance, including targeted plan requirements such as the requirement to describe lessons learned from the HSBC Group's response to the COVID-19 pandemic;
- To address items raised in the Feedback Letter;
- To demonstrate strong financial and operational capabilities to support the execution of its preferred resolution strategy; and
- To highlight the material changes and enhancements made since the prior 2018 SIFI Plan submission to further improve its resolvability.

The 2021 SIFI Plan provides a detailed analysis of how the HSBC Group's material US operations (**US Group**) would be resolved in a rapid and orderly manner that would not disrupt US financial stability and would not require any extraordinary government support or any parent support, and with no cost to the FDIC's deposit insurance fund (**DIF**).

This plan reflects a multiple point of entry (**MPE**) resolution strategy for the US Group. The HSBC Group's 2018 SIFI submission considered the possibility of a pivot to a single point of entry resolution strategy. After further analysis, the HSBC Group has confirmed that an MPE resolution strategy will remain its preferred resolution strategy for the US Group. The MPE strategy is consistent with the decentralized financial, operational and legal entity structure of the HSBC Group, including the US Group. Since the 2018 submission, the HSBC Group and the US Group have taken significant measures to further simplify their operating structure, focusing on optimizing and de-risking the balance sheet and capital structure and streamlining their operational and financial interconnections in the US to further support an orderly resolution. Owing to the successful execution of these simplification and de-risking efforts, the HSBC Group believes that MPE remains the most appropriate strategy for the US Group.

The Core Business Lines (**CBLs**) and Material Entities (**MEs**) that have been designated as such by the HSBC Group in accordance with the SIFI Rule are described further below. Except as otherwise specifically required by the SIFI Rule and as noted in the SIFI Plan, the information contained in the SIFI Plan relates to the subsidiaries, CBLs and Critical Operations (**COs**) of HGHQ that are domiciled or conducted, in whole or material part, in the US.

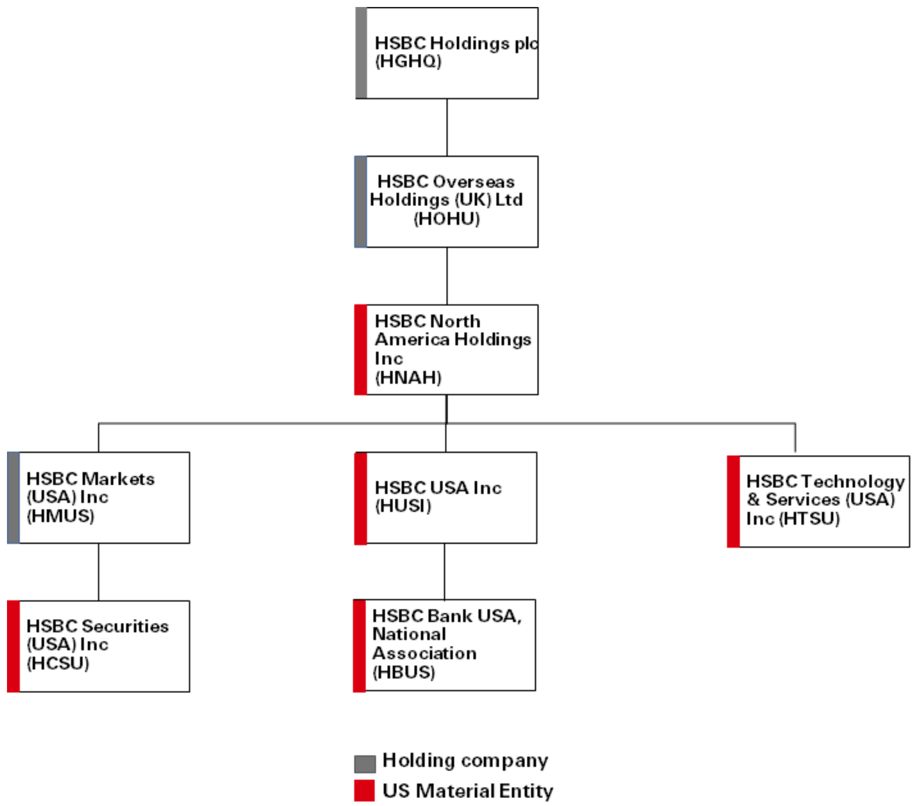
1.2 Our Company and MEs

HSBC Group Global and US Structure

The HSBC Group is subject to regulation by financial regulators in multiple jurisdictions. As a BHC, HGHQ does not carry out any banking activities directly. The HSBC Group consists of a large number of separately incorporated and capitalized banking entities across different jurisdictions. The HSBC Group operates on the principle that each operating entity, including HSBC Bank USA, National Association (**HBUS**) and HSBC Securities (USA) Inc. (**HCSU**), is separately governed, capitalized, funded and risk managed, that funding and liquidity are premised on appropriate country-specific requirements and that each operating entity is capable of resolution consistent with applicable local law. The HSBC Group's regional and national subsidiary structure provides the HSBC Group with significant advantages in promoting greater resilience for the HSBC Group's operations within individual countries, including the US. In particular, the HSBC Group's subsidiary structure and its emphasis on decentralized balance sheet management ensure that the HSBC Group's operating entities and banks satisfy domestic capital, liquidity and funding requirements (as applicable) and have the resources to respond to financial stress.

HSBC North America Holdings Inc. (**HNAH**) is a financial holding company (**FHC**) organized under the laws of the state of Delaware and is the intermediate holding company (**IHC**) under the FRB's regulation YY for the US Group. As of December 31, 2020, the US Group represented 8% of the HSBC Group's total global assets, most of which were in HBUS, which made up 82% of the assets of the US Group. The rest of the HSBC Group's US subsidiaries are immaterial from an HSBC Group-wide perspective.

Figure 1.2-A: US Group Entity Simplified Structure



Material Entities

For the purpose of the SIFI Plan, the HSBC Group has identified MEs. There is no change in the MEs identified since the 2018 SIFI Plan submission. These MEs are listed in the table below, including entity type, acronym and preferred individual resolution strategy within the greater MPE resolution strategy for the US Group.

Figure 1.2-B – The HSBC Group's MEs

Entity Type	Material Entity Name	Acronym	Resolution Strategy
National bank, IDI	HSBC Bank USA, National Association	HBUS	FDIC receivership and multiple acquirer sale
Broker-dealer	HSBC Securities (USA) Inc.	HCSU	SIPA administration
Dedicated service company	HSBC Technology & Services (USA) Inc.	HTSU	Scale-down and solvent wind-down
Holding company	HSBC USA Inc.	HUSI	Chapter 11 bankruptcy
	HSBC North America Holdings Inc.	HNAH	

1.3 Material Changes to HSBC's US Business Since the 2018 SIFI Plan

Since submitting the 2018 SIFI Plan, the HSBC Group has implemented a number of changes to its US business. These material changes align with the HSBC Group's broader goals of streamlining and simplifying the business while continuing to meet clients' needs. These efforts to simplify the business also improve HSBC Group's ability to execute a timely resolution.

Consolidation of Core Business Lines

The 2018 SIFI Plan included seven CBLs. Since the 2018 submission, the HSBC Group has consolidated these CBLs into five, comprising Wealth and Personal Banking (**WPB**), Commercial Banking (**CMB**), Global Banking (**GB**), and two CBLs within the broader Markets and Securities Services (MSS) business: Global Debt Markets and Repo (**MSS - GDM**), and MSS – Cash FX (**MSS - Cash FX**).

In addition, a key consolidation occurred within WPB. The previously separate Retail Banking & Wealth Management and Private Banking CBLs were combined into a single WPB CBL. The newly consolidated WPB CBL provides retail banking and wealth management services to consumers and small businesses undertaken in HBUS, as well as private banking and trustee services to ultra-high-net-worth and high-net-worth individuals and their families. Additional information regarding the WPB CBL can be found in section 4.2.

Divestment from US Mass Market Retail Banking

On May 26, 2021, the HSBC Group announced that it would exit its US domestic mass market retail banking business through several transactions, pending regulatory approval. The transactions include:

- Exiting 90 branches out of a current branch network of 148 branches;

- HBUS will retain a small network of physical locations in existing markets, which will be repurposed into 20-25 international wealth centers;
- Exiting all Personal, Advance and certain Premier banking customers; and
- Exiting all retail business banking customers.

As a result, HBUS will reposition the WPB business to focus on the banking and wealth management needs of globally connected affluent and high–net-worth clients.

Derivatives Migration

As part of the overall strategy to improving profitability and efficiencies, transformation projects were executed to migrate certain derivatives from HBUS to HSBC Bank plc (**HBEU**), a UK subsidiary of the HSBC Group. The end goal of this migration was to enable MSS to increase efficiency and profitability, which also led to a more simplified HBUS balance sheet.

1.4 Response to the Feedback Letter

In their Feedback Letter, the Agencies noted observations based on their review of the 2018 SIFI Plan across capital, liquidity, payment clearing and settlement activities, and shared and outsourced services to be addressed in 2021 SIFI Plan submission. The below section summarizes these observations and the enhancements that the US Group has made to its core resolution-related capabilities. Through these enhanced capabilities, the US Group believes that it has addressed the feedback provided by the Agencies.

Capital:

Agencies' Feedback: *The 2018 Plan discusses a Financial Capital Analysis tool that will determine the capital requirements for each of HSBC's material entities (MEs) to meet "well capitalized" minimum thresholds. However, capital needs for each ME during resolution were not presented as result of the Multiple Point of Entry strategy, and HSBC concluded that estimates were not required for any ME other than HSBC Bank USA, National Association (HBUS). In its next resolution plan submission, HSBC should complete development of the Financial Capital Analysis tool and demonstrate its ability to forecast capital needs on an ME basis through resolution, consistent with its strategy.*

Since 2018, the US Group has simplified its business activities and confirmed that MPE is the preferred resolution strategy. In alignment with the MPE resolution strategy and capital needs to support it, the US Group has continued to enhance its capital management framework for measuring and monitoring capital requirements across the continuum from standard monitoring under business-as-usual (**BAU**) conditions to enhanced monitoring in a stress environment, through the runway period to the point of failure and the resolution weekend when the individual entities enter into relevant proceedings as well as through the resolution period following the resolution weekend. The US Group believes that this capital management framework, together with associated forecasts, remediate and address the Agencies' feedback. The US Group's capital resources and enhanced forecasting capabilities enable it to be more resilient and would make it easier to execute the resolution plan if needed.

Liquidity:

Agencies' Feedback: *The 2018 Plan discusses a Financial Liquidity Analysis tool that will estimate the liquidity requirements of MEs, including HBUS, in the runway period and through resolution. With the exception of HBUS, the funding needs for the MEs during resolution were not presented in the 2018 Plan, including for HSBC Technology & Services (USA) Inc. (HTSU), which is assumed to remain operational. Although monthly funding plans for HBUS during resolution were included, the 2018 Plan provided limited supporting details. Further, HSBC did not incorporate financial market utility (**FMU**) peak funding needs in the relevant sources and uses during the runway period and during resolution. In its next resolution plan submission, HSBC should provide a detailed cash flow analysis on an ME basis in the runway period and through resolution, consistent with its strategy. The cash flow analysis should incorporate FMU peak funding needs. HSBC should also complete development of the Financial Liquidity Analysis tool and demonstrate its ability to forecast liquidity needs on an ME basis.*

Following the confirmation of the MPE resolution strategy for the US Group, the Financial Liquidity Analysis tool that was described in the 2018 SIFI Plan was not implemented, and a different means of determining resolution liquidity metrics relevant to the MPE strategy has been developed. This focused on the enhancement of BAU liquidity modeling tools and the development of new models and metrics to forecast the amount of liquidity which may be needed by each ME to execute the US Group's MPE resolution strategy. Specifically, two additional liquidity metrics have been introduced: Internal Liquidity Metric (**ILM**) and Internal Liquidity Metric in Resolution (**ILM-R**). The US Group has implemented ILM for HBUS, HCSU and HNAH. The US Group has implemented ILM-R capabilities for HBUS and HCSU. ILM-R capabilities for HNAH will be implemented by March 31, 2022.

These enhanced liquidity modeling capabilities enable the US Group to better measure liquidity against modeled liquidity needs in periods of stress and enable an effective execution of the preferred resolution strategy. The US Group believes that these models and metrics, along with the forecasts provided below, remediate and address the Agencies' feedback.

Payments, Clearing and Settlement Activities:

Agencies' Feedback*: In its 2018 Plan, HSBC demonstrated that its risk and operational systems have the capability to produce relevant analytics (e.g., volume and value) for key FMUs. However,* *the 2018 Plan did not (1) indicate that HSBC has a formal process to aggregate key FMU data and identify key FMUs, (2) list the specific information systems from which the information is drawn, or (3) identify how quickly this information could be produced in resolution. In its next resolution plan submission, HSBC should demonstrate its ability to produce aggregated, comprehensive key FMU metrics across its PCS activities, and describe the associated governance process. HSBC should also provide a list of key information systems used to obtain data regarding the firm's PCS activities and support for its assumption that these information systems would continue operating through resolution.*

The HSBC Group has developed a Critical Financial Markets Infrastructure (**FMI**) methodology to determine whether the FMI relationships are critical for the purposes of the Continuity of Access to FMI statement of policy as set out in the Bank of England's (**BoE**) Resolvability Assessment Framework (**RAF**). The HSBC Group's Critical FMI methodology provides a guide to identifying critical FMIs on a consistent basis across HSBC Group entities, including the US Group entities. The US Group adopted a FMU methodology to determine the key FMUs for US resolution planning purposes, which is a combination of the HSBC Group's Critical FMI methodology and local recovery and resolution planning procedures to perform the criticality determinations. The methodology was tailored to limit the scope to FMUs used by the US Group.

In order to address the Agencies' feedback on aggregated FMU usage data and ensure a consistent global approach, the HSBC Group has developed a standardized runbook for key FMU usage data under the RAF program. The runbook provides a clear set of activities that should be executed in financial stress to enable the collation of data detailing historical usage of key FMU to support decision-making in order to ensure continuity of access to key FMUs. This includes how to identify the key information systems that provide this data. The runbook will help HSBC anticipate and prepare for any adverse action taken by an FMU in a resolution scenario.

In addition, the US Group has refreshed playbooks for each of its key FMUs, which include information on FMU risk management and how access to FMUs would be maintained through resolution.

Shared and Outsourced Services:

Agencies' Feedback: *The 2018 Plan states that HTSU has adequate liquidity to continue operations after the other MEs enter resolution, and the 2018 Plan assumes that MEs in resolution will continue to pay HTSU for services without any disruptions in payments. In its next resolution plan submission, HSBC should demonstrate that HTSU will have adequate liquidity to continue operations during resolution given the potential for disruption of payments to HTSU by MEs in resolution. If the plan continues to assume that HTSU would rely on its affiliates for liquidity, for example, through continued payments or a liquidity facility, HSBC should demonstrate that these affiliates would be able to provide such liquidity during resolution.*

Since the 2018 submission, the US Group has revised its contingency funding to enable HTSU to continue to provide services without consuming its own liquidity resources in the event of a disruption in its payments from service recipients in or around resolution. Based on the contingency funding operating model, HTSU raises contingency funding through prepayments and a subordinated loan. For the US Group, contingency funding supports six months of HTSU's annual operating expenses in accordance with the regulatory guidance. The prepayments to HTSU ensure that in a resolution scenario, the US Group is able to execute on its strategies without any disruption to services supporting its COs.

1.5 COVID-19 Lessons Learned

The COVID-19 pandemic created instability, uncertainty and disruption for the people, businesses and communities that the HSBC Group serves around the world. The HSBC Group's approach throughout the pandemic has hinged on three themes: (i) maintaining a continuous service for all who rely on the firm; (ii) providing a financial bridge beyond the crisis for personal and business customers; and (iii) ensuring that HSBC Group's strength endures to allow its customers, including the US Group's customers to thrive once restrictions related to the pandemic begin to ease.

As the world changed over the course of 2020 and 2021, the HSBC Group adapted to new ways of working to support its customers while following applicable governments' and regulatory agencies' recommendations and guidance. The HSBC Group proactively engaged with governments and regulators regarding the policy changes issued in response to the COVID-19 pandemic to help customers and to contribute to a broader economic recovery.

As financial institutions, including banking organizations, were deemed essential service providers early in the COVID-19 pandemic, the US Group kept the majority of its branches and all of its contact centers open to ensure uninterrupted access to services while transitioning most staff to a remote work environment.

As markets, businesses, and customers reacted to the rapidly evolving environment, the US Group employed enhanced financial monitoring and reporting of liquidity, capital, market, and credit risks. The US Group established defensive liquidity positions, securing additional funding, and monitored balance sheet allocations and exposures closely.

The HSBC Group and the US Group through the years have strengthened their resolution-related capabilities and improved their resilience to any stress event. These capabilities provided a strong foundation to address the challenges presented by the COVID-19 pandemic. Subsequently, these resolution capabilities were evaluated, particularly in relation to forecasting methodologies and governance mechanisms. To supplement these capabilities and as a response to the impact of the pandemic, the US Group made certain enhancements – for example, in relation to liquidity modelling – and updated its recovery and resolution governance structures and mechanisms based on the roles and responsibilities deployed in response to the COVID-19 pandemic.

Overall, the stress and disruptions caused by the COVID-19 pandemic, and its impact on the HSBC Group, demonstrated that existing management information, escalation, and governance capabilities are both reliable and scalable in stress. The US Group was able to quickly identify, monitor, and communicate risks by leveraging existing capabilities while enhancing monitoring with increased frequency of key management information and governance forums.

2 OVERVIEW OF RESOLUTION STRATEGY

2.1 HSBC Group Resolution Strategy

In view of the HSBC Group's legal structure which comprises a group of locally regulated operating banks, the preferred resolution strategy for the HSBC Group, as confirmed by its regulators, is a MPE bail-in strategy. HSBC considers that this provides the flexibility to be resolved (i) through a bail-in at the HGHQ level, which recapitalizes the HSBC Group while restructuring actions are undertaken with the group remaining together; or (ii) at a local subsidiary level pursuant to the application of statutory resolution powers by local resolution authorities.

In the event of a resolution of the HSBC Group, in the UK, it is anticipated that certain instruments issued externally by HGHQ would be written down or converted to equity by the BoE using its statutory powers. This would enable the HSBC Group to be recapitalized, as needed, to support the resolution objectives and maintain the provision of critical functions. Recapitalization of operating bank subsidiaries could be achieved through the contractual write-down, or conversion to equity, of internally issued instruments. It is anticipated that this approach to recapitalizing the HSBC Group's operating bank subsidiaries would allow the HSBC Group to stay together in order to ensure an effective stabilization of the HSBC Group, as a whole, whilst also facilitating an orderly restructuring process, as needed, to remediate the cause of resolution. Any resolution of HSBC as a group would be coordinated by the BoE.

Given the HSBC Group's corporate structure, HSBC is overseen by various regulators and resolution authorities. Many of these host resolution authorities have statutory resolution powers which could be applied to subsidiaries of the HSBC Group in their jurisdictions. The application of these local statutory resolution powers may result in one or more individual resolution authorities leading a local resolution of the subsidiaries within their jurisdiction. This may or may not result in such subsidiaries ceasing to be part of the HSBC Group, depending on the resolution strategy adopted by the relevant resolution authority.

HSBC considers that a bail-in at the HGHQ level that recapitalizes the HSBC Group, and the subsequent implementation of restructuring actions while the group remains together, is most likely to deliver the most effective resolution outcome for its stakeholders.

2.2 US Group Resolution Strategy

The SIFI Plan provides a preferred strategy for the resolution of its US subsidiaries and operations that can be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of the HSBC Group would have serious adverse effects on financial stability in the US. The HSBC Group believes that the SIFI Plan achieves these goals.

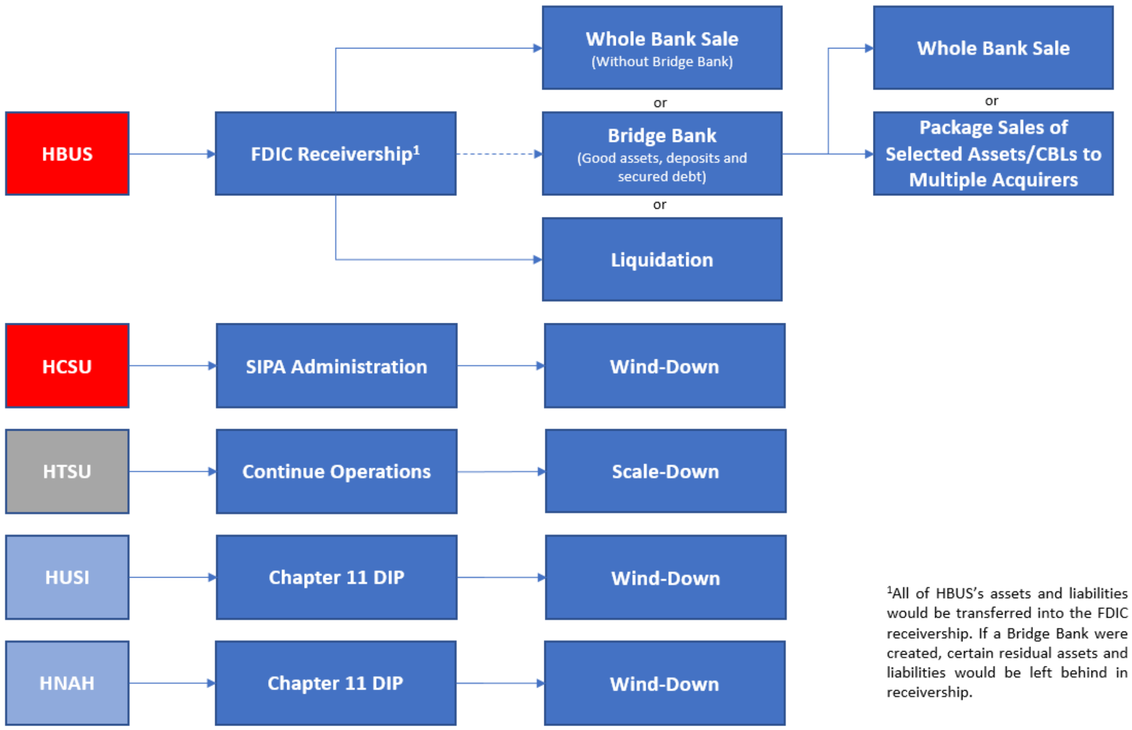
Under the HSBC Group's SIFI Plan, the preferred MPE resolution strategy for the US Group envisions the separate resolution of the US MEs through separate resolution or insolvency proceedings. The HSBC Group believes that the MPE resolution strategy that it has developed for the US Group is robust, is credible and would facilitate a rapid and orderly resolution in the event that the US Group encountered material financial distress and failed. At the same time, the MPE strategy will maintain COs in resolution while they are sold or wound down in an orderly manner as part of the resolution of the MEs.

In accordance with the preferred MPE resolution strategy for the US Group, the HSBC Group believes that the US MEs can be effectively resolved in a rapid and orderly manner under separate proceedings for each ME. Under the hypothetical scenario used for resolution planning purposes, an idiosyncratic trigger event leads to a financial and reputational stress scenario at the US Group that ultimately leads to the US MEs' entry into resolution. This idiosyncratic event would result in a period of up to 30 days of financial distress preceding the entrance of the US MEs into resolution. During this hypothetical period, the US MEs would experience a run-off of deposits and other funding sources, as well as drawdowns of committed credit facilities and increased collateral requirements, reducing liquidity at HBUS. Once HBUS reached a point where it would have insufficient liquidity to meet its financial obligations, HBUS would be placed into receivership by the FDIC under the Federal Deposit Insurance Act of 1950 (**FDIA**), HCSU would be sold immediately before resolution or resolved under the Securities Investor Protection Act of 1970 (**SIPA**), and HNAH and HUSI would be resolved under Chapter 11 of the US Bankruptcy Code (**Bankruptcy Code**). HTSU is not expected to fail or enter into bankruptcy proceedings under Chapter 11 for purposes of the SIFI Plan due to the commercial resolution-resilient terms of its contracts, pre-funding of its working capital requirements and its access to committed liquidity facilities, and so would wind-down its operations over time in conjunction with the resolution proceedings for its service recipient affiliates.

Following HBUS's receivership, multiple options for its resolution are available, including an immediate whole-bank sale, a whole-bank sale of a bridge bank (**Bridge Bank**), a sale of certain of its business lines to different acquirers from a Bridge Bank (a multiple acquirer strategy, the HSBC Group's preferred resolution strategy for HBUS), and a liquidation strategy, each as described below.

The HSBC Group's US CBLs and COs are operated out of the US MEs. Therefore, the resolution strategies of the CBLs and COs are a function of the resolution strategies for those MEs, and the resolution strategies for each ME are designed to minimize the risk of a disorderly cessation of the HSBC Group's COs in a resolution scenario.

Figure 2.2-A: Summary of Resolution Strategies



HBUS

HBUS would be resolved under the FDIA, under which all the assets and liabilities of HBUS would initially be placed in an FDIC receivership. The FDIA provides the FDIC as receiver with certain powers, including the ability to transfer certain of HBUS's assets and liabilities to a Bridge Bank. If HBUS were not immediately sold to an acquirer directly out of the receivership, all of HBUS's assets and deposits (or potentially only insured deposits, depending on the outcome of the FDIC's least-cost analysis) and substantially all of its liabilities, including those that support COs and CBLs, and its Qualified Financial Contracts (**QFCs**) would be transferred to the Bridge Bank. The FDIA would also impose a one-day stay on the termination of QFCs by counterparties based on HBUS's entry into FDIA receivership, which would become a permanent stay on such terminations if the QFC were transferred to the Bridge Bank during the one-day stay. As an alternative to a Bridge Bank resolution, the FDIC could also liquidate HBUS out of the receivership. The resolution options for HBUS have been designed to fit within the FDIC's statutory and regulatory authority under the FDIA. Additionally, the SIFI Plan does not rely on Section 13(c)(4)(G) of the FDIA for any purposes.

HBUS would therefore be resolved under the FDIA by the FDIC, following its appointment as receiver, using one of the following strategic options:

- Immediate Whole-Bank Sale: This involves the transfer of substantially all of the assets and deposit liabilities of HBUS to a single acquirer, but would require close coordination between the FDIC and potential purchasers (**Immediate Whole-Bank Sale**).

- A Bridge Bank resolution involving the transfer of HBUS's operations and the majority of its assets and liabilities to a Bridge Bank operated by the FDIC that preserves continuity and maintains the value of HBUS's business and assets, followed by either:

    i. Whole-Bank Sale: An acquirer acquires substantially all of the Bridge Bank's assets and liabilities. This scenario could arise, for instance, where there was interest in a whole-bank sale transaction but where potential acquirers were unable to complete their due diligence prior to HBUS being placed into receivership (the **Bridge Bank Whole-Bank Sale**); or

    ii. Multiple Acquirer Strategy: A sale of certain of the CBLs (or their associated assets) either separately or in packages to multiple acquirers and a wind-down of other CBLs **(Bridge Bank Multiple Acquirer Strategy**).

- Liquidation Strategy: The FDIC would pay off insured depositors and liquidate the assets of HBUS (**Liquidation Strategy**). The pay-off of insured depositors could be done directly by the FDIC as receiver or, more likely given the volume of insured deposits in HBUS, through a temporary, newly chartered deposit insurance national bank (**DINB**). The assets would be liquidated by the receiver.

None of the approaches are considered to result in a need for funding from the FDIC, as resolution would be triggered at a point that would leave sufficient liquid resources in the Bridge Bank for the resolution period.

HSBC has determined that within the MPE resolution strategy for US Group, the Bridge Bank Multiple Acquirer Strategy is the preferred resolution strategy for HBUS on the basis of its current business and the wider US banking market.

HCSU

HCSU is a registered broker-dealer and Securities Investor Protection Corporation (**SIPC**) member and has customers eligible for SIPA. SIPC can (and generally does) exercise its discretion to bring liquidation proceedings under SIPA by filing a protective decree with the relevant bankruptcy court, which would supersede any proceedings initiated under the Bankruptcy Code. Consequently, the SIFI Plan assumes that a SIPA proceeding, and not a Chapter 7 liquidation, would be used to resolve HCSU.

Under the preferred resolution strategy, a SIPA proceeding would be initiated by SIPC's application for a protective order from the appropriate federal district court. Upon the entry of such an order, the proceeding would be transferred to a bankruptcy court with the SIPC trustee. The SIPC trustee would be responsible for returning customer assets, transferring customer accounts to a healthy broker-dealer, managing the claims process and otherwise ensuring that an orderly wind-down occurs.

HTSU

Although HTSU would be eligible for resolution under Chapter 11 or Chapter 7 of the Bankruptcy Code, HTSU is not expected to fail or enter into bankruptcy proceedings under Chapter 11 for the purposes of the SIFI Plan. HTSU provides the majority of the critical shared services on which the US Group relies. The provision of critical shared services by HTSU is pursuant to a network of intra-group services agreements (**IGSAs**), which contain resolution-resilient terms to facilitate the continued provision of services to the US Group MEs in resolution on a BAU basis. HTSU has arranged for pre-funding of its working capital requirements, and the US MEs are expected to continue to be able to pay for the services that HTSU provides.

HTSU in resolution would scale down operations in conjunction with reductions in the scope of activity of the Bridge Bank and other US MEs.

HNAH and HUSI

HNAH and HUSI would be eligible for resolution under Chapter 11 or Chapter 7 of the Bankruptcy Code. Under Chapter 11, the entity could be restructured and reorganized or liquidated with management remaining in control of day-to-day operations. The SIFI Plan assumes that both would file for Chapter 11 in conjunction with the commencement of the insolvency proceedings of the other HSBC Group MEs and that HNAH would function as a DIP. The primary objective of the Chapter 11 proceedings would be to maximize the value to creditors and to settle claims against HNAH and HUSI in an orderly and transparent process.

3 RESOLUTION CORE CAPABILITIES

The US Group maintains and has enhanced a set of core capabilities to ensure preparedness in the case of a resolution scenario. The sections below summarize these key capabilities across three focus areas: structural, financial and operational capabilities.

3.1 Structural Capabilities

Governance Mechanisms

Since 2018, the US Group has developed its governance and communication arrangements for the duration of a stress period, which has culminated in the creation of the Enhanced Monitoring Governance Framework. This framework sets out the transition from BAU governance into Enhanced Monitoring (**EM**) governance, the details of the EM governance arrangements, and either the transition back from EM governance into BAU, or the transition from EM governance into resolution governance.

This enhanced governance enables the US Group to be operationally ready to execute a resolution plan and enables the board directors of HNAH (**HNAH Board**) and senior management to receive necessary information and take timely actions under stress conditions in order to successfully implement the resolution strategy. The US Group's governance mechanisms ensure that the resolution strategy is resilient to legal challenge, including by confirming that the actions to be taken by the HNAH Board are consistent with its fiduciary duties.

Contingency and Resolution Planning Triggers

HSBC has developed governance mechanisms necessary to operationalize the MPE resolution strategy. In particular, HSBC has developed a set of governance triggers for the US Group which are linked to financial indicators in order to ensure that the directors and senior management of each ME receive the needed information and perform the key actions necessary to facilitate the MPE resolution strategy in a timely fashion. These governance triggers are linked to key points along the spectrum from BAU operations through risk appetite, heightened and enhanced monitoring, recovery, contingency, resolution and HNAH's bankruptcy filing, and identify the escalation measures and other required actions at each point.

Governance and Communication Runbooks

HSBC has developed a governance runbook that sets out how a resolution governance framework would be implemented on a group-wide basis to facilitate effective decision-making in a resolution scenario, including where resolution actions are taken in respect of the US Group. The governance runbook enhances HSBC's preparedness for resolution and ensures senior management and boards of directors have clarity over their governance responsibilities in resolution.

HSBC has also prepared communication runbooks which (i) provide a robust plan for the roles and responsibilities of communication teams and (ii) outline HSBC's strategy, approach, activities and timing for internal and external stakeholder engagement and communication along the resolution timeline (that is, from when the US Group is under severe financial stress up to and during the commencement of resolution).

Legal Entity Rationalization

On a global level, the HSBC Group's business model of operating through regional hubs, and its principles of having separately governed, capitalized, funded and risk-managed operating banks, already minimize the risks of contagion between its various operating bank subsidiaries if one of its operating bank subsidiaries enters into material financial distress. Therefore, the risk posed to the US Group by any material financial distress experienced by its non-US affiliates is limited.

Since the submission of its 2018 SIFI Plan, the US Group has assessed its business structure in order to minimize complexities that could impede an orderly resolution, to facilitate operational continuity and to mitigate some of the potential challenges associated with separation and disposition of components of the US Group in a resolution scenario.

- Since the 2018 SIFI Plan, the US Group has consolidated the Retail Banking and Wealth Management and Private Banking CBLs to create a single WPB CBL.
- HSBC's GBM management construct has been simplified, and transformation projects were executed to migrate derivatives from the US to HSBC's European operations, further reducing complexity.
- Additionally, in May 2021, the HSBC Group announced its decision to exit its US mass market retail banking business.

The US legal entity structure is regularly reviewed by the Company Secretary, Tax and the relevant business lines to validate the need to retain legal entities within the structure as well as identify opportunities to rationalize. This has resulted in a reduction in the number of legal entities since the end of 2018.

Overall, these efforts reduce the US Group's complexity and financial and operational interconnections that would need to be considered during resolution. In particular, the restructuring actions taken have removed complexity and layers of management to ensure timely decision-making and the delivery of crucial management information.

ServCo Group

Historically, the HSBC Group has had significant dependencies between its operating banks. The most effective means to address these shared dependencies was the creation of the ServCo Group, whereby critical shared infrastructure, services and systems were moved into a bankruptcy-resilient group of separately capitalized and funded non-bank service companies. These service companies provide services to the operating banks through resolution-resilient contracts on commercially reasonable terms. In this way, the ServCo Group significantly reduces the risk associated with operational dependencies across critical functions, jurisdictions and legal entities.

The ServCo Group operates on a commercial basis in order to ensure its stand-alone viability, and is able to retain sufficient capital and funding to deal with any financial stresses arising from the resolution of any of the operating banks that it serves and any subsequent costs associated with the post-resolution restructuring of service delivery. The resulting structure facilitates a quicker disposal of businesses and/or restructuring of operating banks in a recovery or resolution than could be achieved with highly integrated and embedded operations. As such, the structure lowers the operational costs, complexity and risks of resolution and results in a better preservation of value in the HSBC Group.

The ServCo Group is responsible for delivery of shared services to the operating banks of the HSBC Group, including HBUS and HCSU, on an arm's-length commercial basis. It is financially independent from the operating banks through the retention of sufficient cash reserves to deal with cash flow disruption resulting from the resolution or insolvency of any of the operating banks.

The existing US ServCo, HTSU, remains in the US Group structure (i.e., not part of the ServCo Group). However, it operates on the same basis as the ServCo Group. HTSU houses all US domestic shared services and has been in full operation for some time. HTSU meets the same financial resilience requirements as the ServCo Group. This structure addresses operational continuity issues within the US Group. It also addresses intra-bank continuity issues between the global businesses in the US.

3.2 Financial Capabilities

3.2.1 Capital

Since the 2018 submission, the US Group has simplified its business activities and structure to simplify resolution, and determined the MPE resolution strategy to be its preferred strategy for the US Group. In alignment with the MPE resolution strategy and capital needs to support it, the US Group has focused on the development and implementation of its capital management process for measuring and monitoring capital requirements from BAU into stress and through the runway period to the point of failure and resolution weekend when the individual entities enter into relevant proceedings. The US Group's capital resources and enhanced forecasting capabilities enable it to be more resilient and would make it easier to execute the resolution plan, if needed.

3.2.2 Liquidity

Following the confirmation of the MPE resolution strategy for the US Group, the Financial Liquidity Analysis tool that was described in the 2018 SIFI plan was not implemented, and a different means of determining resolution liquidity metrics relevant to the MPE strategy has been developed. This focused on the enhancement of BAU liquidity modeling tools and the development of new models and metrics to forecast the amount of liquidity which may be needed by each ME to execute the US Group's MPE resolution strategy. Specifically, two additional liquidity metrics have been introduced: ILM and ILM-R. The US Group has implemented ILM for HBUS, HCSU and HNAH. The US Group has implemented ILM-R capabilities for HBUS and HCSU. ILM-R capabilities for HNAH will be implemented by March 31, 2022. These enhanced liquidity modeling capabilities enable the US Group to better align the liquidity needs in periods of stress and enable an effective execution of the preferred resolution strategy.

3.2.3 Derivatives and Trading Activities

The HSBC Group transacts derivatives for three primary purposes: to create risk management solutions for clients, to manage the portfolio risks arising from client business and to manage and hedge the HSBC Group's own risks. Most of the US Group's derivative exposures arise from sales and trading activities within the MSS business line. The HSBC Group's derivative activities give rise to significant open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels. When entering into derivative transactions, the US Group employs the same credit risk management framework to assess and approve potential credit exposures that it uses for traditional lending.

HBUS, HCSU and HUSI are the only US Group MEs engaged in any material trading, derivatives and hedging activities, which includes QFCs. Given the composition of the US Group's QFC portfolios, the US Group's efforts to remediate QFCs to comply with the US QFC Stay Rule as applicable, and the liquid nature of the outstanding positions, the US Group believes the relevant trading markets are sufficiently deep, competitive and active to allow it to exit its positions without difficulty; therefore, the US Group believes the unwind of its QFC portfolios would not be an impediment to the execution of its preferred MPE resolution strategy. While the US Group engages in trading, derivatives and hedging activity across its business lines, including MSS, Markets Treasury, GB, CMB and WPB. The US Group's material trading, derivatives and hedging activities are conducted by or through MSS – GDM, MSS – Cash FX, the GB CBL, and Markets Treasury.

3.3 Operational Capabilities

3.3.1 Payment, Clearing and Settlement Activities

HSBC has capabilities to maintain continuity of payment, clearing and settlement (**PCS**) activities leading up to and throughout resolution. PSC activities are facilitated or provided by FMUs.

In extreme stress situations and leading up to resolution, FMUs would seek to ensure that an FMU member experiencing stress will not pose systemic risk to the FMU or other members of the FMU. As a result, FMUs generally have broad discretion to take a variety of actions to protect the FMU and its members. Such actions may include increased margin calls, restrictions on liquidity and credit provided to a member, or heightened member management. To mitigate the potential risk that FMUs would take such actions (or that such actions if taken would impact the execution of the preferred MPE resolution strategy), the US Group maintains FMU playbooks related to continued access to PSC activities, including those necessary to support COs in a manner that would support an orderly resolution. In particular, the FMU playbooks each include a thorough analysis of the potential heightened requirements that could be imposed by the relevant FMUs on an individual-member basis. This list of potential heightened requirements is compiled based on an examination of the FMUs' rules, Principles for Financial Market Infrastructure disclosures and other relevant materials to identify requirements that the FMUs may impose on an individual member in material financial distress.

The US Group has also quantified the liquidity needs and operational capacity required to meet all PCS obligations, including any change in demand for, and in the sources of, liquidity needed to meet such obligations in a resolution scenario, and explained how it would satisfy its relevant obligations and exposures associated with PCS activities in the FMU playbooks.

3.3.2 Shared and Outsourced Services

Since its last submission in 2018, the HSBC Group, including the US Group, has made a number of significant enhancements to support its resolvability-related capabilities. The HSBC Group had previously established a ServCo Group, which holds critical shared service capability to ensure operational service provision can continue if one or more HSBC operating entities enter resolution. These critical shared services are described using a consistent taxonomy within the Service Catalog for the services provided by ServCo to operating banks. For the US Group, critical shared services comprise the services supporting its COs and critical infrastructure (such as payroll), which support all businesses and products.

The Service Catalog has been extended to cover all services provided to and received by HBUS and HCSU, including services provided by: (i) ServCo Group entities; (ii) operating entities; and (iii) services provided in-bank (intra-bank) within HBUS and HCSU. Through this Service Catalog, any new inter-entity services will be described as delivery services, in line with the Group's strategy to standardize the service architecture for operational services.

The HSBC Group has also developed contingency plans to support the operational continuity of critical shared services provided by ServCo Group entities, including HTSU, in a resolution event.

3.3.3 Management Information Systems

The US Group's operations rely on robust management information systems (**MIS**) and reporting to monitor the financial health, risk and operations of its MEs, CBLs and COs. On a daily to monthly basis, the MIS provides management across Group global businesses, global functions and/or Digital Business Services (**DBS**) with risk management, liquidity, accounting, operations and financial reports detailing a broad range of information necessary to maintain the HSBC Group's strong financial position. The management information and reports used by management to conduct BAU operations, in addition to certain bespoke management information, have been used to support the development of the SIFI Plan. The HSBC Group continues to make progress to improve processes and systems for producing the required information and analytics. Through these improvements, the collection and analysis of the information required is incorporated into more BAU processes. In connection with enhancing its MIS capabilities, the HSBC Group's work has focused on identifying the most critical MIS reports that would be required to manage its operations during a period of crisis. This analysis includes when each report is typically available, report owners, and quantifying the effort required to produce each report. The US Group's critical MIS includes information that is used by its businesses and functions to manage a wide array of BAU processes, including but not limited to: (i) deposit-taking activities, (ii) client activity, (iii) risk measures, (iv) liquidity and capital management, (v) financial and regulatory reporting, (vi) financial crime risk management and (vii) other operational processes.

4 US GROUP ADDITIONAL INFORMATION

4.1 MEs, Determinations and Selected Financial Information

As discussed above, the HSBC Group has identified five MEs based on the criteria set forth in the SIFI Rule: HNAH, HUSI, HBUS, HCSU and HTSU.

4.1.1 HSBC North America Holdings Inc. (HNAH)

HNAH is a bank holding company with FHC status organized under the laws of the state of Delaware and is the top-level holding company for the HSBC Group's US operations, which are conducted out of several subsidiaries, including HBUS, HCSU and HTSU. HNAH is an indirect wholly owned subsidiary of HGHQ and serves as the HSBC Group's IHC under the FRB's rule on enhanced prudential standards (Regulation YY).

HNAH's principal business is to act as a holding company for its subsidiaries. As a holding company, HNAH does not hold any material assets other than the equity interests of its subsidiaries and loans to US affiliates.

Capital Resources

HNAH's capital resources include common stock and preference shares that have been issued within the HSBC Group. If HNAH requires additional capital, this would be sourced from its parent company, HSBC Overseas Holdings (UK) Limited (**HOHU**), a direct wholly owned subsidiary of HGHQ.

Funding Resources

HNAH's primary source of funds is from HGHQ in the form of: (i) equity; (ii) non-equity capital; and (iii) TLAC debt. HNAH uses its cash flows and existing cash resources to pay operating expenses, to service the debt that it has issued and to issue loans to affiliates.

Selected Financial Data

The following table shows HNAH's consolidated balance sheet presented in accordance with US Generally Accepted Accounting Principles (**US GAAP**) as of December 31, 2020.

Figure 4.1.1-A: HNAH Summary Balance Sheet

HNAH CONSOLIDATED SUMMARY BALANCE SHEET	
	USDm
Assets	
Cash and due from banks	3,802
Interest-bearing deposits with banks	14,387
Federal funds sold and securities purchased under agreements to resell	64,109
Trading assets	36,437
Securities available for sale	40,672
Securities held to maturity	8,981
Loans, net of allowances	59,985
Loans held for sale	337
Properties and equipment, net	277
Investment in subsidiaries	—
Other assets	12,550
Total assets	**241,536**
Liabilities	
Deposits	136,365
Short-term borrowings	38,254
Trading liabilities	9,468
Long-term borrowings	25,759
Subordinated debt	2,850
Interest, taxes and other liabilities	7,507
Total liabilities	**220,202**
Shareholders' equity	
Preferred stock	2,240
Common shareholder's equity:	
Common stock	0
Additional paid-in capital	35,163
Retained earnings / (deficit)	(16,515)
Accumulated other comprehensive income / (loss)	439
Total shareholders' equity	**21,326**
Non-controlling interests	7
Total liabilities and shareholders' equity	**241,536**

The following table shows HNAH's consolidated income statement presented in accordance with US GAAP for the year ended December 31, 2020.

Figure 4.1.1-B: HNAH Summary Income Statement

HNAH CONSOLIDATED INCOME STATEMENT	
	USDm
Interest income	4,248
Interest expense	2,056
Net interest income	2,192
Provision for credit losses	810
Net interest income after provision for credit losses	1,382
Other revenues:	
Other income	2,691
Total other revenues	2,691
Operating expenses:	
Salaries and employee benefits	1,939
Other expenses	3,056
Total operating expenses	4,996
Income / (loss) before taxes and extraordinary items	-922
Income tax expense / (benefit)	193
Equity in undistributed income / (losses) of subsidiaries and associated expenses	0
Net income / (loss)	-1,115

4.1.2 HSBC USA Inc. (HUSI)

HUSI is an FHC organized under the laws of the state of Maryland and is an intermediate-level holding company for the US Group. HUSI is a direct wholly owned subsidiary of HNAH and the direct parent company of the HSBC Group's principal US banking subsidiary, HBUS. Substantially all of HUSI's operations are conducted through HBUS, the operations of which are described below.

HUSI's principal business is to act as a holding company for its subsidiaries. HUSI has issued debt securities, certain of which are registered on the New York Stock Exchange (**NYSE**). As an issuer of securities registered pursuant to Section 12 (b) of the Exchange Act, HUSI is required to file periodic reports with the SEC.

Capital Resources

HUSI's capital resources include common stock and preference shares that have been issued within the HSBC Group. If HUSI requires additional capital, this could be sourced from its direct parent, HNAH.

Funding Resources

HUSI's primary sources of funding are commercial paper issued to third-party investors and debt issued to both HSBC Group entities and third parties. HUSI generates cash flows from the provision of funding to other HSBC Group entities, and it may receive cash from its subsidiaries in the form of dividends.

Selected Financial Data

The following table shows HUSI's unconsolidated assets and liabilities presented in accordance with US GAAP as of December 31, 2020.

Figure 4.1.2-A: HUSI Summary Balance Sheet

HUSI UNCONSOLIDATED SUMMARY BALANCE SHEET	
	USDm
Assets	
Cash and due from banks	3
Interest bearing deposits with banks	14,642
Federal funds sold and securities purchased under agreements to resell	84
Trading assets	3
Securities available for sale	—
Securities held to maturity	2
Loans, net of allowances	1,088
Loans held for sale	—
Properties and equipment, net	—
Investment in subsidiaries	21,909
Other assets	222
Total assets	**37,954**
Liabilities	
Deposits	3
Short-term borrowings	5,998
Trading liabilities	(2)
Long-term borrowings	12,245
Subordinated debt	1,300
Interest, taxes and other liabilities	119
Total liabilities	**19,663**
Shareholders' equity	
Preferred stock	1,265
Common shareholder's equity:	
Common stock	0
Additional paid-in capital	15,746
Retained earnings / (deficit)	600
Accumulated other comprehensive income / (loss)	679
Total shareholders' equity	**18,291**
Non-controlling interests	0
Total liabilities and shareholders' equity	**37,954**

The following table shows HUSI's unconsolidated revenues and expenses presented in accordance with US GAAP for the year ended December 31, 2020.

Figure 4.1.2-B: HUSI Summary Income Statement

HUSI UNCONSOLIDATED INCOME STATEMENT	
	USDm
Interest income	143
Interest expense	349
Net interest income	(206)
Provision for credit losses	(1)
Net interest income after provision for credit losses	(205)
Other revenues:	
Other income	(782)
Total other revenues	(782)
Operating expenses:	
Salaries and employee benefits	—
Other expenses	3
Total operating expenses	3
Income / (loss) before taxes and extraordinary items	(989)
Income tax expense / (benefit)	(49)
Equity in undistributed income / (losses) of subsidiaries and associated expenses	—
Net income / (loss)	(940)

4.1.3 HSBC Bank USA, National Association (HBUS)

HBUS, the HSBC Group's principal US banking subsidiary and an insured depository institution (**IDI**), is a national banking association chartered by the Office of the Comptroller of the Currency (the **Comptroller**). HBUS is a direct wholly owned subsidiary of HUSI and an indirect wholly owned subsidiary of HNAH, which is an indirect wholly owned subsidiary of HGHQ. As of December 31, 2020, HBUS and its subsidiaries had deposits of approximately USD159.6 billion, 152 branches and 30 representative offices in the US.

HBUS, directly and through its subsidiaries, offers a full range of commercial and consumer banking products and related financial services. Its customer base includes individuals (including high-net-worth individuals), small businesses, corporations, institutions and governments. HBUS is also an international dealer in derivative instruments denominated in US dollars and other currencies. Significant parts of all five of the US Group's CBLs are carried out by HBUS and its subsidiaries.

In addition to its domestic offices, HBUS has a foreign branch in London and another in Hong Kong. The London branch is inactive and has no dedicated staff. HBUS also maintains a representative office authority in Brazil through a contractual relationship with Banco HSBC S.A. (formerly HSBC Brasil SA - Banco de Investimento, S.A.), which is utilized by the WPB CBL, and a representative office presence in Bogota, Colombia, and Lima, Peru, each utilized by the GB CBL.

Capital Resources

HBUS's shareholders' equity includes preferred and common stock, additional paid-in capital, retained earnings and accumulated other comprehensive income, and totals USD21.8 billion.

Funding Resources

HBUS's primary source of funding is its deposit base, and it supplements this source of funding by issuing short-term and long-term debt in the external market, borrowing under unsecured and secured financing facilities, selling liquid assets and receiving capital contributions from its immediate parent, HUSI.

HBUS maintains significant contingent liquidity in the form of its investment and trading asset portfolios, and its cash reserve on account at the Federal Reserve Bank of New York.

Selected Financial Data

The following table shows HBUS's consolidated assets and liabilities presented in accordance with US GAAP as of December 31, 2020.

Figure 4.1.3-A: HBUS Summary Balance Sheet

HBUS CONSOLIDATED SUMMARY BALANCE SHEET	
	USDm
Assets	
Cash and due from banks	1,276
Interest-bearing deposits with banks	14,154
Federal funds sold and securities purchased under agreements to resell	35,746
Trading assets	27,282
Securities available for sale	40,672
Securities held to maturity	8,979
Loans, net of allowances	62,975
Loans held for sale	337
Properties and equipment, net	144
Investment in subsidiaries	—
Other assets	6,403
Total assets	**197,967**
Liabilities	
Deposits	159,629
Short-term borrowings	2,038
Trading liabilities	5,400
Long-term borrowings	4,994
Subordinated debt	1,441
Interest, taxes and other liabilities	2,622
Total liabilities	**176,124**
Shareholders' equity	
Preferred stock	2,500
Common shareholder's equity:	
Common stock	2
Additional paid-in capital	16,085
Retained earnings / (deficit)	2,563
Accumulated other comprehensive income / (loss)	693
Total shareholders' equity	**21,843**
Non-controlling interests	0
Total liabilities and shareholders' equity	**197,967**

The following table shows HBUS's consolidated revenues and expenses presented in accordance with US GAAP for the year ended December 31, 2020.

Figure 4.1.3-B: HBUS Summary Income Statement

HBUS CONSOLIDATED INCOME STATEMENT	
	USDm
Interest income	3,536
Interest expense	1,157
Net interest income / (expense)	**2,379**
Provision for credit losses	810
Net interest income after provision for credit losses	1,569
Other revenues:	
Fees and commissions	617
Income from fiduciary activities	131
Trading revenue	276
Other income	517
Total other revenues	**1,541**
Operating expenses:	
Salaries and employee benefits	766
Expenses of premises and fixed assets	281
Other expenses	2,831
Total operating expenses	**3,879**
Income / (loss) before taxes and discontinued operations	**(770)**
Income tax expense / (benefit)	**7**
Income / (loss) before discontinued operations	**(776)**
Discontinued operations	—
Net income / (loss) attributable to bank and minority interests	**(776)**
Net income / (loss) attributable to minority interests	0
Net income / (loss)	**(777)**

4.1.4 HSBC Securities (USA) Inc. (HCSU)

HCSU is a corporation organized under the laws of the State of Delaware. It is a direct wholly owned subsidiary of HSBC Markets (USA) Inc (**HMUS**), which is a direct wholly owned subsidiary of HNAH, which is an indirect wholly owned subsidiary of HGHQ.

HCSU is a registered broker-dealer of securities under the Securities Exchange Act, a registered Investment Adviser under the Investment Advisers Act of 1940 and a registered Futures Commission Merchant (**FCM**) with the Commodity Futures Trading Commission (**CFTC**). HCSU is a primary dealer in US government and government agency securities. HCSU is regulated by the SEC and CFTC and is also indirectly regulated by the FRB.

HCSU is engaged in the following activities:

- Interest rates trading, such as US government and government agency securities trading, primary dealer for US Treasuries, Repurchase Agreements (**Repos**) and Reverse Repos (**Reverse Repos**) (including entering of Repos and Reverse Repos on a matched book basis), securities borrowing and lending, distribution of structured notes issued by HUSI and HBUS and clearing of over-the-counter (**OTC**) rates derivatives;

- Credit trading, such as corporate investment-grade bond trading and debt underwriting;

- Exchange-traded futures and options execution and clearing services;

- Equities commission business, including institutional and retail brokerage sales; and

- Other advisory services such as equity underwriting, leveraged and acquisition financing, project and export finance, asset-backed financing, asset and structured finance and mergers and acquisitions services.

The majority of HCSU's customers are other financial institutions and institutional investors. HCSU's customers are almost exclusively based in the US.

HCSU no longer maintains a registered branch in Hong Kong. HCSU has retained its Business Registration Certificate with the Hong Kong Companies Registry and is deemed to have a 'fiscal branch' in Hong Kong, but is not currently active to conduct securities business.

Capital Resources

HCSU's capital comprises shareholders' equity and subordinated loan instruments, which are compliant with Financial Industry Regulatory Authority (**FINRA**) requirements for capital treatment. Capital is provided from within the US Group only and primarily from HNAH or HUSI.

Funding Resources

HCSU's primary source of funding is the US Repo market. In order to satisfy the need for unsecured funding, HCSU also has access to committed and uncommitted unsecured credit facilities from HUSI. HCSU generates cash flows from its investment banking activities, notably securities financing activities and through fee income.

HCSU's primary source of funding is the US Repo market. In order to satisfy the need for unsecured funding, HCSU also has access to committed and uncommitted unsecured credit facilities from HUSI. HCSU's market activities focus on the repo and reverse repo of US Treasuries and US dollars. HCSU derives the majority of its revenue via fee income based on the aforementioned activities.

Selected Financial Data

The following table shows HCSU's assets and liabilities presented in accordance with US GAAP as of December 31, 2020.

Note that, unlike other US Group entities in this section, a summary income statement for HCSU is not provided further below. Information on HCSU's funding sources is provided above.

Figure 4.1.4-A: HCSU Summary Balance Sheet

HCSU SUMMARY BALANCE SHEET	
	USDm
Assets	
Cash and due from banks	2,589
Interest-bearing deposits with banks	8
Federal funds sold and securities purchased under agreements to resell	32,304
Trading assets	9,153
Securities available for sale	—
Securities held to maturity	—
Loans, net of allowances	—
Loans held for sale	—
Properties and equipment, net	—
Investment in subsidiaries	—
Other assets	3,112
Total assets	**47,167**
Liabilities	
Deposits	0
Short-term borrowings	37,318
Trading liabilities	4,070
Long-term borrowings	—
Subordinated debt	800
Interest, taxes and other liabilities	4,064
Total liabilities	**46,253**
Shareholders' equity	
Preferred stock	—
Common shareholder's equity:	
Common stock	0
Additional paid-in capital	2,493
Retained earnings / (deficit)	(1,580)
Accumulated other comprehensive income / (loss)	0
Total shareholders' equity	**914**
Non-controlling interests	—
Total liabilities and shareholders' equity	**47,167**

4.1.5 HSBC Technology & Services (USA) Inc. (HTSU)

HTSU is a corporation organized under the laws of the state of Delaware and is a dedicated internal provider of information technology and centralized operational and support services, including Human Resources (**HR**), tax, finance, compliance, legal, policy, communications and other services shared among HNAH and its subsidiaries, as well as across the HSBC Group. HTSU is a direct wholly owned subsidiary of HNAH, which is an indirect, wholly owned subsidiary of HGHQ. HTSU is the service provider of operational support to the MEs, CBLs and COs.

HTSU is the primary service provider of Global Functions for the US Group. Global Functions provide certain support and administrative services across the HSBC Group. Within the US Group, Global Functions are categorized as follows: US Finance; US Internal Audit; US Risk; US Compliance; US HR; US Legal; US Communications; US Strategy; US Sustainability; US Marketing; and US Corporate Governance and Secretariat.

HTSU also forms part of the DBS shared services organization within the HSBC Group, which provides business operations, technology infrastructure, business support systems, procurement, property and other support services across the HSBC Group. HTSU is the primary provider of DBS services to the MEs, CBLs and COs.

As one of the HSBC Group's ServCo entities, HTSU receives payment from and provides services to other US Group entities on arm's-length terms pursuant to intercompany service agreements that have been amended to contain resolution-resilient terms that facilitate the continued provision of services during resolution. HTSU has arranged for pre-funding of its working capital requirements and has access to certain committed facilities from HNAH and HUSI to deal with any disruption to service payments.

Capital Resources

HTSU's shareholders' equity includes common stock issued within the HSBC Group. HTSU also generates capital through the retained profit arising from the provision of its services. If HTSU requires additional capital, this could be provided by its parent company, HNAH.

Funding Resources

HTSU's primary source of funding is the payments received from the provision of services to other HSBC Group entities.

Selected Financial Data

The following table shows HTSU's assets and liabilities presented in accordance with US GAAP as of December 31, 2020.

Figure 4.1.5-A: HTSU Summary Balance Sheet

HTSU SUMMARY BALANCE SHEET	
	USDm
Assets	
Cash and due from banks	346
Interest-bearing deposits with banks	(0)
Properties and equipment, net	134
Other assets	420
Total assets	**900**
Liabilities	
Long-term borrowings	160
Interest, taxes and other liabilities	592
Total liabilities	**752**
Shareholders' equity	
Total shareholders' equity	**148**
Total liabilities and shareholders' equity	**900**

Note: HTSU has a fully funded and drawn subordinated loan totaling USD500m from HNAH for the purposes of contingency funding support. As of December 31, 2020, the loan amount was USD160 million, which was increased to USD500 million (fully drawn) in Q1 2021.

The following table shows HTSU's revenues and expenses presented in accordance with US GAAP for the year ended December 31, 2020.

Figure 4.1.5 B – HTSU Summary Income Statement

HTSU SUMMARY INCOME STATEMENT	
	USDm
Interest income	0
Interest expense	3
Net interest income / (expense)	**(3)**
Other revenues:	
Fees and commissions	—
Other income	1,543
Total other revenues	**1,543**
Operating expenses:	
Salaries and employee benefits	844
Expenses of premises and fixed assets	62
Amortization expense and impairment losses for other intangible assets	—
Other expenses	564
Total operating expenses	**1,469**
Income / (loss) before taxes and extraordinary items	71
Income tax expense / (benefit)	15
Net income / (loss)	**56**

4.2 Core Business Lines

As required by the SIFI Rule, the HSBC Group must identify as a CBL any business line of the US Group, including associated operations, services, functions and support, that, in the view of the HSBC Group, upon failure would result in a material loss of revenue, profit or franchise value. The HSBC Group has identified five CBLs based on the criteria set forth in the SIFI Rule and internally defined qualitative and quantitative criteria defined in the confidential sections of the SIFI Plan. Given the various restructuring and business simplification actions covered in Section 1.3 above and application of these criteria, the number of CBLs have been reduced to five from seven since the 2018 SIFI Plan submission. All of the CBLs are carried out primarily through HBUS, and some include operations with HCSU. The CBLs operate as part of the HSBC Group's three global businesses: CMB, GBM and WPB.

Figure 4.2-A – The HSBC Group's CBLs

GB	CMB	WPB	MSS - Cash FX	MSS - GDM
Global Banking	Commercial Banking	Wealth & Personal Banking	Cash - Foreign Exchange	Global Debt Markets and Repo

4.2.1 Global Banking (GB)

GB provides financial services and products to corporates, governments and financial institutions. The GB division offers a broad cross-section of financial products and solutions, including debt and equity capital raising, advisory, corporate lending, leveraged finance, asset and structured finance, real estate, infrastructure and project finance, and export credit. From capital financing and investment banking, to liquidity and cash management, this is a hugely diverse business. Global Banking's business focuses on the following core banking activities: (i) the Lending Business Lines; (ii) the Advisory Services Business; and (iii) Global Liquidity and Cash Management (**GLCM**).

4.2.2 Markets and Securities Services (MSS) – Global Debt Markets and Repo (MSS - GDM)

The MSS - GDM business is a market maker quoting real-time competitive prices across a number of rates products. Its principal activities in the US include acting as a primary dealer of US Government bonds, supporting the primary bond issuance business in GB through secondary trading of Investment Grade and High Yield/Distressed Credit and fixed income financing through various channels.

4.2.3 MSS – Cash FX (MSS - Cash FX)

MSS - Cash FX is a core product offering within MSS, where it is run as a global business. The business is a leading market-maker globally, quoting buy / sell prices in a wide range of tradable currencies, 24 hours a day across over 60 countries and territories. The client base consists of corporate, retail, financial institutions and HSBC Private Banking clients, sovereign, affiliates, and internal departments.

4.2.4 Commercial Banking (CMB)

CMB offers comprehensive domestic and international financial services as well as banking, insurance and investment products to companies ranging from small businesses to large multinationals, including government entities and non-profit organizations. CMB covers the following product categories:

1. Depository products;
2. Credit and Lending (**C&L**) products;
3. Commercial Real Estate (**CRE**) products;
4. Mid Corporate Investment Banking (**MCIB**) products;
5. Global Trade and Receivables Finance (**GTRF**) products; and
6. GLCM products.

4.2.5 Wealth & Personal Banking (WPB)

The WPB provides a range of banking and wealth management products and services to individuals and certain small businesses through branches, online channels as well as dedicated relationship managers and representative offices. WPB covers the following products and services:

1. Personal Banking;
2. Business Banking;
3. Investment Wealth Solutions;
4. Investment Advisory;
5. Custody;

6. Brokerage;
7. Credit Advisory;
8. Wealth Planning & Advisory;
9. Insurance / Annuities; and
10. Trust services.

4.3 Interconnectedness

The HSBC Group's preferred resolution strategy for the US Group is MPE, which assumes that the US MEs can be effectively resolved in a rapid and orderly manner, each under separate proceedings. HSBC must be capable of identifying and managing interconnectedness between its MEs and the wider HSBC Group in order to achieve this outcome. This section provides key examples of financial and operational interconnectedness of the US MEs.

4.3.1 HNAH

Financial Interconnectedness

As the principal holding company of the HSBC Group's US MEs, HNAH has various forms of financial interconnections with other HSBC Group entities. These interconnections include loans made from these HSBC Group entities to HNAH, and interest and principal payments on the loans that HNAH has made to these HSBC Group entities.

Other financial interconnections relate to lending facilities that HNAH provides to several HSBC Group entities on a third-party basis. It has both credit exposure in respect of the facilities that have been drawn and contingent credit exposure in respect of the facilities that have not been drawn.

Operational Interconnectedness

HNAH's principal business is to act as a holding company for its subsidiaries, and it does not itself provide operational support to the US Group. HNAH does, however, receive the benefit of services from other MEs that are performing functions on behalf of HNAH (such as financial consolidation reporting for the US Group).

4.3.2 HUSI

Financial Interconnectedness

As an FHC for the HSBC Group's US operations, HUSI has various forms of financial interconnections with other HSBC Group entities. These interconnections relate primarily to commercial paper issued to third parties and debt issued to both HSBC Group entities and third parties. It has both credit exposure in respect of the facilities that have been drawn and contingent credit exposure in respect of the facilities that have not been drawn.

Financial interconnections also exist as a result of HUSI receiving cash from subsidiaries in the form of dividends and generating cash flows from the provision of funding to other HSBC Group entities.

Operational Interconnectedness

HUSI's principal business is to act as a holding company for its subsidiaries, and it does not itself provide operational support to the US Group. HUSI receives the benefit of services from other MEs that are performing functions on behalf of HUSI.

4.3.3 HBUS

Financial Interconnectedness

HBUS provides secured loans on arm's-length terms to other MEs in the US Group subject to the requirements of Sections 23A and 23B of the Federal Reserve Act of 1913 and the FRB's Regulation W (12 CFR Part 223), as well as other federal laws and regulations. As such, all extensions of credit by HBUS to other HSBC Group entities (other than other FDIC-insured banks) are legally required to be secured by eligible collateral. HBUS also enters into derivative contracts and conducts lending transactions in the ordinary course of business at prevailing market rates and terms with both other HSBC Group entities and third parties.

Operational Interconnectedness

HBUS and its subsidiaries rely on three types of operational support, which they receive from a number of sources: DBS, Global Functions and the Global Businesses, in respect of primarily back-office services provided to multiple operating banks (Global Business Managed Services).

4.3.4 HCSU

Financial Interconnectedness

HCSU has access to committed and uncommitted unsecured credit facilities from other HSBC Group entities. HCSU also enters into Repo trades with other HSBC Group entities as part of its matched book securities financing business.

Operational Interconnectedness

HCSU relies on two types of operational support, which it receives from a number of sources: Global Functions and DBS.

Outside the dedicated operations teams within HCSU, HTSU is the primary service provider of both types of operational support.

Limited support is also provided to HCSU by other HSBC Group entities for certain services, data center hosting, payment, clearing and settlement system memberships and dedicated DBS service providers.

4.3.5 HTSU

Financial Interconnectedness

As a central US service company, HTSU's primary source of revenue is from payments by HSBC Group entities for services provided, mainly to the US MEs. HTSU has arranged for pre-funding of its working capital requirements and also has access to certain committed facilities from HNAH and HUSI to cover any possible disruption to service payments. HTSU uses those cash flows and existing cash resources to pay operating expenses and to service the loan that it has received from HNAH.

As one of the HSBC Group's US ServCo entities, HTSU receives payment from and provides services to other US Group entities on arm's-length terms pursuant to intercompany service agreements that have been amended to contain resolution-resilient terms that facilitate the continued provision of services during resolution.

As an enhancement since the 2018 submission, HSBC has revised its contingency funding to support six months of US ServCo HTSU's annual operating expenses in accordance with the regulatory guidance. This would ensure the availability of sufficient financial resources to safeguard the provision of critical services that the US group relies on throughout a stress or resolution event.

Operational Interconnectedness

HTSU is the primary service provider of operational support to the MEs. This operational support is made up of services provided by the Global Functions and DBS. In order to provide the support to the US Group, HTSU itself relies on dedicated DBS service providers. HTSU also relies on support from other HSBC Group entities to perform Global Function and DBS services.

4.4 Foreign Operations

The US Group does not have any material non-US operations.

4.5 Material Supervisory Authorities

4.5.1 US Supervisory Authorities

Banking Supervisory Authorities

The HSBC Group is subject to the extensive US statutory and regulatory framework applicable to BHCs, FHCs, banks and securities firms. This includes regulation under the Bank Holding Company Act of 1956, as amended (**BHC Act**), the Gramm-Leach-Bliley Act of 1999 (**GLB Act**), the Community Reinvestment Act of 1977, as amended (**CR Act**), and inspections, examinations and supervision by the HSBC Group's primary US regulator, the FRB. The HSBC Group is also subject to the disclosure and regulatory requirements of the Securities Act 1933 (as amended), and the Securities Exchange Act of 1934 (as amended), as administered by the Securities and Exchange Commission (**SEC**). Such laws and regulations apply to certain activities of the HSBC Group, including HBUS, HNAH and HUSI, and impose prudential restrictions, such as limits on extensions of credit by HBUS to affiliates.

HGHQ, HNAH and HUSI are BHCs that have FHC status. FHCs may engage in a broader range of activities than BHCs, provided they meet certain capital and/or management requirements, and ratings levels under the CR Act. They are regulated by the FRB, which exercises umbrella authority over the HSBC Group's US activities. HBUS is subject to extensive regulation promulgated by the Comptroller, the FDIC, the Consumer Financial Protection Bureau (**CFPB**) and FRB. HBUS is subject to supervision and examination primarily by the Comptroller and secondarily by the FDIC and the CFPB.

HBUS is subject to banking laws and regulations that place various restrictions on and requirements regarding their operations and administration, including the establishment and maintenance of branch offices, capital and reserve requirements, deposits and borrowings, investment and lending activities, compliance activities, payment of dividends and numerous other matters. HBUS is subject to regulation and examination primarily by the Comptroller, but is also subject to additional regulation and supervision by the FDIC, the FRB and the CFPB.

The GLB Act and the regulations issued thereunder contain a number of other provisions that affect HUSI's operations and those of HUSI's subsidiary banks, including regulations and restrictions on the activities they may conduct and the types of businesses and entities they may acquire. Furthermore, other provisions contain detailed requirements relating to the financial privacy of consumers.

The types of activities in which the non-US branches of HBUS (none of which are material for the purposes of the SIFI Plan) may engage are subject to various restrictions imposed by the

Comptroller, the FDIC and the FRB. These branches are also subject to the laws and regulatory authorities of the countries in which they operate.

US Securities Regulatory Authorities

HCSU is a registered broker-dealer of securities under the Exchange Act, a registered Investment Adviser under the Investment Advisers Act of 1940 and a registered FCM with the CFTC. In 1996, the HSBC Group was granted the authority by the FRB to engage, through HCSU, in limited underwriting and dealing activities under the BHC Act. HCSU is engaged in underwriting, dealing and brokering a full range of debt and equity securities and futures contracts. HCSU is also a primary dealer in US government and government agency securities.

HCSU is a member of FINRA, NYSE, Chicago Mercantile Exchange (**CME**), Intercontinental Exchange (**ICE**), LCH Clearnet Ltd and the Options Clearing Corporation (**OCC**). HCSU is eligible to clear OTC derivatives at the CME, ICE and LCH.

As an international dealer in derivative instruments, HBUS is also a registered swap dealer with the CFTC.

"Push-out" provisions of the GLB Act removed the blanket exemption from registration for securities and brokerage activities conducted in banks (including HBUS) under the Exchange Act. Applicable regulations allow banks to continue to avoid registration as a broker or dealer only if they conduct securities activities that fall within a set of defined exceptions.

4.5.2 Wider HSBC Group

The HSBC Group is subject to a significant body of laws and regulations that are a condition for authorization to conduct banking and financial services business in each country of incorporation. These requirements are largely prescribed on a jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies.

4.5.3 Regulators Comprising the Crisis Management Group

The HSBC Group has a Global Crisis Management Group (**CMG**) comprising regulators from jurisdictions in which the HSBC Group has a significant presence. The CMG formally meets annually to consider the HSBC Group's recovery and resolution planning. Attendees include the following regulators: the Office of the Superintendent of Financial Institutions (Canada), the Canada Deposit Insurance Corporation (Canada), the EU Single Resolution Board, the European Central Bank, the European Banking Authority, the Autorité de contrôle prudentiel et de résolution (France), the Hong Kong Monetary Authority (Hong Kong), Banco de México (Mexico), Instituto para la Protección al Ahorro Bancario (Mexico), the Dubai Financial Services Authority (Dubai), the Bank of England Resolution Directorate (UK), the PRA (UK) (a subsidiary of the Bank of England), the FRB, the FDIC and the Comptroller.

5 US RESOLUTION PLANNING GOVERNANCE

The SIFI Plan was approved by the HNAH Board on December 17, 2021, subsequent to approval and recommendation by the HNAH ALCO.

Historically, HSBC's SIFI Plan submissions have been considered by the board of directors of HGHQ (**HGHQ Board**). In the case of a foreign banking organization such as HSBC, the SIFI Rule permits a delegate acting under the express authority of the board of directors of the non-US covered company to approve the foreign banking organization's US SIFI Plan. As HGHQ is the covered company under the SIFI Rule, the HGHQ board of directors formally delegated the approval for the SIFI Plan to the HNAH Board. Based on this delegation, governance for the SIFI Plan resides in the US Group, overseen by the HNAH Board.

The US Group has implemented a multi-layered resolution planning governance structure to ensure that US recovery and resolution plans (including the SIFI Plan) are created and maintained in accordance with HSBC Group standards and comply with all applicable rules and regulations. The US governance includes:

- HNAH Board;
- HNAH ALCO;
- HNAH CFO;
- US RRP Steering Committee;
- US Regional Treasurer; and
- Individual Accountable Executives.

The US RRP Team is responsible for the day-to-day activities of developing the SIFI Plan. The US RRP team is led by the US RRP owner, which is HNAH CFO, and the US RRP lead. In producing the SIFI Plan, the US RRP team involved multiple business and functional representatives including, among others, line of business leaders from WPB, CB, GB, MSS; Function leaders from Finance, Markets Treasury and Asset, Liability and Capital Management, Risk, HR, Legal, Compliance, Strategy and Planning Group and from DBS; Internal Audit; and Group RRP.

6 APPENDIX A

6.1 Memberships in Material Payment, Clearing and Settlement Systems

As an essential part of engaging in the financial services industry and serving customers and clients, the US Group participates in payment, messaging, clearing and settlement systems, also known as FMUs, to conduct financial transactions in a global economy. The FMUs allow the US Group to provide payment services to customers and clients, to facilitate securities transactions (including through HCSU) and to engage in derivatives transactions as needed to manage risk, secure funding and meet the needs of customers and clients. These arrangements also allow for greater risk management and operational efficiencies in the trading of financial instruments worldwide. For purposes of this section, "membership" means that an HSBC Group legal entity has direct access to an FMU to serve the HSBC Group's customers and clients around the globe. See below for a table mapping ME membership to key FMUs significant to the US Group's operations.

6.1.1 Payment Systems

- CHIPS – CHIPS is an electronic payments system that is owned by The Clearing House Association LLC, which is itself owned by a number of financial institutions (including HBUS). CHIPS is operated by The Clearing House Payments Company LLC, an affiliate of The Clearing House Association LLC. CHIPS carries out intra-day, high value US dollar payments settled in real time.

- EPN – The Electronic Payments Network (EPN) is a payment system that is owned by the Clearing House Association LLC and operated by The Clearing House Payments Company LLC. EPN provides automated clearing house services and handles a wide variety of lower - value US dollar transfers, such as payroll and dividends.

- Fedwire – Fedwire is a real-time gross settlement system owned and operated by the 12 Federal Reserve Banks, which enables financial institutions to transfer funds between members.

6.1.2 FX Settlement Systems

- CLS – CLS Bank International (**CLS**) provides a multi-currency cash settlement system. Through its CLS Settlement platform, CLS settles payment instructions related to trades in FX contracts.

6.1.3 Messaging Systems

- SWIFT – The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is a global message network for payment exchange that enables financial transaction messages to be sent and received securely and rapidly.

6.1.4 Clearing and Settlement Systems

- CME – CME Group Inc.'s wholly owned subsidiary, CME, is used to clear interest rate swaps and certain other products through CME Clearing, a division of CME. CME Group Inc. is a publicly owned corporation, with shares listed on the NASDAQ Global Select Market.

- DTC – The Depository Trust Company (**DTC**) is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers. DTC is a subsidiary of The Depository Trust & Clearing Corporation (**DTCC**), which is owned by the participants/members of its clearing agency subsidiaries.

- FICC – Fixed Income Clearing Corp (**FICC**), a subsidiary of DTCC, is a US securities clearing agency. FICC operates two divisions, including the Government Securities Division and the Mortgage-Backed Securities Division.

- LCH – LCH Limited (**LCH**), a central counterparty (**CCP**) incorporated under the laws of England and Wales, is used to clear interest rate swaps. LCH is a wholly owned subsidiary of LCH Clearnet Group Limited (**LCH Group**). LCH Group is majority owned by the London Stock Exchange Group; the remaining shareholding is held by its users and other exchanges.

- Euroclear – Euroclear Bank SA/NV (**Euroclear**) provides international central securities depository services and settlement services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. Euroclear is a wholly owned indirect subsidiary of Euroclear Holding SA/NV.

Figure 6.1.4-A – ME Memberships in key FMUs

Name	Type	Membership
CHIPS	Payments	HBUS
EPN	Payments	HBUS
Fedwire	Payments	HBUS
CLS	FX Settlement	HBEU (settlement member)
SWIFT	Messaging	HBEU
CME	Clearing and Settlement	HCSU
DTC	Clearing and Settlement	HBUS. HCSU
FICC – Government Securities Division	Clearing and Settlement	HBUS, HCSU
FICC – Mortgage-Backed Securities Division	Clearing and Settlement	HBUS
LCH	Clearing and Settlement	HBUS. HCSU
Euroclear	Clearing and Settlement	HBUS, HCSU

6.2 Principal Officers

The tables below provide a list of the principal officers of our covered company, HGHQ.

HSBC Holdings plc

As of December 17, 2021, the HGHQ Board consisted of the members presented in the following table.

Figure 6.2-A – Members of the HGHQ Board

Member	Title
Mark Tucker	Group Chairman
Noel Quinn	Group Chief Executive (Executive Director)
Ewen Stevenson	Group Chief Financial Officer (Executive Director)
Rachel Duan	Independent Non-Executive Director
Dame Carolyn Fairbairn	Independent Non-Executive Director
James Forese	Independent Non-Executive Director
Steven Guggenheimer	Independent Non-Executive Director
Irene Lee	Independent Non-Executive Director
José Antonio Meade Kuribreña	Independent Non-Executive Director
Eileen Murray	Independent Non-Executive Director
David Nish	Senior independent Non-Executive Director
Jackson Peter Tai	Independent Non-Executive Director
Pauline van der Meer Mohr	Independent Non-Executive Director
Aileen Taylor	Group Company Secretary and Chief Governance Officer

HGHQ Group Executive Committee

As of December 17, 2021, the Group Executive Committee consisted of the members presented in the following table.

Figure 6.2-B – Members of the HGHQ Group Executive Committee

Member	Title
Noel Quinn	Group Chief Executive
Ewen Stevenson	Group Chief Financial Officer
Aileen Taylor	Group Company Secretary and Chief Governance Officer
Elaine Arden	Group Chief Human Resources Officer
Chira Barua	Global Head of Strategy
Colin Bell	Chief Executive Officer, HSBC Bank plc and HSBC Europe
Jonathan Calvert-Davies	Group Head of Internal Audit
Georges Elherdery	Co-CEO of Global Banking & Markets
Greg Guyett	Co-CEO of Global Banking & Markets
Celine Herweijer	Group Chief Sustainability Officer
John Hinshaw	Group Chief Operating Officer
Bob Hoyt	Group Chief Legal Officer
Steve John	Group Chief Communications Officer
Pam Kaur	Group Chief Risk and Compliance Officer
David Liao	Co-Chief Executive, Asia Pacific - The Hongkong and Shanghai Banking Corporation Limited
Nuno Matos	Chief Executive, Wealth and Personal Banking
Stephen Moss	Regional Chief Executive Officer - Middle East, North Africa and Turkey
Barry O'Byrne	Chief Executive, Global Commercial Banking
Michael Roberts	Chief Executive Officer, HSBC USA and Americas
Surendra Rosha	Co-Chief Executive, Asia Pacific - The Hongkong and Shanghai Banking Corporation Limited
Ian Stuart	CEO, HSBC UK Bank plc

HSBC North America Holdings Inc.

HNAH Board

As of December 17, 2021, the HNAH Board consisted of the members presented in the following table.

Figure 6.2-C – Members of the HNAH Board

Member	Title
James Forese	Non-Executive Chair
Michael M. Roberts	Executive Director
Barry F. Kroeger	Non-Executive Director
Nancy G. Mistretta	Non-Executive Director
Brian Robertson	Non-Executive Director
Jane C. Sherburne	Non-Executive Director
Thomas K. Whitford	Non-Executive Director
Deborah Bailey	Non-Executive Director
Alice Schroeder	Non-Executive Director

HNAH Principal Executive Officers

As of December 17, 2021, the Principal Executive Officers of HNAH consisted of the members presented in the following table.

Figure 6.2-D – HNAH Principal Executive Officers

Member	Title
Michael M. Roberts	President and Chief Executive Officer
Jeffrey S. Barden	Senior Executive Vice President, Head of Strategy and Planning and Chief of Staff to CEO
Wyatt E. Crowell	Senior Executive Vice President, Head of Commercial Banking
Jason Henderson	Executive Vice President, Head of Markets and Securities Services, North America
Christine E. Lowthian	Senior Executive Vice President, Chief Compliance Officer USA
Gerald Keefe	Senior Executive Vice President, Head of Global Banking, Americas
Kavita Mahtani	Senior Executive Vice President and Chief Financial Officer
Brian McGuire	Interim Chief Risk Officer

Member	Title
Marie Minardo	Executive Vice President, Chief Audit Officer, US
Mabel Rius	Executive Vice President, Head of Human Resources, Americas and US
Tara Latini	Executive Vice President, Head of Wealth and Personal Banking, USA
Mark A. Steffensen	Senior Executive Vice President and General Counsel
Jennifer Strybel	Senior Executive Vice President and Chief Operating Officer, USA
William L. Tabaka	Executive Vice President and Chief Accounting Officer
Lopa P. Zielinski	Executive Vice President and Corporate Secretary

HSBC Bank USA, National Association

HBUS Board

As of December 17, 2021, the board of directors of HBUS (**HBUS Board**) consisted of the members presented in the following table.

Figure 6.2-E– Members of the HBUS Board

Member	Title
Michael M. Roberts	Executive Director & Chairman
Deborah Bailey	Non-Executive Director
Alice Schroeder	Non-Executive Director
Barry F. Kroeger	Non-Executive Director
Nancy G. Mistretta	Non-Executive Director
Brian Robertson	Non-Executive Director
Jane C. Sherburne	Non-Executive Director

HBUS Principal Executive Officers

As of December 17, 2021, the Principal Executive Officers of HBUS consisted of the members presented in the following table.

Figure 6.2-F – HBUS Principal Executive Officers

Member	Title
Michael M. Roberts	President and Chief Executive Officer
Jeffrey S. Barden	Senior Executive Vice President, Head of Strategy and Planning and Chief of Staff to CEO
Wyatt E. Crowell	Senior Executive Vice President, Head of Commercial Banking
Jason Henderson	Executive Vice President, Head of Markets and Securities Services, North America
Gerald F. Keefe	Senior Executive Vice President, Head of Global Banking, Americas
Tara M. Latini	Executive Vice President, Head of Wealth and Personal Banking, US
Christine E. Lowthian	Senior Executive Vice President and Chief Compliance Officer USA
Kavita Mahtani	Senior Executive Vice President and Chief Financial Officer
Brian McGuire	Interim Chief Risk Officer
Marie Minardo	Executive Vice President, Chief Audit Officer, US
Mabel Rius	Senior Executive Vice President, Head of Human Resources, Americas and US
Mark Steffensen	Senior Executive Vice President and General Counsel
Jennifer Strybel	Senior Executive Vice President and Chief Operating Officer USA
William Tabaka	Executive Vice President and Chief Accounting Officer
Lopa Zielinski	Executive Vice President, Corporate Secretary and Head of Governance

7 APPENDIX B: PUBLIC SECTION GLOSSARY

Defined Term / Abbreviation	Definition / Full Name
The Agencies	The FDIC and FRB
Bankruptcy Code	US Bankruptcy Code
BAU	Business-as-usual
BHC Act	The Bank Holding Company Act of 1956
BHC	Bank holding company
BoE	Bank of England
Bridge Bank	A bridge bank to which the operations of a failed IDI could be transferred by the FDIC in an FDIA receivership
Bridge Bank Multiple Acquirer Strategy	The transfer of substantially all of HBUS's assets and liabilities to a Bridge Bank followed by the sale of certain of the CBLs (or their associated assets) either separately or in packages to multiple acquirers and a wind-down of other CBLs.
Bridge-Bank Whole-Bank Sale	An acquirer acquires substantially all of the Bridge Bank's assets and liabilities. This scenario could arise, for instance, where there was interest in a whole-bank sale transaction but where potential acquirers were unable to complete their due diligence prior to HBUS being placed into receivership.
CBLs	Core Business Lines
CCP	Central counterparty
CFPB	Consumer Financial Protection Bureau
CFTC	US Commodity Futures Trading Commission
CHIPS	CHIPS is an electronic payments system that is owned by The Clearing House Association LLC, which is itself owned by a number of financial institutions (including HBUS). CHIPS is operated by The Clearing House Payments Company LLC, an affiliate of The Clearing House Association LLC. CHIPS carries out intra-day, high - value US dollar payments settled in real time.
C&L	Credit and Lending
CLS	CLS Bank International, a subsidiary of CLS Group Holdings AG that provides a multi-currency cash settlement system. Through its CLS Settlement platform, CLS settles payment instructions related to trades in FX contracts.
CMB	Commercial Banking
CME	Chicago Mercantile Exchange, Inc., CME Group Inc.'s wholly owned subsidiary, which is used to clear interest rate swaps and certain other products through CME Clearing, a division of CME. CME Group Inc. is a publicly owned corporation, with shares listed on the NASDAQ Global Select Market.

Defined Term / Abbreviation	Definition / Full Name
CMG	Crisis Management Group
Comptroller	The Office of the Comptroller of the Currency
COs	Critical Operations
CP	Commercial paper
CR Act	The Community Reinvestment Act of 1977, as amended
CRE	Commercial Real Estate
CSSs	Critical shared services
DBS	Digital Business Services
DFA	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DIF	The FDIC's deposit insurance fund
DINB	Deposit insurance national bank
DTC	The Depository Trust Company, a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers. DTC is a subsidiary of DTCC, which is owned by the participants/members of its clearing agency subsidiaries.
DTCC	The Depository Trust & Clearing Corporation
EM	Enhanced Monitoring
EPN	The Electronic Payments Network, a payment system that is owned by the Clearing House Association LLC and operated by The Clearing House Payments Company LLC. EPN provides automated clearing house services and handles a wide variety of lower - value US dollar transfers, such as payroll and dividends.
Euroclear	Euroclear Bank SA/NV, which provides international central securities depository services and settlement services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. Euroclear is a wholly -owned indirect subsidiary of Euroclear Holding SA/NV.
Exchange Act	Securities Exchange Act of 1934
FCM	Futures Commission Merchant
FDIA	Federal Deposit Insurance Act of 1950
FDIC	Federal Deposit Insurance Corporation
Fedwire	Fedwire is a real-time gross settlement system owned and operated by the 12 Federal Reserve Banks, which enables financial institutions to transfer funds between members.

Defined Term / Abbreviation	Definition / Full Name
Feedback Letter	The Agencies' feedback letter to the HSBC Group's 2018 SIFI Plan
FHC	Financial holding company
FICC	Fixed Income Clearing Corp, a subsidiary of DTCC, is a US securities clearing agency. FICC operates two divisions, including the Government Securities Division and the Mortgage-Backed Securities Division.
FINRA	Financial Industry Regulatory Authority
FMI	Financial Markets Infrastructure
FMU	Financial market utility
Form 20-F	Form 20-F for the fiscal year ended December 31, 2020 filed with the SEC under the Securities Exchange Act of 1934, as amended, on February 23, 2021
FRB	The Board of Governors of the Federal Reserve System
GB	Global Banking
GLB Act	The Gramm-Leach-Bliley Act of 1999
GLCM	Global Liquidity and Cash Management
GTRF	Global Trade and Receivables Finance
HBEU	HSBC Bank plc
HBUS	HSBC Bank USA, National Association
HBUS Board	HBUS Board of Directors
HCSU	HSBC Securities (USA) Inc.
HGHQ	HSBC Holdings plc
HGHQ Board	HGHQ Board of Directors
HMUS	HSBC Markets (USA) Inc
HNAH	HSBC North America Holdings Inc.
HNAH Board	HNAH Board of Directors
HOHU	HSBC Overseas Holdings (UK) Ltd
The HSBC Group	HSBC Holdings plc together with its subsidiaries and affiliates
HTSU	HSBC Technology & Services (USA) Inc
HUSI	HSBC USA Inc
ICE	Intercontinental Exchange
IDI	Insured depository institution
IGSAs	Intra-group services agreements
IHC	Intermediate Holding Company
ILM	Internal Liquidity Metric
ILM – R	Internal Liquidity Metric in Resolution

Defined Term / Abbreviation	Definition / Full Name
Immediate Whole-Bank Sale	This involves the transfer of substantially all of the assets and deposit liabilities of HBUS to a single acquirer, but would require close coordination between the FDIC and potential purchasers.
LCH	LCH Limited
LCH Group	LCH Clearnet Group Limited
LCH Limited	A central counterparty incorporated under the laws of England and Wales, is used to clear interest rate swaps. LCH is a wholly -owned subsidiary of LCH Clearnet Group Limited. LCH Group is majority owned by the London Stock Exchange Group; the remaining shareholding is held by its users and other exchanges
Liquidation Strategy	The FDIC would pay off insured depositors and liquidate the assets of HBUS
MCIB	Mid Corporate Investment Banking
MEs	Material Entities
MIS	Management information systems
MPE	Multiple Point of Entry
MSS	Markets and Securities Services
MSS – Cash FX	Markets and Securities Services – Cash FX
MSS – GDM	Markets and Securities Services – Global Debt Markets and Repo
NYSE	New York Stock Exchange
OCC	Options Clearing Corporation
OTC	Over-the-counter
PCS	Payment, clearing and settlement
QFC	Qualified Financial Contract
RAF	Resolvability Assessment Framework
Repos	Repurchase Agreements
Reverse Repos	Reverse Repurchase Agreements
SEC	US Securities and Exchange Commission
SIFI Plan	Periodic report delivered to the Board and the FDIC on the plan for the rapid and orderly resolution of the covered company or, in the case of a covered company incorporated or organized outside of the US, their US operations under the US Bankruptcy Code in the event of material financial distress or failure
SIFI Rule	Final rule issued by the Agencies in September 2011 implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

Defined Term / Abbreviation	Definition / Full Name
SIPA	Securities Investor Protection Act of 1970
SIPC	Securities Investor Protection Corporation
SWIFT	The Society for Worldwide Interbank Financial Telecommunication, a global message network for payment exchange that enables financial transaction messages to be sent and received securely and rapidly
US GAAP	US Generally Accepted Accounting Principles
US Group	The HSBC Group’s material US operations
WPB	Wealth & Personal Banking