



HSBC North America Holdings Inc.

April 20, 2009

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

File Number: S7-27-08

Dear Ms. Murphy,

We are pleased to have the opportunity to comment on the issued "*Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*" (the "Roadmap") which was released for comment by the Securities and Exchange Commission (the "Commission") on November 14, 2008. In addition, we would also like to reference our related previous comment letter on this topic dated November 13, 2007.

HSBC North America Holdings Inc. (HSBC North America) is the holding company of HSBC Holdings plc's principal North American operations. It is one of the top ten bank holding companies in the U.S. with assets exceeding \$550 billion (IFRSs basis) as at December 31, 2008. HSBC North America employs over 30,000 staff and operates within the U.S. and Canada.

Our ultimate parent company, HSBC Holdings plc (HSBC) is an SEC registrant which is UK-based, and as a Foreign Private Issuer (FPI) prepares its financial statements under International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). As such, we are required to report our financial results to our parent under IFRSs. Furthermore, senior executives of HSBC North America review financial performance under IFRSs and their performance financial metrics and that of the rest of management are assessed under IFRSs. In addition, decisions about allocating resources such as employees and costs are made almost exclusively using IFRSs.

We own two large U.S. domestic registrants, HSBC Finance Corporation and HSBC USA Inc. These registrants do not issue common equity securities in the marketplace as HSBC is the sole common equity holder. However, these registrants have issued public debt and preferred equity in the marketplace. As a result, both of these registrants file annual and periodic reports under the Securities Exchange Act of 1934 with the Commission under U.S. GAAP. Because these registrants manage their businesses utilizing IFRSs financial information, segment disclosures for these registrants are prepared in accordance with IFRSs, which are reconciled back to U.S. GAAP within the S.E.C. filed financial statements. We strongly believe that both debt and HSBC equity market participants rely almost solely on our U.S. registrants' IFRSs segment disclosures to understand the impact of our North American businesses as they represent a sizeable component of HSBC Holdings plc. We believe providing complete IFRSs financial information to our investors will expand its usefulness to both our debt investors as well as HSBC's equity investors. We, therefore, strongly support the Commission allowing U.S. issuers to report Financial Statements prepared under IFRSs.

Additionally, allowing U.S. issuers to report under IFRSs would decrease the compliance burden and reduce the inherent risk from the extended efforts to administer reporting processes under both IFRSs and U.S. GAAP. This would lead to greater cost effectiveness as a significant proportion of the 1,400 finance staff employed throughout North America are involved in duplicate processes of preparing and analyzing both IFRSs financial information submitted to our parent and used for management purposes and U.S. GAAP financial information, as reported in the periodic and annual reports filed with the Commission and used to fulfill our reporting obligations to other U.S. regulators. The costs of maintaining separate ledgers and processes for IFRS and US GAAP are very significant in North America. In addition, our Canadian operations must comply with a third basis of accounting, Canadian GAAP. Although Canadian GAAP will be eliminated when Canada adopts IFRSs, a U.S. GAAP separate ledger will need to be maintained for our North American consolidation.

Although US GAAP and IFRSs have significantly converged, we have not realized significant cost benefits as data must conform to both accounting standards and disclosures. In addition, we incur a considerable amount of effort and cost reconciling our US GAAP results to our IFRS results. Significant system costs are also required to ensure IFRS and US GAAP classifications and mappings within the subledgers and general ledgers are functioning and maintained. System maintenance and enhancements require additional system personnel to service both US GAAP and IFRS requirements. The requirements for all significant Finance initiatives, regardless of the level of automation or manual processes, must be configured to accommodate both US GAAP and IFRS. As a result of the need to operate in a dual GAAP environment, finance related initiatives also require significantly longer implementation periods. The impact of such additional costs, resources and implementation timelines create a competitive disadvantage from a finance function perspective when compared to U.S. peers that comply with only U.S. GAAP.

The Commission's decision to allow U.S. issuers to furnish financial statements prepared in accordance with IFRSs would reduce the burden of compliance and eventually eliminate the need to maintain two complete sets of financial records and the need to analyze every transaction under both IFRSs and U.S. GAAP. In addition, to the extent other U.S. regulators move in a similar direction and accept such a single basis of reporting, this would eliminate the additional basis of reporting which also exists for regulatory purposes. Therefore, reporting financial results solely under IFRSs would expand the usefulness of our financial information for both our debt and preferred equity investors and HSBC's equity investors.

It is our understanding from reading the proposed Roadmap that neither HSBC Finance Corporation nor HSBC USA Inc. would be eligible to file their financial statements with the Commission in accordance with IFRSs as part of the Commission's proposal for the limited early use of IFRSs for fiscal years ending on or after December 15, 2009. This is because it would appear the eligibility criteria as written would need to be applied for HSBC North America at the subsidiary level, not at the ultimate parent level. As a result, although our ultimate parent, HSBC Holdings plc, would qualify, neither HSBC Finance Corporation, nor HSBC USA Inc., would qualify as one of the 20 largest banks based on global market capitalization in the banking industry as a whole.

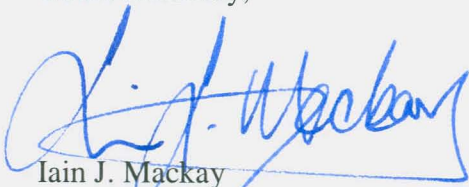
As such, we respectfully request the Commission alter the eligibility requirements for limited early use set forth in the proposed Roadmap. We recommend that the Commission consider allowing U.S. based SEC registrants that are wholly-owned subsidiaries of an FPI that currently

files with the Commission under IFRSs the ability to also elect to file their financial statements with the Commission under IFRSs beginning for fiscal years ending on or after December 15, 2009. We believe such reporting in accordance with IFRSs would enhance comparability for both U.S. and foreign investors for the reasons discussed above. We also believe that subsidiaries of FPIs will be the best prepared to lead the limited early use efforts and will serve as strong examples in terms of the level of detail included regarding IFRSs and the transition from U.S. GAAP. We believe that we would provide strong disclosures and serve as a very good example for others in the financial services industry that will not be electing to early adopt. This is increasingly important as the banking industry in general has experienced dramatic change in 2008 and related pressures in 2009 may make early adoption elections unlikely for others not already reporting under IFRSs.

We believe IFRSs are a high-quality set of accounting standards and that the benefits of international convergence in the long-term significantly outweigh any short-term costs of convergence. We also note that many of the remaining differences with U.S. GAAP are purely of a technical relevance, including transitional differences that may diminish in importance over time. As such, there would be little adverse impact to investors from allowing U.S. based SEC registrants to file financial statements under IFRSs in the near-term.

Our responses to certain of the detailed questions in the Roadmap are included as an Appendix.

Yours faithfully,



Iain J. Mackay
Senior Executive Vice President and Chief Financial Officer
HSBC North America Holdings Inc.

Cc: Douglas J. Flint CBE
Group Finance Director
HSBC Holdings plc

**Response to Selected Questions in the
Roadmap for the Potential Use of Financial Statements
Prepared in Accordance with International Financial Reporting Standards
by U.S. Issuers**

We have responded to certain questions below in which the Commission seeks public comment. In certain cases, our responses have been grouped to address together those questions that we believe have underlying similarities.

Question 1:

Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?

IFRSs are widely used throughout the world, and many more countries aim to adopt IFRSs in the next few years. IFRSs are generally acknowledged to be comprehensive and of high quality. Each standard has been formulated following a well defined due-process, including exposure drafts and, where necessary, discussion papers, and the standards have been widely published. The standards are supported by a series of interpretations issued by a committee established for this purpose, the International Financial Reporting Interpretations Committee (IFRIC), which has considered a wide range of implementation issues, and, where appropriate, issued interpretations that carry similar authority as the standards. As such, we believe IFRSs to be a body of accounting literature of high quality, and afforded the requisite due-process, as that of U.S. GAAP.

Allowing U.S. issuers to prepare financial statements in accordance with IFRSs will be of significant benefit to those companies who:

- are in an industry sector whereby a significant proportion of non-U.S. competitors prepare financial statements in accordance with IFRSs;
- have significant overseas operations and subsidiaries who are obliged to prepare IFRSs-compliant financial statements for local regulatory or statutory filing purposes; or,
- are a U.S. domestic registrant with an ultimate parent company that reports its consolidated financial statements under IFRSs.

For these reasons, we strongly support the Commission allowing U.S. issuers to prepare financial statements in accordance with IFRSs as published by the IASB. We do not believe there would be significant consequences in the U.S. public capital market of U.S. issuers reporting in accordance with IFRSs due to the current significant proximity of IFRSs to U.S. GAAP which mitigates any significant "learning curve" that might otherwise be present.

Question 16:

Do commenters agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

Question 19:

Is limiting the proposal to the largest 20 competitors by market capitalization an appropriate criterion? Should it be higher or lower? Should additional U.S. issuers be eligible to elect to report in IFRS if some minimum threshold of U.S. issuers (based upon the actual number or market capitalization of U.S. issuers choosing to report in IFRS) elects to report in IFRS under the eligibility requirements proposed? To the extent additional U.S. issuers are not permitted to report in IFRS even if such a minimum threshold is met, are such non-eligible U.S. issuers placed at a competitive disadvantage vis-à-vis U.S. issuers reporting in IFRS?

We agree that certain U.S. issuers should have the alternative to report using IFRSs prior to 2011. However, we believe the industry criteria developed by the Commission in deciding which issuers should be proposed for inclusion into the group of early adopters inappropriately excludes certain registrants which should be allowed to file under IFRSs. Specifically excluded are certain U.S. registrants whose parent companies are foreign private issuers who are already filing their annual and periodic reports with the Commission under IFRSs. Therefore, we believe that such wholly-owned subsidiaries of foreign private issuers also be afforded the opportunity to file their financials statements under IFRSs prior to 2011 as well. We believe providing complete IFRSs financial information to our ultimate parent's investors will expand its usefulness to both our debt and preferred equity investors as well as our ultimate parent's equity investors. Such subsidiaries already report under IFRSs to their parent company, and as such, this would allow such U.S. issuers to reduce the burden and eventually eliminate the need to maintain multiple sets of financial records which would result in a tremendous cost benefit.

The way the proposed criteria for early adoption are currently written, neither HSBC Finance Corporation nor HSBC USA Inc. would be eligible to file its financial statements under IFRSs early. This is because it would appear the eligibility criteria as written would need to be applied at the subsidiary level, not at the parent level. As a result, neither HSBC Finance Corporation nor HSBC USA Inc. would qualify as one of the 20 largest banks based on the global market capitalization of the banking industry as a whole.

Companies who are U.S. registrants and are also currently reporting to their Foreign Private Issuer parent under IFRSs are likely the most prepared to file IFRSs financial statements early with the Commission without a significant amount of additional burden.

Question 29:

Should we limit the first filing available to an annual report on Form 10-K, as proposed? If not, why not? Is the proposed transition date of fiscal years ending on or after December 31, 2009 appropriate? Should it be earlier or later and why? What factors should be considered in setting the date?

Because we have two companies which are SEC registrants that represent subsidiaries of a Foreign Private Issuer that files financial statements under IFRSs with the Commission, we would welcome the opportunity to begin to file periodic and annual reports with the Commission commencing with annual periods ending after December 15, 2009.

Question 34:

What are the commenters' views on Proposals A and B relating to U.S. GAAP reconciling information? Which proposal would be most useful to investors? Is there a need for the supplemental information provided by proposal B? Would the requirement under Proposal B have an effect on whether eligible U.S. companies elect to file IFRS financial statements? To what extent might market discipline (i.e. investor demand for reconciliation information) encourage early adopters to reconcile to U.S. GAAP even in the absence of a reconciliation requirement?

Question 36:

How valuable is the reconciliation to U.S. investors, U.S. issuers and market participants? How valuable is the reconciliation to global market participants? Are there some financial statements (such as the statement of comprehensive income) which should not be required to be reconciled to U.S. GAAP?

We believe the requirements in IFRS 1 present an adequate framework to communicate with investors, banks and other parties on the impact of IFRSs on the issuer's financial statements. When applied faithfully and comprehensively (noting numerous examples from other jurisdictions available to U.S. issuers) they are an invaluable part of the IFRSs education process.

We also believe that complexities already exist for many companies who currently are required to report under multiple standards. Based on the experience of transition to IFRSs in Europe and other jurisdictions, we believe that where companies, and their banking system, regulators and tax-authorities, adopt a timely and well-structured program of transition and education of interested parties, the result is improved transparency in financial reporting. Hence, we believe Proposal B would be most transparent to the users of the financial statements, particularly for those that are in the process of learning IFRSs. We would suggest however that a sunset provision be added to the annual reconciliation requirement between U.S. GAAP and IFRSs promulgated under Proposal B. As convergence progresses and investors become more familiar with IFRSs, information that would have otherwise been reported under U.S. GAAP will become largely irrelevant.