

FEDERAL RESERVE SYSTEM

HSBC Bank plc  
London, the United Kingdom

Order Approving Establishment of a Branch

HSBC Bank plc (“HBEU”), London, England, a foreign bank within the meaning of the International Banking Act of 1978 (“IBA”), has applied under section 7(d) of the IBA<sup>1</sup> to establish a federally licensed branch in New York, New York (the “New York Branch”). The Foreign Bank Supervision Enhancement Act, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*New York Post*, May 30, 2025). The time for submitting comments has expired, and the Board did not receive any comments.

HBEU is a wholly owned subsidiary of HSBC Holdings plc (“HSBC”), London, England, and was founded and licensed in the United Kingdom (“U.K.”) in 1836 as Midland Bank, plc, London, England. With assets of approximately GBP 708 billion, HBEU is one of Europe’s largest banking and financial services organizations.<sup>2</sup> In its home jurisdiction of the U.K., as well as in the other markets in which it operates, HBEU offers a wide range of traditional commercial banking products and services, including deposits, commercial loans, and trade finance products and services. HBEU has banking operations in 18 markets across Belgium, Bermuda, the Channel Islands and Isle of Man, Czech Republic, France, Germany, Israel, Luxembourg, Malta, Netherlands, Poland,

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<sup>1</sup> 12 U.S.C. § 3105(d).

<sup>2</sup> Asset and ranking data are as of December 31, 2025.

South Africa, Spain, Sweden, Switzerland, and the U.K. HBEU is responsible for the European business of HSBC apart from its U.K. retail and most of its U.K. commercial banking activity.

BlackRock, Inc., controls 9.01 percent of HSBC's outstanding ordinary shares, while Ping An Asset Management Co., Ltd., controls 7.98 percent of HSBC's outstanding ordinary shares. The Bank of New York Mellon Corporation controls 5.09 percent of HSBC's outstanding ordinary shares.<sup>3</sup> No other shareholder owns more than 5 percent of the shares of HSBC.

Currently, HBEU has no branches or other offices in the United States and has no subsidiaries in the United States. However, U.S. affiliates of HBEU currently engage in, and will continue to engage in, banking and nonbanking activities in the United States. Such nonbanking activities include, but are not limited to, broker-dealer, investment management, advisory, and merchant banking activities. In 2000, HSBC elected to be treated as a financial holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act").<sup>4</sup> HSBC's U.S. national bank subsidiary, HSBC Bank USA, National Association ("HBUS"), Tysons, Virginia, is its principal banking subsidiary in the U.S., and HSBC operates a registered broker-dealer and futures commission merchant, HSBC Securities (USA) Inc., New York, New York.

The New York Branch would offer trade finance products. In connection with this proposal, HSBC intends to transfer certain loans from HBUS to the New York Branch related to its U.S.-originated Global Trade Solutions business line.<sup>5</sup> The New York Branch would offer Global Trade Solutions products to U.S. customers and also

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<sup>3</sup> BlackRock, Inc.'s share ownership percentage is as of April 22, 2025; Ping An Asset Management Co., Ltd.'s share ownership is as of May 7, 2024; and The Bank of New York Mellon Corporation's share ownership is as of March 4, 2025.

<sup>4</sup> 12 U.S.C. § 1841 *et seq.*; *see also* 12 CFR 225.91.

<sup>5</sup> HSBC represents that transfers from HBUS to the New York Branch will comply with sections 23A and 23B of the Federal Reserve Act and the Board's Regulation W. *See* 12 U.S.C. §§ 371c and 371c-1; 12 CFR part 223.

allow HSBC to establish the ability to provide additional U.S. dollar-clearing services as a contingency in an effort to enhance HSBC's resolvability.

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a branch, the Board must consider whether (1) the foreign bank has furnished to the Board the information it needs to assess the application adequately, (2) the foreign bank and any foreign bank parent engage directly in the business of banking outside of the United States, and (3) the foreign bank and any foreign bank parent are subject to comprehensive supervision on a consolidated basis by their home country supervisor.<sup>6</sup> The Board also considers additional standards set forth in the IBA and Regulation K.<sup>7</sup>

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<sup>6</sup> 12 U.S.C. § 3105(d)(2); 12 CFR 211.24(c)(1). Regulation K provides that a foreign bank is subject to comprehensive consolidated home country supervision if the foreign bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank (including the relationships of the bank to any affiliate) to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 CFR 211.24(c)(1)(ii). In assessing this supervisory standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which home country supervisors (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular reports of examination, audit reports, or otherwise; (iii) obtain information on the dealings and relationships between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

<sup>7</sup> See 12 U.S.C. § 3105(d)(3)–(4); 12 CFR 211.24(c)(2)–(3). These standards include the following: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank, including the bank's experience and capacity to engage in international banking; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the

As noted above, HBEU engages directly in the business of banking outside the United States. Through its submissions, HBEU has provided the Board with the information needed to assess the application.

The Board previously has found that HSBC and its various banking and nonbanking companies were subject to comprehensive supervision on a consolidated basis by its home country supervisor.<sup>8</sup> HBEU is supervised by the Prudential Regulation Authority (“PRA”), which is part of the Bank of England. The PRA supervises U.K. banking groups on a consolidated basis, which includes a review of banking groups’ management, governance, risk-management controls, compliance with capital and liquidity requirements, and resolvability. The Financial Conduct Authority (“FCA”) regulates the market conduct of U.K. financial firms, including HBEU, and has supervisory responsibilities for HSBC Group (including HBEU) that include monitoring banks’ compliance with anti-money-laundering (“AML”) and countering the financing of terrorism (“CFT”) requirements under U.K. law. The Board previously has found, in connection with applications involving other banks in the U.K., that such banks were subject to home country supervision on a consolidated basis by the PRA.<sup>9</sup>

Based on all the facts of record, including the above information, it has been determined that HBEU is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

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Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank’s record of operation. In the case of a foreign bank that presents a risk to the stability of the U.S. financial system, the Board also may take into account, to the extent appropriate, whether the home country of the foreign bank has adopted, or is making demonstrable progress towards adopting, an appropriate system of financial regulation for the financial system of such home country to mitigate such risk. 12 U.S.C. § 3105(d)(3)(E).

<sup>8</sup> See *Wells Fargo & Company*, 81 Fed. Res. Bull. 1037 (1995); *HSBC Holdings plc*, 89 Fed. Res. Bull. 148 (2000).

<sup>9</sup> See, e.g., *Lloyds Bank Corporate Markets plc*, FRB Order No. 2018-15 (July 9, 2018).

The Board also has considered the financial and managerial and other applicable factors in this case. The PRA has no objections to the establishment of the proposed branch, and the FCA did not provide any objection. HBEU's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking institution. Managerial and other financial resources of HBEU are considered consistent with approval, and HBEU appears to have the experience and capacity to support the proposed branch. In addition, HBEU has established controls and procedures for the proposed branch to ensure compliance with U.S. law and for its overall operations.

The U.K. is a member of the Financial Action Task Force ("FATF") and subscribes to its recommendations on measures to combat money laundering and international terrorism. In accordance with those recommendations, the U.K. has enacted laws to deter money laundering, terrorist financing, and other illicit activities. Money laundering is a criminal offense in the U.K., and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. The FCA enforces those requirements with respect to U.K. banks, including HBEU. HBEU adheres to the same group-level policies, procedures, and standards regarding AML and CFT that apply to HSBC and HSBC's other subsidiaries. HBEU's policies and procedures to comply with these laws and regulations are monitored by governmental entities responsible for AML compliance, including the FCA.

HBEU has committed to make available to the Board information on its operations, and those of any of its affiliates, that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, HBEU has committed to cooperate with the Board to obtain any necessary exemptions or waivers that might be required from third parties for the disclosure of such information. In light of these commitments and other

facts of record, and subject to the condition described below, it has been determined that HBEU has provided adequate assurances of access to any necessary information that the Board may request.

Whether HBEU's proposal would present a risk to the stability of the U.S. financial system also has been considered.<sup>10</sup> The proposal would not appear to affect financial stability in the United States. In particular, the scope of HBEU's activities, including the types of activities it proposes to conduct in the United States and the potential for those activities to increase or transmit financial instability, and the existing supervisory framework that applies to HBEU in its home jurisdiction do not appear to create significant risk to the financial stability of the United States. Based on these and other factors, financial stability considerations for this proposal are consistent with approval.

On the basis of all the facts of record and subject to the commitments made by HBEU, HBEU's application to establish a branch in New York, New York, is hereby approved by the Director of the Division of Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.<sup>11</sup> Should any restrictions on access to information on the operations or activities of HBEU and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by HBEU or its affiliates with applicable federal statutes, the Board may require termination of any of HBEU's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by HBEU with the conditions imposed in this order and the commitments made to the Board in connection with this application.<sup>12</sup> For purposes of this action,

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<sup>10</sup> 12 U.S.C. § 3105(d)(3)(E).

<sup>11</sup> 12 CFR 265.7(d)(3).

<sup>12</sup> The Board's authority to approve the establishment of branches parallels the continuing authority of the Office of the Comptroller of the Currency ("OCC") to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed branch of HBEU in accordance with any

these commitments and conditions are deemed to be conditions imposed by the Board in writing in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.<sup>13</sup>

By order, approved pursuant to authority delegated by the Board,  
effective June 18, 2026.

*(signed) Michele Taylor Fennell*

Michele Taylor Fennell  
Associate Secretary of the Board

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terms and conditions that it may impose. In connection with HBEU's application to the OCC to establish a Federal branch, the Board approved a state member bank to hold the capital equivalency deposits of HBEU in connection with the New York Branch on March 12, 2026.

<sup>13</sup> See 12 U.S.C. § 1818(b)(1).