

WRITTEN NOTICE
PERMISSION TO USE THE INTERNAL MODEL METHOD

To: **HSBC Holdings Plc (FRN: 203795)**
("the company")

Date: 21 December 2021

DECISIONS

1. In accordance with the discretions afforded to the PRA by Section 6, Chapter 6, Title II, Part 3 of Regulation 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms as it forms part of retained EU law (the "CRR"), the PRA has decided to grant the company the permission to use the Internal Model Method in its calculation of own funds requirements for counterparty credit risk on the terms and conditions set out in Annex 1 (the "IMM Permission").
2. If the company ceases to comply with the conditions for grant of this IMM Permission set out in the Section 6, Chapter 6, Title II, Part 3 of the CRR, the terms and conditions of the IMM Permission set out in Annex 1 the PRA will re-consider the terms and conditions of the IMM Permission and the requirements relevant to it, including a revocation of the IMM Permission in whole or in part.
3. The IMM Permission takes effect on 20 December 2021.
4. Terms defined in the CRR have the same meaning in all parts of the written notice.
5. Details of the IMM Permission will be published. The full text of this Decision Notice will not be published.

The decision was taken by SRPC



PRA contacts

6. For more information concerning this matter generally, the company should contact their usual supervisory contact Dave Oliveira (Senior Supervisor – Major UK International banks) or Martina Rimmer (Manager – Major UK international banks).

ANNEX 1

THE INTERNAL MODEL METHOD PERMISSION

Legal Entities

1. The IMM Permission means that the company may use the internal model method to calculate, for the legal entities listed in Table 1, on a consolidated basis, the own funds requirements for counterparty credit risk in relation to the exposures described in paragraph 2 of this Annex in accordance with Section 6, Chapter 6, Title II, Part 3 of Regulation 575/2013.

Table 1

Legal Entity	Consolidated
HSBC Bank plc	Consolidated
HSBC France S.A.	Consolidated
HSBC Bank USA N.A.	Consolidated
HSBC Hong Kong and Shanghai Banking Corp Ltd ('AMH') and the following branches: <ul style="list-style-type: none">• AMH Hong Kong;• AMH Australia• AMH New Zealand• AMH India• AMH Singapore• AMH Taiwan• AMH Thailand• AMH Japan• AMH Korea• AMH Philippines	Consolidated
HSBC Bank Australia Limited	Consolidated
HSBC Bank (Taiwan) Ltd	Consolidated
HSBC Bank Malaysia Berhad	Consolidated

ANNEX 2

Note on disclosure

1. The PRA has decided not to publish the full text and annexes of IMM permission notices as it has been deemed inappropriate and unnecessary. In particular, to do so might prejudice, to an unreasonable degree, the commercial interests of the company concerned. However, in the interests of transparency, the PRA's policy is to publish an abridged version of the permission notice, as a record that the IMM permission has been granted.

ANNEX 3

VERSION CONTROL

Version	Reference Number	Comment	Authorisation	Date
1.0	1714526	IMM Permission issued	David Rule – Director International UK Banks	01/01/2014
2.0	5322975	IMM IR Model Change	Melanie Beaman – Head of Major UK International Banks	21/12/2016
3.0	5322976	IMM IR Model Change	Melanie Beaman – Head of Major UK International Banks	21/12/2016
4.0	2739185	Variation of Permission to include additional entities	Stephanie Courtin – Acting Head of Major UK International Banks	27/04/2018
5.0	5322977	IMM IR Model Change	Simon Morley – Head of Major UK International Banks	14/03/2019
6.0	5322978	Variation of Permission to include HSBC France SA	Virginia Echave Esteban – Head of Major Retail UK Deposit Takers	02/09/2019
7.0	N/A	Permission granted to the Holding Company on a consolidated basis.	SRPC	20/12/2021