

Financial Reporting Act (HSBC Overseas Banks) Exemption Notice 2015

Pursuant to section 35A of the Financial Reporting Act 1993, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

Contents

		Page
1.	Title	1
2.	Commencement	1
3.	Revocation	1
4.	Application	1
5.	Interpretation	1
6.	Exemptions for directors of HSBC overseas banks	2
7.	Conditions	2

Notice

1 Title

This notice is the Financial Reporting Act (HSBC Overseas Banks) Exemption Notice 2015.

2 Commencement

This notice comes into force on 12 June 2015.

3 Revocation

This notice is revoked on the close of 30 November 2016.

4 Application

An exemption granted by this notice applies to the following accounting periods of each HSBC overseas bank:

- (a) the accounting period ending 31 December 2014; and
- (b) subsequent accounting periods.

5 Interpretation

- (1) In this notice, unless the context otherwise requires,—

Act means the Financial Reporting Act 1993

financial statements means the financial statements that are required to be prepared in respect of a HSBC overseas bank and its group

home jurisdiction, in relation to a HSBC overseas bank, means the country in which that entity is incorporated

HSBC means The Hongkong and Shanghai Banking Corporation Limited, a company incorporated in Hong Kong

HSBC Holdings means HSBC Holdings plc, a public limited company incorporated in England and Wales

HSBC NZ means the New Zealand branch of HSBC

HSBC overseas bank means any of-

- (a) HSBC Bank plc, a company incorporated in England and Wales; or
 - (b) HSBC Bank Australia Limited, a company incorporated in Australia; or
 - (c) HSBC Bank USA, N.A., a company incorporated under the laws of the United States of America.
- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

6 Exemptions for directors of HSBC overseas banks

Every director of a HSBC overseas bank is exempted from sections 10(1), 11, 13 to 15, and 18(1) of the Act in respect of the relevant HSBC overseas bank.

7 Conditions

The exemptions in clause 6 are subject to the following conditions:

- (a) the relevant HSBC overseas bank is licensed or authorised by the central banking authority of its home jurisdiction to carry on banking business in that jurisdiction; and
- (b) the relevant HSBC overseas bank has financial statements prepared in respect of it; and
- (c) the financial statements of the relevant HSBC overseas bank, comply with the laws of its home jurisdiction that relate to the preparation, content, audit and public filing of those statements; and
- (d) the relevant HSBC overseas bank ensures that:
 - (i) its Internet site or the Internet site of HSBC NZ makes available the most recent published financial statements of that HSBC overseas bank and HSBC Holdings within 10 working days of the date of publication; and
 - (ii) if as a result of complying with the laws of its home jurisdiction those most recent published financial statements do not give a true and fair view of the matters to which they relate, those financial statements are accompanied by a statement in English containing information and explanations that will give a true and fair view of those matters.

Dated at Wellington this 8th day of June 2015.



Liam Mason
General Counsel
Financial Markets Authority

Statement of reasons

This notice comes into force on 12 June 2015 and is revoked on the close of 30 November 2016.

This notice exempts the directors of each of HSBC Bank plc, HSBC Bank Australia Limited and HSBC Bank USA, N.A. (each a **HSBC Overseas Bank**), from compliance with the requirements under the Financial Reporting Act 1993 (the **Act**), to prepare group financial statements in accordance with New Zealand generally accepted accounting practices, to have the financial statements audited by qualified auditor (including a New Zealand licensed auditor or New Zealand registered audit firm) and to register the HSBC Overseas Bank's financial statements with the Registrar.

The HSBC Overseas Banks offers call debt securities to members of the public in New Zealand under the Securities Act (HSBC Overseas Banks) Exemption Notice 2014. This exemption relieves compliance with trust deed and prospectus requirements, also certain aspects of the investment statement and advertising requirements. This Securities Act exemption notice expires on the close of 30 November 2016.

The exemptions are on the condition that the relevant HSBC Overseas Bank's financial statements comply with the laws of its home jurisdiction relating to those financial reporting requirements. The exemption is also on the condition that the most recent published financial statements of the relevant HSBC Overseas Bank is available on or through its website or the website of the NZ branch of HSBC.

The Financial Markets Authority (the **FMA**), after satisfying itself as to the matters set out in section 35A of the Act, considers it appropriate to grant the exemptions because—

- there will not be any significant detriment to subscribers as the exemptions are available only to HSBC Overseas Banks which are subsidiaries of a major international bank incorporated in Hong Kong, and are regulated by, and subject to the oversight of their home jurisdiction regulator. We are satisfied that the financial reporting requirements and the nature and extent of the regulatory oversight for these issuers are equivalent to those that exist for New Zealand issuers. As such, investors in securities issued by the HSBC Overseas Banks will have access to broadly similar, and equivalent, financial reporting information to that which they would otherwise receive:
- the costs associated with a requirement that any of these HSBC Overseas Banks prepare NZ GAAP compliant financial statements and have those audited by a New Zealand licensed auditor or registered audit firm would outweigh the benefit to investors of having available NZ GAAP financial statements rather than financial statements prepared in accordance with their jurisdiction's GAAP:
- the exemptions only address the particular difficulties experienced by the HSBC Overseas Banks as an issuer that is incorporated and based in a jurisdiction in respect of which broadly similar financial reporting requirements apply. Given the limited application of the exemptions and that financial statements are still required to be published on the internet site of the relevant HSBC Overseas Bank or the internet site of HSBC NZ; the exemptions are not broader than is reasonably necessary to address the matters to which they relate.