



Sweep Options Disclosure Statement

This document (“Disclosure Statement”) provides important information about HSBC Securities (USA) Inc.’s (“HSBC Securities” or “we” or “us”) sweep options (the “Sweep Options”), which are offered when you open a Cash or Margin Account at HSBC Securities (the “HSBC Securities Account”).

I. Introduction

During the account opening process and completion of the HSBC Securities Account Application, you will have an opportunity to select an HSBC Bank USA N.A. (“HSBC Bank”) retail checking account (“HSBC Bank Checking Account”)¹ or a money market mutual fund as a sweep option for your HSBC Securities Account. You may also choose to decline to have a sweep option for your HSBC Securities Account.

If you decline to have a sweep option for your HSBC Securities Account, you understand that any cash balances in your account will remain there as free credit balances and shall earn no interest or other income.

The Sweep Options offers you the ability to automatically “sweep” uninvested cash balances in your HSBC Securities Account into a (i) Federal Deposit Insurance Corporation (FDIC) insured HSBC Bank Checking Account, or (ii) certain money market mutual funds (each a “Participating Fund”) available in the Sweep Options. These choices are made on the HSBC Securities Account Application or if you already have an existing HSBC Securities Account and want to change your sweep options, please contact your Financial Consultant or Wealth Services Desk at 1-800-662-3343, to discuss your options.

Participating in the Sweep Options provides you the opportunity to earn interest² or dividends on your cash while it is not being utilized to pay for investment transactions. The Sweep Options are intended as a short term use of cash and should not be viewed as a long-term investment option. Except as otherwise noted in this Disclosure Statement, HSBC Securities may, with 30-days prior notice to you, change, add or delete products available or the terms and conditions of, the Sweep Options. Your continued use of your HSBC Securities Account following such change to the Sweep Options shall constitute your consent to any such change.

II. How the Sweep Options Works

Deposits

The Cash Balance in your HSBC Securities Account will be automatically swept, not later than the next business day, after receipt (not including bank holidays or days on which the New York Stock Exchange is closed, such as Good Friday), into your chosen Sweep Option.

Withdrawals

If funds are needed to cover a debit in your HSBC Securities Account (such as to cover a fee or a security purchase you made in your account), the funds will be automatically swept out of your chosen Sweep Option back into your HSBC Securities Account. Your Sweep Option will continue to sweep funds out of either HSBC Bank Checking Account or your designated Money Market Fund until either the debit is satisfied or the total balance of your Sweep Option has been used.

Certain HSBC Bank Checking Accounts offered by HSBC Bank are governed by a separate set of terms and conditions. Those terms and conditions are contained in a document titled – “Rules for Consumer Deposit Accounts” (“Rules Book”) and in related product Terms and Charges, which will be made available to you if and when you open one or more HSBC Bank Checking Account(s). In case of inconsistency between this document and the product Terms and Charges or Rules Book, the Product Terms and Charges and Rules Book govern solely with regard to the HSBC Bank Checking Account(s).

¹ Deposit products are offered in the U.S. by HSBC Bank USA, N.A. Member FDIC.

² Some HSBC Bank Checking Accounts, also known as demand deposit accounts, do not provide interest. You will be given the option to select an interest or non-interest bearing HSBC Bank Checking Account.

III. Sweep Options

FDIC Insured HSBC Bank Checking Account	<p>Cash contributed to or received in your HSBC Securities Account (“Cash Balance”) that is uninvested, will automatically be “swept into” an FDIC-insured HSBC Bank Checking Account at HSBC Bank, no later than the next business day (not including bank holidays or days on which the New York Stock Exchange is closed, such as Good Friday) after HSBC Securities receives such cash.</p> <p>Once the Cash Balance is swept into your HSBC Bank Checking Account you will have full access to your Cash Balance through your HSBC Bank Checking Account. You can make deposits or withdrawals directly from your HSBC Bank Checking Account at HSBC Bank branches and ATM locations as well as through available websites.</p> <p>Each such HSBC Bank Checking Account maintained at HSBC Bank is insured by the FDIC within certain applicable limits, as described below. HSBC Bank will maintain records of your beneficial interest in your HSBC Bank Checking Account. All questions regarding the HSBC Bank Checking Accounts, including any notice of unauthorized activity and any complaints related to the Sweep Options, should be directed to HSBC Securities and not HSBC Bank. Any other questions or concerns related to the HSBC Bank Checking Account, including notice of unauthorized activity not related to the Sweep Options, should be reported to HSBC Bank as disclosed in the Rules Book and/or product Terms and Charges.</p>
Money Market Mutual Funds	<p>A money market mutual fund (“Money Market Fund”) is a type of mutual fund that is required by law to invest in low-risk securities. Money Market Funds are considered relatively low-risk investments compared to other mutual funds and pay dividends that generally reflect short-term interest rates. Unlike a “money market deposit account” at a bank, Money Market Funds are not federally insured by the FDIC. Money Market Funds typically invest in government securities, commercial paper of companies, or other highly liquid and low-risk securities. Money Market Funds seek to achieve as high a level of current income obtainable from investments in short-term securities as is consistent with the preservation of capital and the maintenance of liquidity. Before investing in a money market fund, you should carefully read all of its available information, including its prospectus.</p> <p>Listed below are the Participating Funds in the Sweep Options:</p> <ol style="list-style-type: none">1. HSBC U.S. Government Money Market Fund (HGDXX, RGYXX) – Share Class D, Y;2. HSBC U.S. Treasury Money Market Fund (HTDXX, HTYXX) - Share Class D, Y;3. HSBC U.S. Treasury Liquidity Fund – Share Class A, B; (For Non-US investors only) <p>We make available for all HSBC Money Market Funds a retail share class for most investors (Share Class D for US investors and B for non-US investors). We also offer an institutional share class for investors who maintain large money market fund balances (Share Class Y for US investors and A for non-US investors), which offers investors lower annual fees and charges. Please see the individual HSBC Money Market Fund prospectuses for detailed eligibility and costs information. You should review the prospectus carefully before selecting a Participating Fund as your sweep option or sending money to invest in such Participating Fund.</p> <p>Note: HSBC Securities makes available exclusively, certain classes of shares of money market mutual funds advised by its affiliate, HSBC Global Asset Management (“HSBC Money Market Funds”). HSBC Securities receive limited compensation from the HSBC Money Market Funds. Our clearing firm, Pershing LLC (Pershing), assesses fees, including asset-based fees, for developing and maintaining the HSBC Money Market Funds on the Pershing platform as sweep options (the “Platform Fee”). The Platform Fee is paid by HSBC Global Asset Management directly or by HSBC Securities with full or partial reimbursement by HSBC Global Asset Management. This is the only payment HSBC Securities receives for offering the HSBC Money Market Funds as a Sweep Option. The Platform Fee, is paid directly by the HSBC Money Market Funds but ultimately are borne by the shareholders in the HSBC Money Market Funds.</p> <p>You may contact the mutual fund company; your Financial Consultant or the Wealth Services Desk at 1-800-662-3343, to obtain a free prospectus for the Participating Fund. You should review the prospectus carefully before selecting a Participating Fund as your sweep option or sending money to invest in such Participating Fund.</p> <p>Although Money Market Funds typically seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in Money Market Funds. HSBC Securities may, from time to time upon 30-days prior notice to you, add or delete Participating Funds available in the Sweep Options and/or change the Participating Fund to which your Cash Balance sweeps. If we make such a change, there is no guarantee that the change will provide an equal or greater rate of return to you during any given period, and the rate of return could be lower.</p> <p>Money Market Funds are securities and, as such, (i) are not insured by the FDIC, (ii) carry no bank or government guarantee, and (iii) are subject to investment risk, including loss of principal amount invested.</p>

IV. Interest Rates

If you chose an interest bearing HSBC Bank Checking Account, you will earn interest on your HSBC Bank Deposit Account designated as your Sweep Option, which will be paid by HSBC Bank. The rate of interest varies over time and initial Annual Percentage Yields (“APY”) will be provided in the applicable product Terms and Charges. Current banking deposit APY for HSBC Bank Deposit Accounts can generally be found on HSBC Bank’s public

website at <https://www.us.hsbc.com/savings-accounts/products/interest-rates/>. Note, interest rates may be changed at any time in HSBC Bank’s sole discretion and before the website can be updated. For more information on HSBC Bank Accounts and your interest rates please see the Rules Book and related product Terms and Charges.

HSBC Securities cannot guarantee any rate of return, including a return that is equal to or greater than the rate of return provided by HSBC Bank. Depending on the interest paid by HSBC Bank on any given day, the actual interest rate may be less than the most recently published interest rate on the website. Interest on your HSBC Bank Checking Accounts will be credited according to the Rules Book and related product Terms and Charges, and will be reflected on your periodic HSBC Bank Checking Account statement. For more information on interest rates, compounding periods, balance computation methods and minimum balances requirements please see the Rules Book and related product Terms and Charges.

HSBC Securities does not guarantee the financial condition of HSBC Bank or the accuracy of any publicly available financial information concerning HSBC Bank. HSBC Securities is not responsible for any insured or uninsured portion of any deposits at HSBC Bank.

V. FDIC Insurance Coverage/SIPC Protection

Your HSBC Bank Checking Accounts, together with any non-Sweep Option deposits you may have at HSBC Bank, which include savings and checking accounts, money market deposit accounts, and CDs issued directly to you by HSBC Bank, are insured by the FDIC, an independent agency of the U.S. government, up to a standard maximum amount in accordance with the rules of the FDIC. The applicable FDIC insurance limit depends upon the ownership capacity in which you hold your HSBC Bank Accounts, and the relevant limit will be applied to all deposits (including all HSBC Bank Checking Accounts and non-Sweep Options deposits) held in the same ownership capacity by you at HSBC Bank. Deposits held in different ownership capacities, as provided in FDIC rules, are insured separately. Single ownership accounts are insured up to \$250,000 and each co-owner’s share of joint accounts is insured up to \$250,000. See www.fdic.gov for additional account category and coverage information.

For example, if you have both an HSBC Bank Checking Account that you select as your Sweep Option and then additional non-Sweep Option deposits at HSBC Bank held in the same right and legal capacity as your HSBC Bank Checking Account, you must aggregate all such deposits with HSBC Bank for purposes of determining FDIC coverage. If your total funds on deposit at the Bank exceed the applicable FDIC insurance limit, the FDIC will not insure your funds in excess of the limit.

It is, however, possible that your HSBC Bank Checking Account combined with other deposits you make at HSBC Bank (directly or through an intermediary) could exceed the maximum amount of FDIC insurance available at HSBC Bank. HSBC Securities is not responsible for monitoring your HSBC Bank Accounts to determine whether they exceeds the limit of available FDIC insurance. You are responsible for monitoring the total amount of your assets on deposit with HSBC Bank (including amounts in other accounts at HSBC Bank held in the same right and legal capacity) in order to determine the extent of deposit insurance coverage available to you on those deposits, including your HSBC Bank Checking Account chosen as your Sweep Option.

Until the sweep occurs, your Cash Balance will remain an uninvested Free Credit Balance in your HSBC Securities Account. Because HSBC Securities is a member of the Securities Investor Protection Corporation (“SIPC”), our customers are protected up to applicable SIPC limits if HSBC Securities were to go out of business and there were customer securities or funds unaccounted for. Current SIPC limits are \$500,000 for securities and cash per customer, of which up to \$250,000 may be in cash (i.e., Free Credit Balances). However, SIPC does not protect against market losses. Further, your Cash Balance is only eligible for FDIC insurance once it is deposited in your HSBC Bank Checking Account at HSBC Bank. Your Cash Balance while held by HSBC Securities and/or while in transit to or from HSBC Bank is not FDIC-insured but is covered by SIPC. Once your Cash Balances are swept into your HSBC Bank Checking Account, at HSBC Bank they are protected by FDIC insurance but are not covered by SIPC. For additional information about SIPC coverage, visit www.sipc.org.

VI. Tax Reporting

The interest that you receive from your HSBC Securities Account is generally subject to state and federal tax, as is income that you may receive from money market funds. An IRS Form 1099, a Tax Information Summary, will be sent to you by Pershing, each year, showing the amount of interest income you have earned from your HSBC Securities Account. You will also receive a Form 1099-DIV from Pershing, for each year showing the amount of dividend income you have earned on any money market fund balances. You will receive a Form 1099-INT from HSBC Bank indicating the amount of interest paid to you on an annual basis. The interest rate paid to you on your HSBC Bank Checking Account will be determined and paid by HSBC Bank.

HSBC Securities, or Pershing, may be required to withhold U.S. federal income tax at the prevailing rate on all taxable distributions payable to certain customers who fail to provide their correct taxpayer identification number or to make required certifications or who have been notified by the Internal Revenue Service that they are subject to backup withholding.

Investment, annuities, and variable life insurance products are offered by HSBC Securities (USA) Inc. (HSI), member NYSE/FINRA/SIPC. In California, HSI conducts insurance business as HSBC Securities Insurance Services. License #: **OE67746**. HSI is an affiliate of HSBC Bank USA, N.A. Whole life, universal life, term life, and other types of insurance are offered HSBC Insurance Agency (USA) Inc., a wholly owned subsidiary of HSBC Bank USA, N.A. Products and services may vary by state and are not available in all states. California license #: **OD36843**.

Investments, Annuities and Insurance Products

ARE NOT A BANK DEPOSIT OR OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES	ARE NOT FDIC INSURED	ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES	MAY LOSE VALUE
--	---------------------------------	---	--	-----------------------