



**HSBC Securities (USA) Inc.**  
*Form CRS, Customer Relationship Summary*  
*June 30, 2020*

For our current customers and those considering our services, here is important information to know before choosing us or our services. HSBC Securities (USA) Inc. ("HSBC Securities", "we", "us", or "our") is a broker-dealer and an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"), a member of the Financial Industry Regulatory Authority ("FINRA"), Securities Investor Protection Corporation ("SIPC") and, in certain states, a licensed insurance agency.

- ✓ **Brokerage and investment advisory services and fees differ and it is important for you to understand these differences.** Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

**What investment services and advice can you provide me?** We offer both brokerage and investment advisory services. We will recommend securities or investment strategies in our capacity as a broker, except for services covered by a separate investment advisory agreement with us.

- ✓ Our **brokerage services** include buying and selling securities at your direction and recommending investments incidental to brokerage services, research, financial tools, and investor education from time to time or at your request. The brokerage products and services that we offer vary depending on whether you are a Wealth Management customer or a Private Banking customer. See our HSBC Securities Brokerage Brochure ("Brokerage Brochure") available at <https://www.us.hsbc.com/investments/customer-relationship-summary/> for details. Some securities and products have investment minimums or residency requirements, but we do not require a minimum amount of assets to open a brokerage account. We do not limit recommendations or products on the brokerage platform to particular asset classes, products of sponsors who pay us compensation, or to proprietary products, except for money market funds and certain structured product offerings. **We do not monitor brokerage account investments for you, unless we state otherwise in writing.** You make the ultimate decision to buy or sell investments. See our Brokerage Brochure for details.
- ✓ Our **advisory services** are available to customers through the Wealth Management business, and not through our Private Banking proposition. We manage customer assets using mutual funds and exchange traded funds ("ETFs") in some programs, and in other programs third party managers choose investments in mutual funds, ETFs and/or individual securities. Depending on your program, our services are either "non-discretionary" (generally we will recommend investments to you and you will decide whether to buy or sell them), or "discretionary" (we or the third-party manager will make investment decisions without your signoff). All of our advisory services are offered through "wrap fee programs" (described below) and either we or the third-party manager will at least quarterly monitor your advisory account and investments as part of our standard services. Our investment minimums and other eligibility requirements to open and continue to maintain an advisory account are described on our website at <https://www.us.hsbc.com/investments/products/asset-allocation/>. We offer only advisory programs that we sponsor, but we do not limit investment offerings to particular asset classes, products of sponsors that pay us compensation, or to proprietary products (except for HSBC money market funds).

**For additional information about our services**, please see our Brokerage Brochure, Form ADV, Part 2A brochure (Items 4 and 7 of Part 2A or Items 4.A. and 5 of Part 2A Appendix 1) and other applicable documents available at <https://www.us.hsbc.com/investments/customer-relationship-summary/>.

Our financial professionals also work for our affiliates and sell their products and services. Our affiliate HSBC Insurance Agency (USA) Inc. offers a variety of life insurance products, and our affiliate HSBC Bank USA, NA offers a range of bank products and services.

**Conversation Starters.** Ask your financial professional—

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

**What fees will I pay?** The fees you pay depend on whether you choose brokerage services, advisory services, or both.

- ✓ For **brokerage services**, the primary fees and costs are transaction-based fees for recommendations and execution of securities trades. Depending on the investment product you select, these fees can include commissions, sales charges, or other transaction fees, as well as fees charged on an on-going basis for as long as you hold the investment (“trails”). If we buy a security from you, or sell a security to you for our own account (as “principal”), we will mark the price up or down, which is a benefit to us. Because we are paid for transactions, **we have an incentive to encourage you to trade more frequently** and in greater amounts, and to trade with us as principal because we receive more revenue when you do so.

You will also pay fees for administrative and other services. You will pay your share of the fees and expenses imbedded within investments such as mutual funds, ETFs, privately-offered funds, and annuities.

- ✓ For **advisory services**, the primary fees and costs are the “wrap” program fee. A wrap fee is “asset-based” meaning that it is calculated as a percentage of the assets invested in your advisory account. The more assets you invest in your account, the more you will pay in fees, and therefore **we have an incentive to encourage you to increase your advisory account assets**.

A wrap fee includes advice, reporting, and most transaction costs and fees paid to a broker-dealer or bank that executes and/or has custody of your assets (any exceptions are in the Form ADV for the program), and therefore is typically higher than an asset-based advisory fee that does not include transaction costs and fees. Our customers typically pay the advisory fee each quarter, but your advisory agreement shows the payment frequency for your account.

The wrap fee does not cover miscellaneous fees in your account, such as wire fees, transfer fees, bank charges, and mark-ups imbedded in the price of fixed income transactions. You will pay your share of the fees and expenses imbedded within investments such as mutual funds, ETFs, privately-offered funds, and annuities.

**For additional information about brokerage and advisory fees and costs**, please see our Brokerage Brochure and our Form ADV, Part 2A brochure (Items 5.A., B., C., and D), advisory agreements, and other applicable documents available at <https://www.us.hsbc.com/investments/customer-relationship-summary/>. For additional information about imbedded fees and costs of mutual funds and other products, please see the product’s prospectus.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

**Conversation Starter.** Ask your financial professional—

- *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

**Examples of Ways We Make Money and Conflicts of Interest:**

- ✓ **Proprietary Products:** We will earn higher fees, compensation, and other benefits when you invest in a product that we (or one of our affiliates) advise, manage, or sponsor, such as a mutual fund, structured CD, or structured note or when you open an investment advisory account. We have an incentive to recommend (or to invest your assets in) those products over third-party products. We have an incentive to recommend our advisory programs over third-party programs.
- ✓ **Third-Party Payments:** We receive payments from third parties, such as Rule 12b-1 (distribution) fees and shareholder servicing fees, when we recommend or select certain products. We have an incentive to recommend (or to invest your assets in) these products over products of third parties that do not pay us, or pay us less.
- ✓ **Principal Trading:** When we act as a broker, we may buy or sell securities to you for our own account. Because we earn compensation (such as mark-ups and mark-downs) and can receive other benefits, we have an incentive to trade with you on a principal basis and to recommend securities in our inventory.

**Conversation Starter.** Ask your financial professional—

- *How might your conflicts of interest affect me, and how will you address them?*

**For additional information about conflicts of interest,** please see our Brokerage Brochure, our Form ADV, Part 2A brochure, and other applicable documents available at <https://www.us.hsbc.com/investments/customer-relationship-summary/>.

**How do your financial professionals make money?**

Your financial professional is paid a salary with the opportunity to receive a discretionary bonus, which creates conflicts between you, us and your financial professional. We base bonuses (or individual variable pay decisions) on the professional's personal performance measured against established key performance indicators and objectives. We consider factors like gathering assets and income for HSBC Securities, so your financial professional has incentives to recommend that you invest assets with us and purchase investments. We earn more money from some investment recommendations and products (such as variable annuities) than others (such as mutual funds), which gives us an incentive to recommend products that will pay us more. We also consider factors,

such as compliance with rules, and their activities in meeting with you and serving your financial needs. The factors of our bonus decisions create conflicts, as your professional has an interest in recommending our products and services. Also, other personnel, like HSBC relationship managers in the branches and supervisors, are also eligible for bonuses affected by your financial professional's recommendations.

Your financial professional at times will be eligible to participate in HSBC internal recognition programs, consistent with industry practice and regulatory requirements, which are based upon overall personal performance. That personal performance is impacted by the factors noted above, including the gathering of assets and income to HSBC Securities, creating further incentives to recommend that you invest with us. Your financial professional also can receive things from third parties (including mutual fund and annuity product providers) such as meals, occasional tickets to events, gifts of a nominal value, and attendance at their educational events. These benefits also include transportation to events and access to certain industry-related conferences. Further details are available in our Brokerage Brochure and Form ADV available at <https://www.us.hsbc.com/investments/customer-relationship-summary/>.

**Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starters.** Ask your financial professional—

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

For additional information about our services, see our Brokerage Brochure and Form ADV available at <https://www.us.hsbc.com/investments/customer-relationship-summary/>. If you would like additional, up-to-date information or a copy of this disclosure, please call 800.662.3343 M-F (8am-6pm) ET.

**Conversation Starters.** Ask your financial professional—

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

**Investment, 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 consultation with your independent tax advisor.