



**HSBC SECURITIES (USA) INC.
DISCLOSURE REGARDING OUR SERVICES
FOR RETIREMENT ACCOUNTS**

HSBC Securities (USA) Inc. Member NYSE/FINRA/SIPC
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Introduction

You are receiving this disclosure (“Disclosure”) because you have opened one or more individual retirement accounts through HSBC Securities (USA) Inc. (“HSBC Securities”), for which accounts are invested through a HSBC Securities advisory program or in a fixed annuity the assets of which are subject to section 4975 of the Internal Revenue Code (“Code”) (collectively, “IRAs”), or that is subject to the Employee Retirement Income Security Act (“ERISA”) (a “Plan,” and together with IRAs, “Retirement Accounts”). This Disclosure provides information to you, as a retirement investor, regarding our services and material conflicts of interest when we provide you with certain investment recommendations.

As you may know, the laws and rules that apply to providing non-discretionary investment advice to retirement plans and accounts (including IRAs) are changing and we, like the rest of the financial services industry, are changing with them.

Clarification of Past Disclosures

Due to these new rules, we need to clarify disclosures that we made to you in the past. Specifically, where our agreements, disclosures, marketing materials, general descriptions, and other information may provide that you cannot rely on our investment recommendations as a “primary basis” for your investment decisions (or otherwise state that fiduciary recommendations are only provided if we agree to do so in writing), we hereby acknowledge and agree that such limiting provisions are not applicable to you where they are inconsistent with the new rules.

Scope of Our Services

HSBC Securities is simplifying its offering for Retirement Accounts to focus on:

- Recommendations of advisor-supported managed accounts
- Recommendations of immediate fixed rate annuities, and
- Availability of non-advised execution-only brokerage accounts, which are sometimes referred to as “self-directed” or “client-directed” accounts

HSBC advisors will no longer provide investment recommendations on retirement assets in brokerage accounts, or with respect to adding premiums to, or making exchanges of, retirement variable annuities and retirement fixed deferred annuities.

If, depending upon your circumstances, we provide you with an investment recommendation for your assets in Retirement Accounts to enroll in or add to a managed account or to purchase a fixed immediate annuity (“Covered Recommendation”), it will reflect the beliefs, experiences and analysis of your HSBC Securities Representative (“Representative”) and HSBC Securities, and the information you provide us about your investment objectives, risk tolerance, financial circumstances, and investment needs, including assets held outside your Retirement Account, where applicable. We will not be responsible for any information you omit, fail to provide, or provide incorrectly, including changes thereto. Our recommendations and advice will be affected by any limitations you impose on us, including through applicable investment restrictions and guidelines. You are responsible for updating us promptly if your investment objectives, risk tolerance, or financial circumstances change.

Investment and certain insurance products, including annuities, 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 and term life are provided by unaffiliated third parties and are offered through Insurance Agents of HSBC Insurance Agency (USA) Inc., which is 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, Annuity 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
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All decisions regarding the tax implications of your investment(s) should be made in connection with your independent tax advisor.

We do not guarantee the performance of any investment or that your investment objectives will be achieved. Investing in securities involves the risk of loss that you should be prepared to bear. In addition, HSBC Securities or your representative may provide recommendations and take actions in connection with accounts of other clients, that may differ from the recommendations and services provided to you.

HSBC Securities and your representative will not be responsible for your decision to invest or transfer your Retirement Account assets in a manner that is different from, or inconsistent with, our recommendations or other advice and guidance, and you assume the risk of such decision, nor will HSBC Securities or your representative be responsible for your delay in implementing a recommendation. None of HSBC Securities, your Representative, our affiliates, or product sponsors (as defined below) assumes responsibility for your decisions. In addition, you are responsible for exercising caution, good judgment and discretion in your investment decisions.

HSBC Securities and your Representative will not, and have no obligation to, monitor a Covered Recommendation on an on-going basis to determine whether the recommendation remains appropriate for you, including whenever you update your investment objectives, risk tolerance, financial circumstances, or investment needs, unless we otherwise agree, in writing, to do so. We also have no obligation to update statements made, or information provided, with respect to a previous recommendation, unless we otherwise agree, in writing, to update such statements or information. If you choose to enroll in an investment advisory managed account with us, however, we will undertake certain ongoing commitments to you in accordance with applicable regulation and your investment advisory agreement with us.

We are not required to offer our services at the lowest cost, or for the least compensation, in the marketplace, or to offer our services to you at the same or lower cost or compensation levels than we offer them to other clients, including similarly situated clients. Certain clients may have negotiated lower fees and compensation for their accounts than those that apply to your account.

If you decide not to use all or some of the services we have agreed to make available to you, you agree that HSBC Securities and your Representative have no obligation or responsibility to reduce or lower their fees and compensation during the period those services are available to you. If you want us to change the services we make available to you, or have any concerns regarding the level of fees your Retirement Account pays or our compensation, please contact us immediately at 1-888-809-3802. If you are calling from outside the United States or Canada, please call us at 847-876-1574.

Conflicts of Interest

HSBC Securities, your Representative and our affiliates are permitted to earn compensation that varies depending on our investment recommendations that you choose to implement. This variable compensation creates an incentive for us and your Representative to make recommendations that generate greater compensation for us. For example, because we may earn greater compensation when you purchase interests in a fixed immediate annuity as opposed to when you enroll in a managed account, we would have a financial incentive to recommend that you purchase interests in a fixed annuity.

We have identified the additional potential conflicts of interest for us with respect to these incentives as discussed more fully below.

Compensation for Managed Account Program. The program fees that you pay to HSBC Securities when you enroll in an investment advisory program creates a material conflict of interest for HSBC Securities and your Representative to provide you with a recommendation to enroll in a HSBC Securities advisory program because your enrollment and aggregate investment through a HSBC Securities advisory program will result in compensation to us. Moreover, because HSBC Securities program offerings and fees vary among advisory programs, a conflict of interest exists for HSBC Securities (and for your Representative since the amount of your investment and the fact that you made an investment are among factors considered when determining your Representative's right to a discretionary bonus award) to provide you with a recommendation to enroll in a HSBC Securities advisory program for which we receive greater compensation.

Please see our Form ADV Part 2 (available at <https://www.adviserinfo.sec.gov/>) for a detailed discussion of our material conflicts of interest when we provide you with investment advice and management services through our advisory programs.

Compensation for Fixed Immediate Annuities. As noted above, with respect to our recommended annuity offering for Retirement Accounts, HSBC Securities currently recommends only fixed immediate annuities. Additionally, we currently offer recommendations of such products only from two insurance carriers. HSBC Securities earns a commission for the sale of the fixed immediate annuities that we offer to Retirement accounts, which creates a conflict of interest for HSBC Securities (and your Representative, since the fact of and the amount of fixed immediate annuity sales by your Representative are among factors considered when determining your Representative's right to a discretionary bonus award) to provide you with a recommendation to purchase a fixed immediate annuity. Currently, the commission is a one-time payment of 3.5% of the initial premium that you pay

for your fixed immediate annuity contract. That commission is currently the same from either insurance carrier currently available through us regardless of which fixed immediate annuity is recommended and purchased by you. As noted above, the compensation amount and structure differs from the compensation HSBC Securities receives if we recommend, and you enroll in, a managed account. To address these conflicts, we recommend fixed immediate annuities only under very specific circumstances.

For further details regarding a fixed immediate annuity, please refer to the disclosure document you receive from your Representative at the time of a fixed immediate annuity recommendation or sale and your annuity contract.

Compensation from product sponsors. HSBC Securities, and its Representatives, employees, and agents receive additional compensation from third party product sponsors (i.e. mutual fund companies, annuity providers), such as gifts and awards, an occasional meal or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing/advertising initiatives, including services for seminars for clients and prospective clients. Product sponsors also pay, or reimburse, HSBC Securities and its Representatives for the costs associated with education or training events that are attended, or sponsored, by HSBC Securities employees, agents, and representatives, and for HSBC Securities-sponsored conferences and events. The amount of these payments are not directly related to the level of assets you, or any other of our clients, invest in or with the product sponsor. Based on historic trends, HSBC Securities does not expect to receive gifts (and other non-cash compensation) in excess of the de minimis thresholds under the DOL regulations with respect to a Retirement Account.

The receipts of these payments are not connected, in whole or in part, with any specific or particular client transaction. Third party support for education programs and seminars is approved and accepted on occasion, however it is HSBC's current practice not to accept third party financial support for internal HSBC employee recognition programs.

Your Representative's Compensation. Your Representative is entitled to receive compensation and other benefits from HSBC Securities. Your Representative is paid a salary, with the opportunity to receive additional incentives through fully discretionary bonuses. A Representative's personal performance against established key performance indicators and balanced scorecard objectives is considered in determining whether and how much to award the Representative on a discretionary basis. Individual variable pay decisions will consider the effective management of risk, compliance, quality and values, as well as other factors, including the funding of the discretionary plan. Your Representative's personal performance is impacted by factors including his activities in meeting with you and fulfilling your financial needs, the accumulation of assets (including recommended investments in managed accounts or annuities), and the generation of income to HSBC Securities resulting from your investments.

In addition, HSBC Securities' Representatives and other agents are eligible to receive other benefits, which may be based on the Representative's personal performance. Your Representative may participate in HSBC recognition programs involving travel and entertainment, and your Representative is also permitted by law and by HSBC Securities policy to receive certain forms of compensation from third parties (including mutual fund and annuity product providers) such as meals, occasional ticket to events, and gifts of a nominal value as permitted by industry regulations. Also, a mutual fund or annuity provider may sponsor events for educational purposes to which individual representatives may be invited. Such benefits also include transportation related to the above, and access to certain industry related conferences. Participation in recognition programs is based upon personal performance, which is impacted by the factors noted above including the accumulation of assets and income for HSBC Securities, and therefore your Representative has further incentives to recommend that you invest assets with HSBC Securities, including enrolling in managed accounts or purchasing fixed immediate annuities.

General Conflicts Associated with Operating as Part of a Global Financial Institution. HSBC Securities is a leading global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. Accordingly, HSBC Securities may have interests in client transactions. HSBC Securities, through its subsidiaries and Affiliates, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include securities brokerage, trading and underwriting; investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; securities clearance, settlement financing services and prime brokerage; private equity and other principal investing activities; proprietary trading of securities, derivatives and loans; banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; insurance and annuities sales and research across the following disciplines: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy.

Limitations on Our Investment Recommendations

HSBC Securities and your Representative only offer and recommend HSBC Securities managed account programs and fixed immediate annuities offered by two of the insurance carriers with whom HSBC Securities has entered into selling and distribution agreements. Accordingly, HSBC Securities and our Representatives do not offer every advisory program or fixed annuity available in the marketplace. You may be able to obtain the same or similar investment products and services from another financial institution at lower cost.

About this Disclosure

Certain information and assurances we provide pursuant to this Disclosure includes information obtained from independent third party sources we deem reliable, but for which we are under no obligation to verify. You acknowledge that we may relay in good faith on such information we obtain from third parties and provide to you as long as we do not know the information is incomplete or inaccurate.

We may change the information contained in this Disclosure without prior notice. You should also refer to your Customer Agreement and our Form ADV, with respect to our managed account programs and the offering documents for fixed immediate annuities, as applicable, which describe each offering, including potential risks and costs.

This Disclosure does not amend or supersede any of your existing agreements with HSBC Securities, our affiliates, or product sponsors, including, without limitation, your Customer Agreement. Except as specifically provided otherwise in this Disclosure, this Disclosure does not take precedence, nor is it controlling over, such other agreements. The information in this Disclosure is effective only for as long as HSBC Securities acts as broker, investment adviser or insurance agent for your Retirement Account.

To speak with HSBC Securities representative regarding any questions that you may have, please contact us at 1-888-809-3802.

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All decisions regarding the tax implications of your investment(s) should be made in connection with your independent tax advisor.