

Directions to HSBC UK Bank plc issued under the Retail Banking Market Investigation Order 2017

Introduction

1. The Competition and Markets Authority (CMA) is issuing Directions to HSBC UK Bank plc (HSBC) concerning breaches under Part 2 and Part 8 of the [Retail Banking Market Investigation Order 2017](#) (the Order).

Background

2. The CMA's [retail banking market investigation](#) identified a number of competition problems in both the personal current account (PCA) and small and medium-sized enterprise (SME) banking markets. The Order put in place a package of remedies designed to address these problems. The relevant provisions of Part 2 of the Order came into effect on 31 March 2017, and HSBC was subject to those provisions from that date. Part 8 of the Order came into effect on 2 August 2017, and HSBC was subject to those provisions from that date.
3. Part 2 of the Order provides for Open API standards and data sharing (the Open Banking Remedy). The purpose of the provision of the Read-only Data Standard via the Open Banking Remedy is to increase competition in retail banking and allow customers to make better decisions based on their individual needs. Specifically, Article 12.1 within Part 2 of the Order requires the nine largest banks at the time of the Order in GB and NI (including HSBC) to release information on their products (such as bank accounts) and reference information (such as branch location and opening hours). Such information shall be as accurate and up-to-date as reasonably practicable.
4. Part 8 of the Order provides for the publication of representative rates for loans and overdrafts for SME products. Banks must publish the representative cost of their loans and overdrafts in Annual Percentage Rate (APR) and in Effective Annual Rate (EAR) respectively. Rates published must be accurate and kept up-to-date. Because the rates actually offered by banks to customers are set on an individual basis, banks are required to publish a

Representative Rate. This means the rate at or below which the bank reasonably expects credit would be provided for at least 51% of credit agreements. The purpose of Part 8 is to inform SMEs looking for a loan or overdraft of the likely cost of credit, so they can compare providers and choose the most suitable loan or overdraft for them.

5. HSBC first notified the CMA of the breaches of Part 8 of the Order on 24 August 2023 and of Part 2 (Article 12.1.1) of the Order on 28 September 2023. The CMA assessed these breaches, and HSBC provided further information on the breaches on 27 September 2023; 28 September 2023; 24 October 2023; 26 October 2023; 10 November 2023; and 24 November 2023. The CMA considered all the information provided by HSBC in its assessment.

Previous breaches

6. The CMA has written to HSBC publicly about its failure to comply with Article 12 of Part 2 of the Order on two previous occasions:
 - On 28 April 2022 the CMA wrote to HSBC about its failure to publish, or for publishing incorrect, information required by Article 12 (Read-only Data Standard) within Part 2 of the Order through Open Banking Application Programming Interfaces (APIs) on six occasions. This [letter was published on the CMA's website](#).
 - On 19 January 2023 the CMA wrote to HSBC about its failure to comply with Article 12 (Read-only Data Standard) within Part 2 of the Order by publishing inaccurate information, or not publishing information required by Article 12 (Read-only Data Standard), through its Read-only Open Data APIs on more than 50 occasions. This [letter was published on the CMA's website](#).
7. The CMA has also written to HSBC about its failure to comply with Part 8 of the Order on two previous occasions:
 - The 28 April 2022 letter referred to above also explained that the failure to publish the correct information under Article 12 within Part 2 of the Order had the consequential impact of causing two additional breaches of Part 8. This letter is linked above.
 - On 22 July 2022 the CMA wrote to HSBC because one of the pages of its public website displayed out of date information about the Representative

Rate for its Unsecured Business Overdrafts. This [letter was published on the CMA's website](#).

Current breaches

Part 2

8. HSBC breached Article 12.1.1 within Part 2 of the Order between 19 July 2022 and 7 October 2023 by publishing inaccurate information through its Read-Only APIs as part of the Open Banking system. Two branches were missing from its Read-Only APIs and 167 branches had not been removed from its APIs since they had closed. HSBC reports that the information published through its Read-Only APIs was corrected by 7 October 2023.
9. HSBC has explained that the cause of the breach was a change of approach to providing information to the system which makes APIs available. The previous automatic source of information was replaced with a manual source of information which was not suitable for a time where significant changes were being made to the HSBC branch estate.
10. HSBC notified the CMA of the breach on 28 September 2023.

Part 8

11. HSBC breached Part 8 of the Order between 24 June 2023 and 10 August 2023 by publishing the incorrect EAR on its HSBC Kinetic Webform page (for its HSBC Kinetic current account), accessible only through a link provided by a third party. The rate that should have been published was 16.25% instead of 14.82%.
12. HSBC has explained that the failure was due to the relevant page being inadvertently omitted from a list of web pages that need to be updated every time there is a change in the Bank of England base rate, which was what the EAR was based on.
13. HSBC notified the CMA of the breach on 24 August 2023.
14. HSBC also breached Part 8 of the Order by publishing the incorrect Representative APR on publicly accessible marketing materials for loans up to £10,000 on its HSBC Kinetic loan product between 1 December 2022 and 28

September 2023. The incorrect rate was on HSBC's public Business Internet Banking website, the on-boarding system used by HSBC's smallest portfolio-managed customers, the tool which feeds product information into Open Banking data, the HSBC Kinetic app and the app store.

15. The Representative APR for loans of up to £10,000 that should have been published was 11.3% instead of 7.1%. Loans between £10,001 to £25,000 were not affected by the breach.
16. HSBC has said that the breach was as a result of human inputting error.
17. HSBC informed the CMA of the breach on 27 September 2023.

Actions taken by HSBC

18. HSBC has completed the following actions to prevent a recurrence of the Part 2 breaches. It has:
 - Re-validated accountability and ownership of each step of the Branch and ATM Read-Only APIs, so it is clear where responsibilities lie.
 - Enhanced procedures and controls for updating the Branch Read-only APIs, so that defined and documented compliance processes exist, and is in the process of doing the same for ATM Read-only APIs.
 - Enhanced review processes and detective controls, so Branch Read-Only APIs data is verified and checked before publication, and is in the process of doing the same for ATM Read-only APIs.
 - Improved training and awareness, so staff are clear on the requirements of Part 2 of the Order in relation to Branch and ATM Read-Only APIs and their responsibilities under it.
 - In addition, HSBC is developing a fully-automated solution to updating APIs related to Branch data, to avoid the risk of human error.
19. HSBC has completed the following actions to prevent a recurrence of the Part 8 breaches. It has:
 - Completed a critical and independent review of its Part 8 control environment, to establish weaknesses in the existing control environment. This was completed by HSBC's Controls Oversight and Regulatory Compliance teams, prior to a further review by HSBC's Group Internal Audit team, which has now completed.

- Carried out a read-across of this issue to other areas where compliance with Part 8 is required, to ensure there are no other, similar breaches or weaknesses in the control environment.
- Strengthened the existing control framework for publication of rates for SME lending products, for example by controlling the creation of new pages which contain information required under Part 8.
- Enhanced the existing preventative and detective control environment to prevent incorrect information from being published and proactively detect any incorrect information which is published.
- Explored the feasibility of automatic updating of rates and contextual information, and is now starting to deploy it.
- HSBC has also promoted wider knowledge of Part 8 requirements for relevant staff, by developing targeted training and an end-to-end 'Playbook' covering all requirements related to Part 8.

CMA decision

20. The CMA has taken account of the information provided by HSBC and has assessed it in line with the criteria described in our [Guidance on reporting, investigation and enforcement of potential breaches](#):

Significance: including the magnitude of the breach in terms of cost or value, the harm caused, and the number of suppliers, customers or consumers affected, as well as the duration of the breach.

21. Part 2 (Article 12.1.1): The error impacted information relating to 169 branches. The duration that the information was out-of-date varied but was up to 14 months. It is difficult to know how many consumers were affected by these breaches because we cannot determine how many consumers accessed the information that should have been made available accurately via the Read-Only Open Banking APIs. Nevertheless, we note the volume of outdated information and lengthy duration of the breach. The CMA is concerned that, if providers make out-of-date information available via Open Banking, businesses such as comparison websites or consumer organisations will be less likely to use it to inform consumers.
22. Part 8 (Article 30): The longest breach lasted 43 weeks. It is not clear how many SMEs accessed the marketing materials affected but we know that during the relevant period 1,664 SMEs took out a loan of up to and including

£10,000. The harm associated with publishing a misleadingly low rate is that, it is possible that some SMEs could have got a better rate elsewhere and may inadvertently end up paying more.

The actions taken by the firm in reporting to the CMA and addressing the breach including whether the firm has reported the breach to the CMA in a timely and complete manner. Other relevant factors here include whether it has decided itself to take proactive steps to stop the breach (in advance of any indication that the CMA intends to take specific action), and the extent to which a firm has taken appropriate steps to remedy any detriment suffered by customers, and improve its procedures sufficiently to prevent further breaches.

23. Part 2 (Article 12.1.1): HSBC has engaged positively with the CMA by addressing each of the breaches. HSBC self-reported the breaches within 14 days of becoming aware of them. In order to prevent a recurrence HSBC has proactively and voluntarily committed to the steps outlined above, all of which have now been completed.
24. Part 8 (Article 30): HSBC has engaged positively with the CMA by rectifying both breaches in a timely manner and by publishing the correct rate in the appropriate places. HSBC self-reported the breaches within 14 days of becoming aware of them. In order to prevent a recurrence HSBC has proactively and voluntarily committed to the steps outlined above, including a review by Group Internal Audit, most of which have now been completed.
25. HSBC's Group Internal Audit has commenced an internal review of the oversight, role and responsibilities of HSBC management in ensuring compliance with all Parts of the Order. This review is in addition to the internal audit that was recently conducted in relation to Part 8 of the Order. However, the CMA considers that a more comprehensive solution is required, with an external body providing a review of HSBC's compliance. We consider that an external body would:
 - Be better able to provide recommendations from a different perspective than a body which is part of the same Group, using knowledge from its wider experience rather than just from the experience of that bank.
 - Be more independent of the bank's decision-making. While we note that HSBC's Group Internal Audit has a degree of independence within the Group,

it is not the same as an external auditor which is completely outside the Group.

Recidivism and previous conduct: including an assessment of the nature of any previous breaches, and whether a business is already subject to a heightened compliance regime resulting from previous breaches.

26. Part 2 (Article 12.1.1): There have been previous significant breaches of the Order by HSBC. The CMA [published a letter to HSBC in April 2022](#) in relation to breaches of Article 12 within Part 2 of the Order relating to 6 data points. The CMA [published a letter to HSBC in January 2023](#) in relation to breaches of Article 12 within Part 2 of the Order concerning more than fifty data points. HSBC has previously (in relation to the two groups of breaches which were the subject of our public letters) committed to making changes to prevent a recurrence. However, the most recent remedial programme concerning the systems and processes for product information did not extend to the separate systems and processes used for the provision of Read-Only APIs for its branch network, which had been working effectively until the breach.
27. Part 8 (Article 30): There have been previous significant breaches of the Order by HSBC. The CMA [published a letter to HSBC in July 2022](#) because one of the pages of its public website displayed out of date information about the Representative Rate for its Unsecured Business Overdrafts. The CMA [published a letter to HSBC in April 2022](#) because it failed to publish correct information through Open Banking APIs which was a consequential impact of the same information being displayed incorrectly on its public website, which was not compliant with Article 32 within Part 8. HSBC has previously (in relation to the two groups of breaches which were the subject of our public letters) committed to making changes to prevent a recurrence. However, these have not been effective in preventing these further breaches that were caused by inputting errors.

The need for the CMA to take action to address the breach: including whether a breach is ongoing, and what, if any, action the CMA needs to take to bring the breach to an end, or to put in place improved and more substantial controls on a firm to seek to prevent further breaches.

28. Part 2 (Article 12.1.1): None of the breaches are ongoing. HSBC has corrected all of the information made available through its Read-Only Open Data APIs. The CMA has concerns that formal action may be necessary to

prevent a recurrence. This is because HSBC has repeatedly breached Article 12 within Part 2 of the Order and we are not convinced that HSBC is capable of preventing further breaches through the initiatives mentioned above. HSBC has delivered initiatives to prevent further breaches itself, but the CMA considers that repeated breaches of this nature indicate that external expertise is required to provide a more independent analysis of what action is needed to prevent future breaches.

29. Part 8 (Article 30): The breaches are not ongoing. HSBC has corrected the display of both incorrect representative rates with the correct representative rates. The CMA has concerns that formal action may be necessary to prevent a recurrence. This is because HSBC has repeatedly breached Part 8 of the Order and we are not convinced that HSBC is capable of preventing further breaches through the initiatives mentioned above. HSBC has delivered these initiatives itself, but the CMA considers that repeated breaches of this nature indicate that external expertise is required to provide a more independent analysis of what action is needed to prevent future breaches.

Contextual factors, such as the status and age of the undertaking or order: where an order or undertakings are new and in the process of being implemented and where firms have some legitimate uncertainty over their exact obligations, this might lead to different action being taken compared to when an order or undertakings have been in force continuously for a number of months or years and firms will be expected to be more familiar with the obligations. For older cases, we will give consideration to whether, and if so how, the relevant market has evolved since the undertakings or order were put in place, to ensure that our proposed enforcement remains proportionate.

30. Both Articles came into force in 2017, and HSBC was subject to both from that date. So, HSBC should have been capable of complying.

Summary

31. In summary, based on the significance of the breaches, on the number of times that HSBC has breached Parts 2 and 8 previously, and on our concerns that HSBC has not demonstrated its ability to ensure its own compliance, we are issuing HSBC with Directions.
32. Based on the breaches described above, the CMA has decided to issue directions to HSBC:

- To take all steps necessary to comply with Article 12 of Part 2 of the Order and Part 8 of the Order.
 - To procure an external body to carry out a review of the processes and procedures it uses to comply with Article 12 of Part 2 of the Order and Part 8 of the Order. The scope of the review will be informed by the review carried out by HSBC's Controls Oversight and Regulatory Compliance team and validated by its Group Internal Audit.
 - To act on any recommendations made by that external body.
 - To carry out subsequent reviews by an external body, if that is one of the recommendations of the initial review.
 - To provide training to staff on compliance with Article 12 of Part 2 of the Order and Part 8 of the Order.
 - To provide annual reminders to staff on compliance with Article 12 of Part 2 of the Order and Part 8 of the Order.
 - To produce an action plan which covers all of the above, with timescales for delivery.
33. The Directions, in particular the Initial Assurance Audit to be carried out by an Independent Body, would consider HSBC's current compliance procedures including any to be put in place as a result of the changes referred to at paragraphs 18 and 19 above.
34. On 22 March 2024 the CMA provided HSBC with draft Directions specifying and describing the steps to be taken by it for the purposes of securing future compliance with the Order.
35. The CMA has considered the representations received on 19 April; 9 May and 15 May 2024 from HSBC on the draft Directions, and now issues these Directions.

The CMA gives these Directions (the Directions) to HSBC UK Bank plc (HSBC) with company number 09928412 and registered address at 1 Centenary Square, Birmingham, B1 1HQ under the Retail Banking Market Investigation Order 2017

1. Commencement and Duration

- 1.1. The Directions come into force on 25 July 2024.
- 1.2. The Directions continue to remain in force until such time as they are varied or revoked by the CMA under the Order. The variation or revocation of these Directions does not affect the validity or enforceability of any rights or obligations that arose prior to such variation or revocation.

2. Interpretation

- 2.1. In the Directions terms have the same meaning as in the Order, unless stated otherwise.
- 2.2. 'HSBC' - means HSBC UK Bank plc a UK registered company with company number 09928412.
- 2.3. 'the CMA' – means the Competition and Markets Authority.
- 2.4. 'Competent and Experienced' member of Relevant Staff refers to Relevant Staff that have a detailed understanding of the Order such that they are able to assess the competence of other Relevant Staff.
- 2.5. 'Independent Body' - means an auditor with sufficient expertise to carry out the Initial Assurance Engagement and any Subsequent Assurance Engagement and that is not part of HSBC's group/company and is without conflicts of interest.
- 2.6. 'Initial Assurance Engagement' – means the assurance engagement under these Directions described in clauses 5 to 6.
- 2.7. 'the Order' – means the Retail Banking Market Investigation Order 2017.
- 2.8. 'Recommended Steps' – means the steps included in the Report and approved by the CMA that HSBC should take following the Initial Assurance Engagement and any Subsequent Assurance Engagement.

- 2.9. 'Recommended Timescales' – means the timescale for implementing the Recommended Steps as determined by the Independent Body and approved by the CMA.
- 2.10. 'Relevant Staff' – means all HSBC staff who are responsible for or take actions in connection with ensuring compliance with Article 12 of Part 2 of the Order and Part 8 of the Order.
- 2.11. 'Report' – means the report prepared by the Independent Body following the Initial Assurance Engagement and any Subsequent Assurance Engagement.
- 2.12. 'Subsequent Assurance Engagement' – means any further assurance engagement under these Directions described in clause 8 following the Initial Assurance Engagement.

3. Directions

- 3.1. The CMA gives the following Directions to HSBC.
 - 3.1.1. HSBC must take all steps within HSBC's competence reasonably necessary or desirable to achieve and maintain compliance with Article 12 of Part 2 of the Order and Part 8 of the Order, including (but not limited to) everything in the Action Plan. The Action Plan includes ensuring that these Directions are put in place (or, in the case of items already in place at the date of these Directions, ensuring that they remain in place).
 - 3.1.2. To ensure that effective governance is in place for testing and monitoring ongoing compliance with Article 12 of Part 2 of the Order and Part 8 of the Order.

4. Appointment of an Independent Body

- 4.1. HSBC is directed to appoint an Independent Body to carry out an Initial Assurance Engagement and to monitor the implementation of any Recommended Steps that arise from this Initial Assurance Engagement.
- 4.2. The appointment of an Independent Body will be subject to the approval of the CMA, which will be sought in writing by HSBC explaining why its proposed choice of Independent Body is independent of HSBC and set out its competence in the relevant fields.

- 4.3. HSBC is directed to nominate an Independent Body in accordance with the Action Plan no later than within two calendar months of these Directions being issued. Following that, the Independent Body is to be appointed within 10 working days of the CMA confirming in writing that the proposed Independent Body is appropriate.

5. Initial Assurance Engagement of all compliance with Part 2 (Article 12) and Part 8 of the Order

- 5.1. HSBC is directed to ensure the appointed Independent Body carries out an Initial Assurance Engagement of all matters relating both directly and indirectly to the compliance of HSBC with Article 12 of Part 2 of the Order and Part 8 of the Order and these Directions. HSBC is directed to ensure the Independent Body's Initial Assurance Engagement will:
 - 5.1.1. have its scope agreed in advance between the Independent Body and the CMA, following consultation between HSBC and the Independent Body. The scope of its audit will be informed by the work carried out on Part 8 by HSBC's Controls Oversight and Regulatory Compliance team and reviewed by HSBC Group Internal Audit team. The Independent Body would remain responsible for the entirety of the audit.
 - 5.1.2. examine in detail all matters of policy, procedure, staff training, staff assessment and staff knowledge of Article 12 of Part 2 of the Order and Part 8 of the Order and all other areas (including IT and computer systems) and actions both directly and indirectly relevant to determine whether these policies, procedures, training and staff actions are sufficient to prevent the risk of future breaches of Article 12 of Part 2 of the Order and Part 8 of the Order, or whether additional steps need to be taken to reasonably prevent future breaches. This includes each of the initiatives proposed by HSBC to the CMA to address the breaches of Article 12 of Part 2 of the Order and Part 8 of the Order that led to these Directions;
 - 5.1.3. examine whether the processes, procedures, policies, guidance and expected staff actions for keeping information related to Article 12 of Part 2 of the Order and Part 8 of the Order accurate and up-to-date are robust in ensuring they will deliver compliance

with Article 12 of Part 2 of the Order and Part 8 of the Order at present and in the future.

- 5.2. HSBC is directed to provide reasonable access to its staff, internal processes, procedures, documentation, computer systems, including providing information and assistance in all relevant matters to allow the Independent Body to determine the necessary scope of its activities, and to carry out all work it deems appropriate to fulfil the Initial Assurance Engagement.
- 5.3. HSBC is directed to use its best endeavours to ensure that the Independent Body begins the Initial Assurance Engagement in accordance with the Action Plan and no later than one calendar month of the Independent Body having been appointed by HSBC.
- 5.4. HSBC is directed to ensure that the Independent Body's terms of appointment include that it immediately notify the CMA in writing if it considers that it is no longer in a position to effectively carry out the specified functions. The Independent Body should give its reasons for its opinion, including any supporting evidence available.
- 5.5. HSBC is directed to remunerate and reimburse the Independent Body for all reasonable costs properly incurred in accordance with the terms and conditions of its appointment, and in such a way so as not to impede the Independent Body's independence or ability to effectively and properly carry out its functions.

6. Outcomes of the Initial Assurance Engagement

- 6.1. HSBC is directed to ensure the Independent Body will prepare a Report to be provided directly to the CMA on the issues referred to under clause 5 above. The Report will need to be prepared in accordance with the timings set out in the Action Plan. HSBC shall be provided with a reasonable opportunity to comment on the Report before it is shared with the CMA.
- 6.2. Where processes, procedures and training are not considered sufficient to deliver full compliance with Article 12 of Part 2 of the Order and Part 8 of the Order in the future, HSBC is directed to ensure the Independent Body will include in the Report to the CMA, the Recommended Steps for HSBC to implement to improve its compliance processes and procedures.

- 6.3. HSBC is directed to ensure the Independent Body will also include in the Report an appropriate Recommended Timescale for HSBC to implement these improvements, taking into account the benefit to customers and competition from their implementation and what could reasonably be achieved by HSBC using its best endeavours.
- 6.4. HSBC is directed to ensure the Independent Body informs the CMA directly in the event that it uncovers evidence of potential or actual breaches of Part 2 (Article 12) and Part 8 of the Order, both historic and ongoing in nature (unless previously disclosed to the CMA by HSBC).
- 6.5. HSBC shall be provided with a reasonable opportunity to review the Report and produce a written response to the Report. The written response can be provided to the CMA alongside the Report. The CMA will review the Report and any response produced by HSBC and where content, will provide its approval that the Recommended Steps are to be implemented by HSBC in accordance with the Recommended Timescale. The CMA may amend the Recommended Steps and Recommended Timescale where appropriate and reasonable. HSBC will be provided with a reasonable opportunity (at least two weeks) to comment on any amended Recommended Steps and Recommended Timescales before they are finalised.

7. Implementation of improvements, oversight and correction by the Independent Body

- 7.1. HSBC is directed to take the Recommended Steps within the Recommended Timescale in the Report, as approved or amended by the CMA pursuant to clause 6.5. HSBC shall incorporate the Recommended Steps into its Action Plan in accordance with the Recommended Timescale.
- 7.2. HSBC is directed to give the Independent Body all necessary access in order that the Independent Body can monitor the implementation of the Recommended Steps within the Recommended Timescale.
- 7.3. HSBC is directed to ensure that the Independent Body will report directly to the CMA and HSBC (simultaneously) on its oversight on the progress of the implementation of any improvements set out in its Report on a monthly basis. In this report, it will raise any concerns regarding the implementation and timescales with both the CMA and HSBC.

8. Subsequent Assurance Engagement by an Independent Body

- 8.1. Following the Initial Assurance Engagement and if recommended by the initial Independent Body and approved by the CMA, HSBC is directed to appoint an Independent Body to carry out a Subsequent Assurance Engagement of its compliance with Article 12 of Part 2 of the Order and/or Part 8 of the Order and these Directions and to monitor the implementation of any Recommended Steps that may emerge from this Subsequent Assurance Engagement.
- 8.2. The timing of the Subsequent Assurance Engagement is to be determined by the Independent Body in the Report produced for the Initial Assurance Engagement and is to be approved by the CMA.
- 8.3. A Subsequent Assurance Engagement is subject to the following requirements:
 - 8.3.1. it is to be carried out by an Independent Body but not necessarily the same Independent Body that carried out the Initial Assurance Engagement and HSBC may propose a different Independent Body for CMA approval;
 - 8.3.2. the scope is to be agreed by the Independent Body appointed for a Subsequent Assurance Engagement and the CMA following consultation with HSBC, and may cover as a minimum processes, policies, procedures, staff training and assessment of staff knowledge of Article 12 of Part 2 of the Order and Part 8 of the Order; and
 - 8.3.3. may cover the adequacy of all new processes and procedures introduced in response to these Directions and following the Initial Assurance Engagement.
- 8.4. The provisions in clauses 5.1 to 5.5 and 6.1 to 6.5 inclusive apply to any Subsequent Assurance Engagement as they do to the Initial Assurance Engagement.
- 8.5. The reporting requirements and the requirement to implement the Recommended Steps in clauses 7.1 to 7.3 inclusive apply to any Subsequent Assurance Engagement as they do to the Initial Assurance Engagement, save that the Independent Body may not include a further

Subsequent Assurance Engagement as a Recommended Step in any further Subsequent Assurance Engagement Report if the Independent Body and the CMA conclude that the Recommended Steps included in the Initial Assurance Engagement or any Subsequent Assurance Engagement (as applicable) have been implemented in the Recommended Timescale. Should the Recommended Steps of a Subsequent Assurance Engagement include a further Subsequent Assurance Engagement, an Independent Body should be appointed to carry out such a further Subsequent Assurance Engagement in accordance with clauses 8.1 to 8.4, unless HSBC is instructed otherwise by the CMA.

9. Action Plan

- 9.1. The Action Plan is to contain timings for when the requirements in clauses 4, 5, 6, 7, 10 and 11 are to be completed.
- 9.2. HSBC is directed to complete the actions as set out in its Action Plan as agreed with the CMA.
- 9.3. HSBC is directed to amend its Action Plan to take account of the Recommended Steps and Recommended Timescale arising from the Independent Body's Initial Assurance Engagement and any Subsequent Assurance Engagements. Any such proposed amendments will be submitted to the CMA for approval in advance of changes taking place within HSBC.
- 9.4. Should HSBC seek amendments to the Action Plan, it may write to the CMA, setting out its reasoning and all appropriate evidence to substantiate its views, and the CMA will determine whether it is appropriate to vary either the Action Plan or these Directions, taking into account the impact on customers, competition in the market and the impact on HSBC among other relevant factors.
- 9.5. HSBC is directed to confirm to the CMA in writing when it has completed each action in the Action Plan and provide a quarterly written update for the CMA on its actions in relation to these Directions until all actions required in these Directions and Action Plan have been fully implemented and completed. This requirement to provide quarterly written update is not required for on-going actions.

- 9.6. A non-confidential summary of how these actions are to be completed, with timescales for completion, is contained in the Action Plan, at Annex A.

10. Annual Reminders and statement of policy to Staff

- 10.1. HSBC is directed to provide annually to each of its Relevant Staff, a specific and direct written reminder (which covers no issues other than compliance with Article 12 of Part 2 of the Order and/or Part 8 of the Order, as applicable):
- 10.1.1. of all HSBC's substantive obligations under Article 12 of Part 2 of the Order and/or Part 8 of the Order (as applicable),
- 10.1.2. that all Relevant Staff must complete the training set out in clause 11 on an annual basis.
- 10.2. HSBC is directed to provide the text of this written reminder to the CMA within ten working days of its provision to all of its Relevant Staff.
- 10.3. The first such reminder will be provided by HSBC to all Relevant Staff in accordance with the Action Plan.

11. Staff training on how to comply with Article 12 of Part 2 of the Order and/or Part 8 of the Order

- 11.1. HSBC is directed to prepare suitable training on compliance with Article 12 of Part 2 of the Order and Part 8 of the Order. HSBC must give all Relevant Staff a detailed description of the nature of the requirements of Article 12 of Part 2 of the Order and/or Part 8 of the Order (as applicable) and explain in full what these mean for the way information is made available via Open Banking and the HSBC website.
- 11.2. HSBC is directed to ensure it includes in its training materials a hyperlink to the Order.
- 11.3. HSBC is directed to ensure that the Competent and Experienced Relevant Staff are involved in overseeing the design and implementation of the training.
- 11.4. HSBC is directed to ensure that all Relevant Staff must receive the training in accordance with the Action Plan.

- 11.5. Relevant Staff are to receive training at least once annually. Staff who become Relevant Staff through joining HSBC or through an internal transfer should receive Training as part of their induction to their new team.

Daniel Turnbull
Senior Director
Signed by Authority of the CMA Board
25 July 2024