



Financial Reporting Act (The Hongkong and Shanghai Banking Corporation Limited) Exemption Notice 2008

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

Contents

		Page
1	Title	1
2	Commencement	1
3	Expiry	1
4	Application	2
5	Interpretation	2
6	Exemptions for directors of HSBC	2
7	Conditions of exemptions	3

Notice

- 1 Title**
This notice is the Financial Reporting Act (The Hongkong and Shanghai Banking Corporation Limited) Exemption Notice 2008.
- 2 Commencement**
This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Expiry**
This notice expires on the close of 30 June 2013.

4 Application

The exemptions granted by this notice apply to the following accounting periods of HSBC:

- (a) the accounting period ended on 31 December 2007; and
- (b) subsequent accounting periods.

5 Interpretation

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

Act means the Financial Reporting 1993

HK FRS means the financial reporting standards of Hong Kong, including the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, that comply with IFRS as adopted by Hong Kong

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

IFRS means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the constitution of the International Accounting Standards Committee Foundation; and
- (b) final interpretations by the International Financial Reporting Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

specified financial statements means the audited consolidated financial statements that are required to be prepared in respect of HSBC in accordance with the laws of Hong Kong.

- (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

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

7 Conditions of exemptions

The exemptions are subject to the conditions that—

- (a) the directors of HSBC continue to comply with all the requirements of the Act in relation to financial statements required by section 8(2) of the Act for the New Zealand business of HSBC; and
- (b) HSBC complies with the requirements of the laws of Hong Kong that relate to the preparation, content, auditing, and public filing of the specified financial statements; and
- (c) the specified financial statements comply with HK FRS; and
- (d) if, in complying with HK FRS, the specified financial statements do not give a true and fair view of the matters to which they relate, the directors of HSBC add information and explanations that will give a true and fair view of those matters; and
- (e) HSBC ensures that the specified financial statements are delivered to the Registrar for registration annually, and before the date on which financial statements and group financial statements would, but for the exemptions, be required to be delivered for registration.

Dated at Wellington this 24th day of June 2008.

The Common Seal of the Securities Commission was affixed in the presence of:

[Seal]

J Diplock,
Chairperson.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 30 June 2013, exempts the directors of The Hongkong and Shanghai Banking Corporation Limited (**HSBC**) from various provisions of the Financial Reporting Act 1993 (the **Act**).

The effect of the exemptions is to provide relief to the directors of HSBC from the preparation, content, auditing, and filing requirements of the Act. These exemptions are granted on the condition that HSBC prepares and publicly files financial statements that it is required to prepare under the financial reporting requirements of its jurisdiction.

The Securities Commission (the **Commission**) considers that it is appropriate to grant the exemptions because—

- the effect of the exemptions is to allow HSBC to provide the accounts that it is required to prepare under the financial reporting requirements of Hong Kong. The principal differences in reports provided in reliance on the exemptions are as follows:
 - the directors will prepare and register financial statements, but these statements will not contain a statement of cash flows or a statement of financial performance;
 - the consolidated financial statements will comply with the financial reporting standards of Hong Kong (rather than New Zealand's financial reporting standards);
 - the consolidated financial statements will be audited in accordance with the requirements set out in Hong Kong's legislation and the auditor's report will provide the information required by Hong Kong's legislation instead of the Act;
- there will not be any significant detriment to subscribers;
- the Commission has had regard to the financial reporting and audit requirements that must be complied with by HSBC, which must comply with the financial reporting and audit requirements set out in Hong Kong legislation;
- HSBC is required by the law of Hong Kong to publish audited financial statements in accordance with the financial reporting standards of Hong Kong, which are based on International

**Financial Reporting Act (The Hongkong
and Shanghai Banking Corporation
Limited) Exemption Notice 2008**

Financial Reporting Standards. As of 1 January 2007, for financial reports published after that date, New Zealand has also moved to a regime based on International Financial Reporting Standards as its generally accepted accounting practice:

- the Commission is satisfied that the consolidated accounts required to be prepared under Hong Kong financial reporting laws provide sufficient information to avoid any detriment to investors who invest in companies incorporated in Hong Kong:
- the exemption addresses the particular difficulties experienced by HSBC due to it issuing securities in New Zealand. The exemption is not broader than is reasonably necessary to address these difficulties, and still requires that financial statements be filed in New Zealand.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 26 June 2008.

This notice is administered by the Securities Commission.
