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財經事務及庫務局
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LC Paper No. CB(1)707/19-20(02)

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來函檔號 YOUR REF.:

1 June 2020

Clerk to Legislative Council Panel on Financial Affairs
Legislative Council Complex
1 Legislative Council Road, Central, Hong Kong
(Attn: Miss Sharon Lo)

Dear Miss Lo,

HSBC Holdings plc (“HSBC”)’s Cancellation of Dividend Payment

I refer to your email of 23 April 2020 which conveyed the concerns expressed by District Council member Ms Christine Fong on the captioned matter. Our response to the issues raised in the letter is as follows.

The Government and regulatory authorities (including the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC)) are aware that some companies, including HSBC, have decided to cancel dividend payment recently pursuant to the request of their home regulator. According to HSBC’s announcement, the relevant decision was made by its Board having regard to the written notice and request issued by the Bank of England through its Prudential Regulation Authority.

We understand and appreciate that HSBC’s decision would have certain impact on shareholders and some of them would feel disappointed and dissatisfied. Banks incorporated in the United Kingdom (including HSBC) are regulated by the Prudential Regulation Authority under the Bank of England and they are required to comply with its relevant requirements.

In Hong Kong, the HKMA has requested the Hong Kong branch of HSBC to reflect the concerns expressed by its shareholders in Hong Kong to HSBC. The HKMA has also informed the Bank of England's Prudential Regulation Authority about the concerns expressed by HSBC shareholders in Hong Kong through HKMA's regular regulatory communications with it. In addition, SFC has conducted a careful examination of all information available to it, and assessed it against the threshold criteria for investigating matters under the Securities and Futures Ordinance such as insider dealing, failure to disclose inside information, disclosure of false or misleading information and unfair prejudice to shareholders. SFC has concluded that there is at present no ground on which regulatory action should be pursued under the Securities and Futures Ordinance in respect of the cancellation and the suspension of dividend payment.

Dividend policy and arrangements of listed companies are commercial decisions of the respective companies' Board having regard to a range of considerations. The Securities and Futures Ordinance and the Listing Rules would not prescribe specific dividend policy and arrangements of listed companies. Generally speaking, the dividend arrangements of listed companies should comply with the requirements as stipulated in the company law of their respective jurisdiction of incorporation as well as their articles of association. The Securities and Futures Ordinance and the Listing Rules require listed companies to announce the information about dividend payment and any changes relevant to dividend arrangements in a timely manner in order to uphold the transparency of market information. Listed companies are also required to keep the register of interests in shares and make it available for public inspection in accordance with the requirements set out in the Securities and Futures Ordinance. Separately, the Hong Kong branch of HSBC is a note-issuing bank and is required to fulfill a set of stringent requirements, including those relating to US dollar reserve, banknote storage, distribution and security, etc. The existing requirements and regulatory arrangements have been operating smoothly and the HKMA does not have plan to make any changes.

Thank you for conveying Ms Fong's concerns on the captioned matter.

Yours sincerely,



(Henry Yim)
for Secretary for Financial Services
and the Treasury

c.c. Chief Executive, Hong Kong Monetary Authority
Chief Executive Officer, Securities and Futures Commission