



## Employee Share Plans

In accordance with the terms of a waiver granted by the Hong Kong Stock Exchange on 24 December 2010, full details of options under Employee Share Plans required pursuant to Listing Rules 17.07 and 17.09 are disclosed below. These disclosures are also available on the Hong Kong Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk) and can be obtained upon request from the Group Company Secretary, 8 Canada Square, London E14 5HQ.

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### Employee share plans

Share options and discretionary awards of shares are granted under HSBC share plans to help align the interests of employees with those of shareholders.

Set out on page 2 are particulars of outstanding share options, including those held by employees working under employment contracts that are regarded as 'continuous contracts' for the purposes of the Hong Kong Employment Ordinance. The options were granted at nil consideration. No options have been granted to substantial shareholders, suppliers of goods or services, or in excess of the individual limit for each share plan. No options were cancelled by HSBC during the year.

Employee share plans are subject to the following limits on the number of HSBC Holdings ordinary shares that may be subscribed for. In any 10-year period not more than 10% of HSBC Holdings ordinary shares in issue (excluding treasury shares) from time to time (approximately 1,987 million HSBC Holdings ordinary shares at 21 February 2017) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other employee share plans operated by HSBC Holdings. In any 10-year period not more than 5% of HSBC Holdings ordinary shares in issue (excluding treasury shares) from time to time (approximately 993 million HSBC Holdings ordinary shares at 21 February 2017) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other discretionary share plans adopted by HSBC Holdings. The number of HSBC Holdings ordinary shares which may be issued upon exercise of all options under the HSBC Share Plan 2011 and options granted under any other employee share plans operated by HSBC Holdings must not exceed 1,781,741,789 HSBC Holdings ordinary shares (8.97% of the ordinary shares in issue (excluding treasury shares) at 31 December 2016). Under the HSBC Holdings savings-related share option plans there were options outstanding over 70,026,846 HSBC Holdings ordinary shares at 31 December 2016 (0.35% of the ordinary shares in issue (excluding treasury shares)). No further options may be granted under any such plan if this will result in these limits being exceeded. Particulars of options over HSBC Holdings shares held by Directors of HSBC Holdings are set out on page 165 of the Directors' Remuneration Report in the *Annual Report and Accounts 2016*.

The effect on earnings per share of granting share options and share awards which are satisfied by the issue of new shares is shown in diluted earnings per share on the face of the consolidated income statement, with further details disclosed in the Earnings per share Note 9 on the Financial Statements in the *Annual Report and Accounts 2016*.

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### All-employee share plans

The HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International are all-employee share option plans under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. There will be no further grant of options under the HSBC Holdings Savings-Related Share Option Plan: International; the final grant was in 2012. The HSBC International Employee Share Purchase Plan was introduced in 2013 and now includes employees based in 26 jurisdictions.

For options granted under the HSBC Holdings Savings-Related Option Plan, employees may make contributions of up to £500 each month over a period of three or five years which may be used within six months following the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. Alternatively, the employee may elect to have the savings, plus (where applicable) any interest or bonus, repaid in cash. In the case of redundancy, retirement on grounds of injury or ill health, retirement, the transfer of the employing business to another party, or a change of control of the employing company, options may be exercised before completion of the relevant savings contract. In certain circumstances, the exercise period of options awarded under the all-employee share option plans may be extended, for example, on the death of a participant, the executors may exercise the option up to six months beyond the normal exercise period.

The terms set out in the preceding paragraph also applied to options granted up to April 2012 under the HSBC Holdings Savings-Related Share Option Plan: International with the exception that contributions were capped at the equivalent of £250.

Under the HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International the option exercise price is determined by reference to the average market value of HSBC Holdings ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20% (for details on each plan see tables on page 2 for further information). Where applicable, the US dollar, Hong Kong dollar and euro exercise prices were converted from the sterling exercise price at the applicable exchange rate on the working day preceding the relevant invitation date. The closing price per HSBC Holdings ordinary share on 20 September 2016, the day before options were granted in 2016 under the HSBC Holdings Savings-Related Share Option Plan was £5.83.

The HSBC Holdings Savings-Related Share Option Plan will terminate on 23 May 2025 unless the Directors resolve to terminate the plans at an earlier date.

## Employee Share Plans

### HSBC Holdings Savings-Related Share Option Plan

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares						
				from	until	At 1 Jan 2016	Granted during year	Exercised during year <sup>1</sup>	Lapsed during year	At 31 Dec 2016
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	199,426	—	569	198,857	—		
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	1,086,255	—	623,821	151,999	310,435		
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	948,905	—	790,741	158,164	—		
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	2,696,353	—	59,976	355,785	2,280,592		
20 Sep 2013	5.4738	1 Nov 2016	30 Apr 2017	3,222,870	—	2,023,110	748,331	451,429		
20 Sep 2013	5.4738	1 Nov 2018	30 Apr 2019	915,544	—	3,910	188,863	722,771		
23 Sep 2014	5.1887	1 Nov 2017	30 Apr 2018	7,824,592	—	47,954	2,190,225	5,586,413		
23 Sep 2014	5.1887	1 Nov 2019	30 Apr 2020	3,213,062	—	14,149	956,926	2,241,987		
22 Sep 2015	4.0472	1 Nov 2018	30 Apr 2019	34,982,199	—	223,355	6,493,629	28,265,215		
22 Sep 2015	4.0472	1 Nov 2020	30 Apr 2021	16,620,613	—	46,318	2,362,169	14,212,126		
21 Sep 2016	4.4037	1 Nov 2019	30 Apr 2020	—	11,565,808	135	279,905	11,285,768		
21 Sep 2016	4.4037	1 Nov 2021	30 Apr 2022	—	3,477,793	7	57,106	3,420,680		
				<b>71,709,819</b>	<b>15,043,601</b>	<b>3,834,045</b>	<b>14,141,959</b>	<b>68,777,416</b>		

<sup>1</sup> The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.75.

### HSBC Holdings Savings-Related Share Option Plan: International

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares			
				At 1 Jan 2016	Exercised during year <sup>1</sup>	Lapsed during year	At 31 Dec 2016
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	116,956	—	116,956	—
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	191	—	191	—
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	129,041	61,134	37,405	30,502
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	422,266	333,065	89,201	—
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	462,537	2,755	49,975	409,807
				<b>1,130,991</b>	<b>396,954</b>	<b>293,728</b>	<b>440,309</b>
	(\$)						
21 Apr 2010	8.1232	1 Aug 2015	31 Jan 2016	51,891	—	51,891	—
20 Apr 2011	8.2094	1 Aug 2014	31 Jan 2015	438	—	438	—
20 Apr 2011	8.2094	1 Aug 2016	31 Jan 2017	84,054	3,484	14,836	65,734
24 Apr 2012	7.1456	1 Aug 2015	31 Jan 2016	331,586	13,569	318,017	—
24 Apr 2012	7.1456	1 Aug 2017	31 Jan 2018	197,476	—	45,472	152,004
				<b>665,445</b>	<b>17,053</b>	<b>430,654</b>	<b>217,738</b>
	(€)						
21 Apr 2010	6.0657	1 Aug 2015	31 Jan 2016	4,012	1,384	2,628	—
20 Apr 2011	5.7974	1 Aug 2016	31 Jan 2017	37,676	19,103	4,493	14,080
24 Apr 2012	5.3532	1 Aug 2015	31 Jan 2016	35,502	22,393	13,109	—
24 Apr 2012	5.3532	1 Aug 2017	31 Jan 2018	76,420	—	3,584	72,836
				<b>153,610</b>	<b>42,880</b>	<b>23,814</b>	<b>86,916</b>
	(HK\$)						
21 Apr 2010	62.9770	1 Aug 2015	31 Jan 2016	55,072	—	55,072	—
20 Apr 2011	63.9864	1 Aug 2016	31 Jan 2017	136,240	2,950	34,123	99,167
24 Apr 2012	55.4701	1 Aug 2015	31 Jan 2016	372,971	60,141	312,830	—
24 Apr 2012	55.4701	1 Aug 2017	31 Jan 2018	550,547	—	145,247	405,300
				<b>1,114,830</b>	<b>63,091</b>	<b>547,272</b>	<b>504,467</b>

<sup>1</sup> The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.10.

## Discretionary share plans

Note 5 of the Financial Statements in the *Annual Report and Accounts 2016* gives detail on share-based payments, including discretionary awards granted under HSBC's share plans.

Restricted Share awards may be granted on a discretionary basis to senior executives and are the delivery mechanism for the Group's bonus deferral policy. A conditional award of a Restricted Share defines the number of shares to which the employee will become entitled, generally up to three years from the date of the award, and normally subject to the individual remaining in employment. In some cases the employee's entitlement depends upon the satisfaction of a performance condition.

The Group Performance Share Plan ('GPSP') and fixed pay allowances are incorporated in the HSBC Share Plan 2011. See page 155 of the *Annual Report and Accounts 2016* for further details.

The maximum value of awards or options that may be granted to an employee in any one year under the HSBC Share Plan 2011 is 600% of the employee's annual salary. For the purpose of the limit, any Restricted Share awards made on or shortly after the commencement of employment or in substitution for all or any part of any bonus to which the employee would otherwise have been entitled, are excluded.

