HSBC

Form ADV Part 2A – Appendix 1

HSBC SPECTRUM AND SPECTRUM II PROGRAM BROCHURE
HSBC Securities (USA) Inc.

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This managed account or wrap fee program brochure provides information about the qualifications and business practices of HSBC Securities (USA) Inc. ("HSI", "We", or the "Firm") and its HSBC Spectrum Program (the "Spectrum Program") and HSBC Spectrum II Program ("Spectrum II Program") (collectively, the "Programs") that should be considered before investing. If you have any questions about the contents of this brochure, please direct your written inquiry to the address listed above, or call 800-662-3343. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about HSI is also available on the SEC's website at www.adviserinfo.sec.gov.

HSI is a federally registered investment adviser with the SEC. Registration with the SEC or with any state securities authority, the use of the term "registered investment adviser", and descriptions of HSI and some of our associates as "registered" does not imply a certain level of skill or training.

Investment 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

Item 2: Material Changes to Our Part 2A of Form ADV Firm Brochure

There were no material changes made to the HSI Form ADV Part 2A (commonly referred to as the “Brochure”) since the update of the Brochure in March 2020.

In addition, the following non-material change will be highlighted:

Item 4: Advisory Business section was updated:

- The Spectrum II Program Investment Selection section was updated to remove specific restriction examples.

Item 14: Client Referrals and Oher Compensation section was updated:

- Language was updated for regulatory changes instituted.

Item 3: Table of Contents:

Item 4: Advisory Business

HSI has been in business as an investment adviser registered with the SEC since 2005. HSI is also a broker-dealer, which was originally formed in December 1969 under a predecessor name. HSI is a Delaware corporation headquartered in New York City. HSI is also a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirect wholly-owned subsidiary of HSBC Holdings plc.

HSI offers a limited range of proprietary investment advisory solutions available to meet certain clients' particular circumstances. The Firm currently provides investment advisory services to clients through the recommendation of mutual funds and exchange-traded funds ("ETFs") (collectively "Funds") asset allocation services known as the HSBC Spectrum Account Program (individually the "Spectrum Program"), and the HSBC Spectrum II Account Program (individually the "Spectrum II Program") (collectively the "Programs"). HSI also offers a third party investment manager model wrap fee programs that offers separately managed accounts and unified managed accounts and known as the Managed Portfolio Account Program ("MPA Program"). The Firm also offers the Wealth Track Program, which is a web-based (digital investment management) program whereby individuals receive online advisory services for which the technology interface (and not advisory services) is provided by a third party, Marstone, Inc.

Collectively all programs offered by HSI are referred to as "Managed Account Programs."

The Spectrum, Spectrum 2 and MPA programs make available access to the services of an Investment Adviser Representative ("Representative") who is available to discuss updates in the client's financial situation and handle account updates and changes.

The Wealth Track Program does not make available the services of an Investment Adviser Representative, however client support is available by telephone through the Wealth Services Desk which can be contacted at 888-809-3802.

General and specific disclosures for the MPA and Wealth Track program offerings are covered in separate Form ADV Part 2A and Appendixes 1. The documents for MPA can be found in the following website https://www.us.hsbc.com/1/2/home/invest-retire/investments/asset-allocation-solutions.

Information on Wealth Track can be found under the following website: https://www.us.hsbc.com/investments/online-investing/wealth-track/.

HSI does not offer any non-proprietary or third party advisory programs.

The information provided in this Brochure only applies to the Programs. This Brochure is meant to help you understand the nature of the advisory services offered in the Programs, whether those services are right for you, and the potential conflicts of interest associated with your participation in the Programs. You should review it carefully prior to your decision to invest.

HSI is the sponsor of the Programs. Clients participating in the Programs receive asset allocation, discretionary investment management, execution, and custodian services for the assets in their accounts.

Written requests for Form ADV Part 2A or Appendix 1 documents should be sent to:

HSBC Securities (USA) Inc.
2929 Walden Ave
Depew, NY 14043
ATTN: Wealth Services

Description of the Programs:

The Programs have five (5) broad strategies of risk models: 1) Conservative; 2) Moderately Conservative; 3) Moderate; 4) Moderately Aggressive and 5) Aggressive. After the account is established, HSI as the investment advisor will have investment discretion, in accordance with the selected investment strategy.

The Representative will assist clients in completing information requests designed to elicit personal, financial and investment information concerning the client's financial circumstances, risk preference and tolerance, liquidity requirements and investment objectives to help determine if a managed account recommendation is in the client's interest. The Representative scores client responses to risk profile questions to generate a recommended investment risk tolerance and allocation.

Spectrum Program

Investment Selection

In the Spectrum Program, at account opening (and at any time while a client's account is open), the client will be able to select from a variety of Funds, in consultation with the Representative, that have investment objectives and policies corresponding to the client's investment risk tolerance.

The Representative will provide the client with a proposal containing a list of the selected Funds and a recommended allocation of the client's assets for investment that includes various asset classes (the "Proposal"). The client will review the proposed investments, subject to permissible changes, and no Funds will be purchased unless and until the client signs such Proposal noting the client's acceptance.

When HSI or its delegate recommends a Fund for removal from the Spectrum program, clients will be notified of the recommendation in their statement or via a mailing and indicating that another fund will be purchased as the replacement fund if the client does not select an alternative by the deadline indicated. Clients are instructed to discuss their options with their Representative upon receipt of the notice.

Fund Selection within Client Accounts

After arriving at a recommended portfolio based on their Risk Profile, clients can work with their Premier Advisors to choose the investment options for their portfolio utilizing the Spectrum Fund List. Clients may choose ETFs and third party mutual funds in each asset category. Though these third party mutual fund choices generally have higher expenses than passively-managed ETFs, the third party mutual fund options are typically institutional share classes with relatively low expense ratios.

Clients may want to review individual fund information and consider factors such as investment style, risk statistics (such as sharpe ratios), performance returns, Morningstar rating, and expense ratio, among other items.

Account performance will vary based on the Funds the client selects. Past performance is no guarantee of future results.

Dividend Reinvestment/Distribution Models

In the Spectrum Program, clients can choose to receive dividends, interest, distributions and other income paid on securities held in the Account (collectively "Distributions") directly or reinvest the Distributions in accordance with the Investment Strategy then in effect for the Account. Clients should reach out to his/her Representative regarding these options.

Please note, the payment of the Distributions directly to the client may affect the performance of the Account.

If a client wishes to reinvest Distributions in the Account, they should choose models that only allow reinvestment. The Portfolio Manager does not select Funds with particular dividend targets and payment of the income stream can be inconsistent month over month.

Clients should consider legal and/or tax implications when considering their options regarding Distributions. Clients should consult with their attorney or tax advisor.

Distribution models are also available in the Managed Portfolio Account program. Please refer to the separate Managed Portfolio Account Form ADV Part 2A and Appendix 1 for additional information.

Global vs. Domestic Option for Model Portfolios

The Spectrum Program offers a global option and a domestic option for each model portfolio in the Spectrum Program. Many factors can influence the performance of a model portfolio, and HSI cannot guarantee whether a global option model portfolio or a domestic option model portfolio will perform better over time. Clients choose a global vs. domestic option and the decision should be discussed with your Representative. There is no global option in the Spectrum II Program.

Corporate Partner Models

HSI also offers models specifically designed for corporate partner firms, and the asset allocation and fulfillment options for these programs are customized to meet the requirements of the respective firms. Only principals, partners and directors of the corporate partner firms may invest in these models. If additional information is needed, please consult your Representative.

Spectrum II Program

To enroll in the Spectrum II program the client must complete the Spectrum II Fully Discretionary Account Addendum(s).

Investment Selection

In the Spectrum II Program, at account opening (and at any time while a client's account is open), HSI will select from a variety of Funds that have investment objectives and policies corresponding to the client's investment risk tolerance and allocation.

The Representative will provide the client with a Proposal containing a list of the Funds selected by HSI and a recommended allocation of assets across various asset classes. The client will review the proposed investments, subject to permissible changes, and no Funds will be purchased unless and until the client signs the Proposal noting client's acceptance.

As Spectrum II is a fully discretionary program, the client cannot modify or customize the selected model. The client can, however, impose reasonable restrictions on its account. Once the account is established, HSI as the investment adviser will have investment discretion, in accordance with the selected asset allocation model.

When HSI or its delegate recommend a Fund for removal from the Spectrum II Program, HSI will not notify the client of Fund changes, as the Spectrum II Program is a fully discretionary program designed to serve the needs of clients who are employed in the financial services industry and are required to have a fully discretionary managed account to avoid conflicts of interest or otherwise comply with their employer's personal account dealing requirements.

Administration of the Programs

The Firm offers the Programs, which are both mutual fund and ETF asset allocation programs and are only intended for U.S. citizens and U.S. residents. The Programs are identical in their construction and administration. The only difference between the Programs is the Spectrum Program is a non-discretionary program and the Spectrum II Program is a fully-discretionary program with limited investment options.

The administration of the Programs will be discussed collectively except where they differ in their level of discretion, which will be specifically described for each program below.

Under both Programs, notwithstanding the above described differences in discretion between the Programs, the Firm has discretion over the ultimate investments and strategy employed in the model portfolios. The Firm regularly communicates with clients regarding the overall strategy and provides transparent reporting, so clients are aware of the holdings, performance and characteristics of their portfolio. In the Programs, we use our discretion to periodically rebalance client accounts and to make changes in the investments in the account where appropriate.

The Funds made available through the Programs include both funds advised by Non-HSBC investment advisers (third party funds) and funds advised by HSBC Global Asset Management (USA) Inc. ("AMUS") and its affiliates (proprietary funds). As of April 2017, the only AMUS proprietary Funds in the Programs are money market funds. The balance of the Funds in the Programs are unaffiliated third party Funds. The only money market funds available in the Programs is the proprietary money market funds.

The proprietary money market funds used in the Programs are advised by AMUS and its affiliates. Third party Funds used within the Programs are those that have been researched and approved for use by HSBC's Global Fund Approvals and Research team (referred to as "GFAR"), as delegated via an intercompany agreement and are aligned with the asset classes offered within the Programs' models.

GFAR evaluates third party Funds included in the Programs on a continuous basis and if any are identified as not meeting the investment or other criteria, GFAR can recommend them for removal from the Programs.

The Firm has entered into an intercompany agreement with its affiliate AMUS to perform certain advisory and administrative services, for compensation, for all of the above referenced Programs. Pursuant to an intercompany agreement, AMUS provides to HSI's Managed Account Programs the following services, (i) advice as to proposed asset allocations, (ii) advice about Funds made available within the Programs, and (iii) various operational and administrative services. HSI compensates AMUS for these services. Pursuant to an intercompany agreement, GFAR provides HSI with, among other services, approved third party Funds for use in the Programs. HSI compensates GFAR for these services.

HSI, through the Managed Account Oversight Committee ("Committee), oversees the operation of the Programs as well as the services provided by AMUS and any other material vendor. The Committee is chaired by HSI and consists of members and invitees who are employees of HSI and AMUS. Employees of AMUS will have no authority to make decisions or otherwise influence approvals of the Committee.

HSI Client Services

HSI offers the Programs to its clients, and aside from sponsorship, is responsible for account opening services (including Know Your Client and Anti-Money Laundering reviews), suitability, relationship management, communications, investment advice, trading, trade servicing, account maintenance, custody of client assets and overall operational support for the Firm's investment advisory products. For additional information on custody, please see Item 15. Please also refer to the Spectrum Program and Spectrum II Program Account Agreements for additional terms and conditions related to the Programs.

Further to the above services, HSI provides certain ongoing client services that include the following:

1. Periodic portfolio review and consultation with clients through our Representatives.
2. Handling subsequent transactions (additional investments and redemptions).
3. Responding to client inquiries about their accounts and issues pertaining to their accounts.
4. HSI or a Representative will annually request an in-person or telephonic meeting with clients, or will otherwise meet the regulatory requirements for an annual meeting, to discuss the Account and any changes to the client's investment objectives or reasonable investment restrictions.

Investment Management

HSI is the sponsor, investment adviser and broker/dealer for the Programs, and is authorized in its discretion to manage client assets in accordance with selected asset allocations and investment strategies. HSI uses the services of third parties, including affiliates, for administrative and operational support in performing its obligations under the Spectrum Account Program Agreement and Spectrum II Fully Discretionary Account Addendum(s).

The investments will include Funds advised by third party managers and investments that HSI determines are appropriate and, in the aggregate, consistent with a client's investment goals, risk preferences and financial needs. All or a portion of an account may temporarily be held in cash. The only money market funds available will be those managed or advised by an affiliate of HSI.

Clients can fund the account with cash equivalents or shares of Funds acceptable to HSI or a combination thereof. HSI does not take taxes into account in making investment decisions except to the extent HSI considered taxes in selecting a model asset allocation for the account, and unless client determines otherwise in consultation with their independent tax advisor.

HSI will not invest client assets in Funds that impose front-end, contingent, or installment sales charges. However certain fund complexes can charge redemption fees for sales made within a certain number of days after purchase. For these purposes, the term "sales charges" does not include (a) underwriters' compensation for offerings of closed-end funds, or (b) fees payable by a fund or its distributor, including shareholding servicing fees and fees payable under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, and HSI and its affiliates are expressly authorized to accept those fees, where permitted by law. However, when HSBC receives 12b-1 fees, the Firm will credit the client's account with the amount of 12b-1 fees received HSI does not credit its representatives any 12b-1 fees that are earned in the Programs.

HSI is authorized to make changes to the Funds held in client accounts and/or to reallocate assets at any time (including an allocation into a new asset class), without consulting clients, for any reason it deems appropriate, including, without limitation, to respond to general market or macroeconomic circumstances, or to rebalance the investments periodically to restore the original allocation percentages or target weights. Modifications to investment allocations may be made to reflect changes such as the introduction of new asset classes or new model options, as well as the removal of asset classes or models. Clients should understand that rebalancing can trigger tax consequences as well as redemption fees charged by certain Funds. Accordingly, clients should confer with their tax advisor.

From time to time, certain of the Funds in the Program have or can adopt policies and procedures that, although designed to prevent market timing, can delay (or even prevent) a purchase of such Funds for client accounts. HSI can be delayed in purchasing shares for an account if the account sold shares of the same Fund as a result of, for example, rebalancing an account within a prescribed period of time before the proposed Fund purchase date. Information about market timing policies and procedures, if applicable, can be found in each Fund's prospectus.

Securities Backed Line of Credit

We do not use leverage as an investment strategy for managed accounts. However, where appropriate, an eligible client, as detailed in the Account Control Agreement and Risk Disclosure statement, may utilize a Securities-Backed Line of Credit ("SBLOC"), which is a bank line of credit collateralized by the assets of the managed account, as well as other collateral the client may hold at HSBC Bank (USA) NA ("HSBC Bank") or HSBC Securities ("USA") Inc. ("HSI"). A SBLOC enables clients to take out a loan that is secured by that client's brokerage and/or advisory portfolio. The maximum amount of the loan depends on the lending value of the client's portfolio, as specified in the Credit Agreement entered into with by HSBC Bank. Securities Backed Lending may create additional risks for managed account clients including being subject to a collateral call due to a drop in the account's value attributable to downward market movement, market volatility and credit exposure. All these can lead to collateral shortfalls and may cause HSBC Bank, as the lender, to ask the managed account client for additional collateral or to sell assets in the account (collateral) to satisfy the collateral shortfall. HSBC Bank will earn compensation in the form of fees and interest on loans secured by accounts. A drop in a managed account's value could cause the account to fall below the minimum required to participate in the Programs. Your account could revert to an unmanaged brokerage account and your account could fail to reach your investment goals. Any securities based lending fees and interest are separate and in addition to any fees you pay in a Program.

Neither HSI, its representatives nor its affiliates, will act as an investment adviser to you with respect to the liquidation of securities subject to a collateral shortfall or credit line loan demand. These liquidations will be made in our capacity as a broker dealer. In addition, as creditors, we and our affiliates at times will have interests that are adverse to you.

Assets under Management

As of December 31, 2019 the assets under management in the Programs is as follows:

The Spectrum Program has approximately $3.1 billion in non-discretionary assets under management, although HSI serves as the sponsor and the advisor of the program's management.

There was approximately $6.4 million in discretionary assets under management under the Spectrum II program.

As of December 31, 2019 the assets under management in the other advisory programs are as follows:

The MPA SMA Program has approximately $335 million in non-discretionary assets under management, although HSI has discretion over the program management.

The MPA UMA Account Program has approximately $193 million in non-discretionary assets under management.

The Wealth Track Program has approximately $ 90 thousand in discretionary assets under management.

Item 5: Fees and Compensation

Fees for all Programs are generally charged and collected in accordance with the Investment Advisory Agreement provided to clients. Fees are generally negotiable and fee discounts are provided to some clients.

Spectrum and Spectrum II Program Fees

Fees for the Programs are paid in arrears. The fees payable for any calendar quarter will be based on the average daily account asset value during the prior calendar quarter and the annual fee rate(s) set forth in the following schedule, subject to a minimum fee. Minimum fees for accounts are based on minimum account size.

Clients pay a contractual fee (See **Standard Fee Schedule** below) for the services provided through the Programs, which include investment advice, brokerage commissions when HSI buys and sells Funds for the account, custody, and reporting. HSI expects that it will perform all trading for client accounts.

The Standard Fee Schedule for accounts is as follows:

Average Assets	Annual Rate	*Minimum Fee at Account Level
First $250,000	1.50%, plus	$375.00
Next $250,000	1.00%, plus	Not Applicable
Assets in excess of $500,000	0.50%	Not Applicable

*The minimum fee is based on a rate of 1.5% of the minimum account size. At the current minimum account size of $25,000 the fee would be $375.00. The minimum fee may be reduced or waived at HSI's discretion.

Fees for the Programs are also described in the Spectrum and Spectrum II Account Agreements. On a quarterly basis, fees are debited from client accounts. A portion of these fees are ultimately paid to HSI, AMUS and the other third party service provider.

General Fee Information

Spectrum and Spectrum II clients, as part of their contractual fee, also pay for administrative services provided to HSI by AMUS and our custodian Pershing LLC (“Pershing” or the “Custodian”).

The contractual fee does not cover miscellaneous fees and expenses that the Custodian may charge to the client’s account such as wire fees, outgoing transfer fees, bank charges and IRA/retirement account fees.

Clients should consider the total fees and expenses, including the contractual Spectrum Program fee, that the client will pay to participate in the Programs. Fees and expenses will reduce the return on investment through, the Programs.

The Programs can cost clients more or less than purchasing such services separately depending on the frequency of trading in the client’s accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other broker-dealers, and other factors.

In addition to Spectrum and Spectrum II contractual fees, clients pay their share of a Fund's fees and expenses, which include management fees, 12b-1 fees, administrative fees, operating costs, and all other costs the Fund incurs.

As stated earlier, in cases where HSBC receives 12b-1 fees, the Firm policy is that the client's account will be credited in an amount equal to the amount of the client's share of any Rule 12b-1 fees paid by the applicable Funds in which the account is invested.

Account Funding

To the extent a prospective client intends to fund a Spectrum and Spectrum II account with assets from the redemption of mutual funds, the surrender of an insurance product, early withdrawal from a certificate of deposit, or the sale of any other financial instruments, the client should consider the cost of any possible sales charges or commissions previously paid or to be paid upon such redemption or sale of or any penalties that the client will incur in order to surrender or withdraw from, such an instrument. It can be costly or inappropriate for the client to fund its account in such a manner.

Item 6: Performance-Based Fees and Side by Side Management

The Firm does not charge performance fees to our clients in the Spectrum or Spectrum II Program. In addition, HSI on an on-going basis, reviews the resources made available to provide advisory services to clients participating in its advisory programs to ensure the appropriate resources are dedicated to the management of all client accounts.

Item 7: Types of Clients and Account Requirements

The Spectrum and Spectrum II Programs are offered to retail clients including individuals, high net worth individuals; trusts, estates or charitable organizations; retirement accounts; and corporations, limited liability companies and/or other business entities.

HSI requires a minimum account opening balance of $25,000 for the Spectrum and Spectrum II Program. HSI reserves the right to increase or decrease the minimum account size if deemed necessary. HSI can establish other or lower minimum account sizes for other types of accounts. Accounts that fall below the minimum account opening level of $25,000 due to a withdrawal can be removed from management at HSI’s sole discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

HSI has entered into agreements with AMUS and GFAR to provide certain services for the Spectrum Programs. The methods of analysis and investment strategies used by GFAR and AMUS pertaining to the Spectrum Programs are outlined below.

Methods of Analysis for the Programs

AMUS oversees the asset allocation models used in the Spectrum program and provides administrative and advisory resources to support the program. In providing this service, AMUS collaborates with HSBC Global Asset Management to develop the asset allocation models, considering both its long-term and its short-term tactical views. Over the long-term, Strategic Asset Allocations ("SAA") take into account expected long-term asset class returns, volatilities and correlations in determining recommended allocations subject to local constraints (e.g., appropriate asset classes and risk tolerance bands). As such, SAAs reflect our long-term expectations for capital markets balancing expected returns with a reasonable level of volatility for the models in the Program. SAAs are reviewed periodically. In the short-term, capital markets will often deviate from our expectations and present the opportunity to adjust our recommended allocations. In periodically reviewing the models, AMUS will refine the asset allocation models using Tactical Asset Allocation ("TAA") which adjusts allocations considering short-term trends and relative valuations in capital markets. As such, TAA seeks to take advantage of relative valuation opportunities that arise in the short-term and are expected to enhance portfolio performance over the long-term. In making recommendations, AMUS will use the information and tools used in its analysis from both global and local teams balancing our long-term strategic expectations with short-term tactical opportunities. This means that HSI, at its discretion, may change the asset allocation models periodically based upon AMUS's advice.

GFAR researches and approves Funds using a variety of qualitative and quantitative criteria. GFAR conducts due diligence based upon both quantitative (e.g., investment performance returns, peer rankings, tracking error, etc.) and qualitative (e.g., firm, people, investment strategy and process, portfolio construction, etc.) factors to approve the investment strategies available through the Spectrum program. As part of the qualitative review, GFAR will conduct manager meetings, review performance attribution, analyze portfolio holdings and assess liquidity and capital erosion. Risk metrics and periodic performance comparisons against representative benchmarks and peers are used as part of the quantitative process. GFAR also conducts ongoing monitoring of the Funds using similar criteria as the initial review process.

Based upon its findings during the ongoing monitoring, GFAR may change the status of a Fund to Hold. If the factors that led to hold status remain unresolved, GFAR will change the status of the Fund to "Not Approved." Clients are notified via a client statement or mailing provided with information on the selected replacement Fund. The client should work with his/her representative to select, at this time, a replacement Fund if desired.

In certain cases where there is a significant change affecting the Fund, HSI can recommend the immediate removal without a suspend or hold period. Affected clients will be notified of the alternative Fund recommendation.

The third party Funds used in the Programs are aligned with the asset classes offered within the asset allocation models. Third party funds are selected from Funds offered by globally approved unaffiliated fund companies. The only affiliated Funds in the Programs are money market funds. AMUS is the adviser of that Fund and receives compensation for its investment advisory and other services.

While we make efforts to provide you with the lowest cost share class Funds, whether we can offer the lowest cost share class to clients depends on several factors, including whether a Fund makes that share class available in the Programs, and whether the Custodian charges us to trade lowest-cost share classes for your account. Furthermore, fund expenses can change over time and we cannot assure you that you will always be in the lowest expense share class. HSI will periodically compare the expenses of your fund's share class with the expenses of the fund's other share classes available to the Programs. HSI will only convert those funds that fall outside of a reasonable expense differential in mutual fund expense ratios and are available to the Programs. There will be no cost to you if HSI initiates a share class conversion; however, there may be tax consequences. Any share class conversions will occur as deemed necessary by HSI and will be reflected on your account statements.

Risks

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase in value and your account(s) could enjoy a gain, it is also possible that the securities markets may decrease in value and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

The Programs, and shares of Funds including money market funds, are: not a deposit or other obligation of HSBC Bank USA, N.A. ("HSBC Bank") or any of its affiliates; not FDIC insured or insured by any federal government agency of the United States; not guaranteed by HSBC Bank or any of its affiliates; and are subject to investment risk, including possible loss of the principal amount invested.

Set forth below are certain material risk factors that are often associated with the risks of investing in an advisory program that uses models, and with the risks of investing in securities (Funds) relevant to most of HSI's clients. The information included in this Brochure does not include every potential risk associated with each model or that applies to a particular client account. Not all risks apply to all models. Clients are urged to ask questions regarding risk factors for a particular strategy or Fund, read all Fund prospectuses and determine whether a particular model or type of Fund is suitable for their account in light of their circumstances, investment objectives and financial situation.

Risks of Investing in a Model Program

- *Allocation Risk:* This is the risk that HSI's target asset and sector allocations and changes in target asset and sector allocations cause the model to underperform other similar models or cause the client to lose money, and that the model may not achieve its target asset and sector allocations.

- *Cyber Security Risk:* With the increased use of technology such as the Internet to conduct business, HSI, as with all businesses and digital platforms that store, process, transmit or transact information via networked technology, is susceptible to a breach of confidentiality, loss of data integrity or disruption in availability of its networked systems.

  Cyber vulnerability continues to be leveraged by criminals to perpetrate crimes at an increasing rate and poses a significant threat to economic, social and geopolitical stability for private firms and countries. HSI faces sophisticated cyber threats from state-sponsored attackers, hackers for hire, organized cyber syndicates, and other threat actors seeking our critical corporate and client information.

  Cyber incidents can result from deliberate internal or external attacks. Cyber-attacks can include, but are not limited to, gaining unauthorized access to computer systems (e.g., through "hacking" or malicious software (aka Malware) denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Unintentional cyber incidents can occur, such as the inadvertent release of confidential information that could result in the violation of applicable privacy laws.

A failure in or a breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, and may adversely impact our businesses.

Data quality and integrity are critical for decision making, enterprise risk management and operational processes, as well as for complying with applicable regulation. Our businesses are dependent on our ability to process a large number of complex transactions, most of which involve, in some fashion, networked computing devices. If any of our financial, accounting, data processing or other recordkeeping systems and management controls fail, or are subject to cyber-attack that could compromise integrity, availability or confidentiality of our systems or data, we could be materially adversely affected.

Cyber security failures or breaches at HSI or at service providers (including, but not limited to, sub-advisers, accountants, custodians, transfer agents and administrators), and the issuers of securities in which HSI invests on behalf of its clients, could result in the loss or theft of client data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs.

Cyber security failures or breaches can result in financial losses, interfere with our ability to calculate a fund's net asset value, impede our trading, and prevent clients and shareholders from transacting business. These failures or breaches can cause violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, we could incur substantial costs to prevent any cyber incidents in the future.

HSI relies on cybersecurity risk controls that are managed enterprise wide for HSBC plc in order to ensure that threats are identified and mitigated properly. While HSBC plc. (a corporate parent company of HSI) has preventative, detective and mitigation technologies in place as well as mature business continuity and resiliency plans in the event of cyber-attacks, it is not possible to identify and create mitigation measures for every type of event that might result in a service disruption.

• *Fund Selection Risk:* The risk that a model may invest in Funds that underperform other similar Funds or the markets more generally, due to poor investment decisions by the investment adviser(s) for the Funds or otherwise. Funds also have their own expenses, which the client bears in addition to the Program fee.

• *Model Risk:* A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Quantitative methodologies or systems whose inputs are (partially or wholly) qualitative or based on expert judgment may be classified as a model providing that the outputs produced by the model are quantitative in nature. HSI, in conjunction with AMUS, utilize models to assist in the investment decision making process, to analyze the investment risks borne by a fund or client account, to measure the liquidity in a fund or client account, to conduct stress tests and for other reasons. Model risk is defined as the risk of Funds or HSI and/or affiliates experiencing an actual or potential financial loss, or the breach of a regulation or client restriction, owing to the misspecification or misapplication of a model in relation to its intended use, or the improper implementation or incorrect execution of a model.

• *Regulatory Risk:* US regulators and legislators have amended a wide range of rules and pending and ongoing regulatory reforms (e.g., the Dodd Frank Act) continue to have a material impact on the advisory business. These regulations and reforms may significantly change the operating environment and the ultimate effect cannot be adequately predicted. Any further changes by the SEC or additional legislative developments may affect a Program's operations and investment strategies.

Securities Risks

• *Asset-Backed Security Risk:* Asset-backed securities are debt instruments that are secured by interests in pools of financial assets, such as credit card or automobile receivables. The value of these securities will be influenced by the factors affecting the assets underlying such securities, changes in interest rates, changes in default rates of borrowers and private insurers or deteriorating economic conditions. During periods of declining asset values, asset-backed securities may be difficult to value or become more volatile and/or illiquid. Asset-backed securities may not have the benefit of a security interest in collateral comparable to that of mortgage assets, resulting in additional credit risk.

• *Banking Risk:* Investments in securities issued by U.S. and foreign banks can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad, and susceptible to risks associated with the financial services sector.

• *Capitalization Risk:* Some Funds invest in large capitalization companies. Stocks of large capitalization companies may be volatile in the event of earnings disappointments or other financial developments. Medium and smaller capitalization companies may involve greater risks due to limited product lines, market and financial or managerial resources, as well as have more volatile stock prices and the potential for greater declines in stock prices in response to selling pressure. Small capitalization companies generally have more risk than medium capitalization companies.

• *Convertible Bond Risk*: Some Funds invest in convertible bonds, which are subject to the risks of equity securities when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the conversion feature) and debt instruments when the underlying stock price is low relative to the conversion price (because the conversion feature is less valuable). A convertible bond is not as sensitive to interest rate changes as a similar non-convertible debt instrument, and generally has less potential for gain or loss than the underlying equity security.

• *Counterparty Risk:* The risk that the other party to an investment contract, such as a derivative (e.g., ISDA Master Agreement) or a repurchase or reverse repurchase agreement, will not fulfill its contractual obligations or will not be capable of fulfilling its contractual obligations due to circumstances such as bankruptcy or an event of default. Such risks include the other party's inability to return or default on its obligations to return collateral or other assets as well as failure to post or inability to post margin as required applicable credit support agreement.

• *Commodity Related Investments Risk:* The risks of investing in commodities, including investments in companies in commodity-related industries may subject a fund to greater volatility than investments in traditional securities. The potential for losses may result from changes in overall market movements or demand for the commodity, domestic and foreign political and economic events, adverse weather, discoveries of additional reserves of the commodity, embargoes and changes in interest rates or expectations regarding changes in interest rates.

• *Currency Risk:* Fluctuations in exchange rates between the U.S. dollar and foreign currencies, or between various foreign currencies, may negatively affect a fund's investment performance.

• *Custody Risk:* Some funds invest in securities markets that are less developed than those in the U.S., which may expose a fund to risks in the process of clearing and settling trades and the holding of securities by foreign banks, agents and depositories. The laws of certain countries may place limitations on the ability to recover assets if a foreign bank, agent or depository enters bankruptcy. In addition, low trading volumes and volatile prices in less developed markets may make trades more difficult to complete and settle, and governments or trade groups may compel local agents to hold securities with designated foreign banks, agents and depositories that may be subject to little or no regulatory oversight or independent evaluation. Local agents are held only to the standards of care of their local markets.

• *Debt Instruments Risk:* The risks of investing in debt instruments include:

> *High-Yield Securities ("Junk Bond") Risk:* Investments in high-yield securities (commonly referred to as " junk bonds") are often considered speculative investments and have significantly higher credit risk than investment-grade securities and tend to be less marketable (i.e., less liquid) than higher rated securities. The prices of high-yield securities, which may be more volatile and less liquid than higher rated securities of similar maturity, may be more vulnerable to adverse market, economic or political conditions.

> *Interest Rate Risk:* Fluctuations in interest rates may affect the yield and value of investments in income producing or debt instruments. Generally, if interest rates rise, the value of such investments may fall. Investors should note that interest rates are at, or near, historic lows, but will ultimately increase, with unpredictable effects on the markets and investments.

> *Credit Risk:* A fund could lose money if an issuer or guarantor of a debt instrument fails to make timely payments of interest or principal or enters bankruptcy. This risk is greater for lower-quality bonds than for bonds that are investment grade.

> *Inventory Risk:* The market-making capacity in some debt markets has declined as a result of reduced broker-dealer inventories relative to portfolio assets, reduced broker-dealer proprietary trading activity and increased regulatory capital requirements for financial institutions such as banks. Because market makers provide stability to a market through their intermediary services, a significant reduction in dealer market-making capacity has the potential to decrease liquidity and increase volatility in the debt markets.

> *Prepayment Risk:* During periods of falling interest rates, borrowers may pay off their debt sooner than expected, forcing a fund to reinvest the principal proceeds at lower interest rates, resulting in less income.

> *Extension Risk:* The risk that during periods of rising interest rates, borrowers pay off their debt later than expected, preventing a fund from reinvesting principal proceeds at higher interest rates, increasing the sensitivity to changes in interest rates and resulting in less income than potentially available.

• *Depositary Receipts Risk:* Investments in depositary receipts, such as ADRs and GDRs, may entail the special risks of international investing, including currency exchange fluctuations, government regulations, and the potential for political and economic instability.

• *Derivatives Risk: Use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments and could increase the volatility of a fund's net asset value and cause losses. Risks associated with derivatives* *include the risk that the derivative is not well* correlated with the security, index or currency to which it relates; the risk that derivatives may result in losses or missed opportunities; the risk that the fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the fund to the effects of leverage, which could increase the fund's exposure to the market and magnify potential losses, particularly when derivatives are used to enhance return rather than offset risk. There is no guarantee that derivatives, to the extent employed, will have the intended effect, and their use could cause lower returns or even losses to the fund. The use of derivatives by the fund to hedge risk may reduce the opportunity for gain by offsetting the positive effect of favorable price movements.

• *Diversification Risk:* Focusing investments in a small number of issuers, industries, foreign currencies or particular countries or regions increases risk. Funds that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified fund might be.

• *Emerging Markets Risk:* Investments in emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: greater market volatility and illiquidity, lower trading volume, delays in trading or settling portfolio securities transactions; currency and capital controls or other government restrictions or intervention, such as expropriation and nationalization; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and higher levels of inflation, deflation or currency devaluation. The prices of securities in emerging markets can fluctuate more significantly than the prices of securities in more developed countries. The less developed the country, the greater effect such risks may have on an investment.

• *Equity Securities Risk:* The prices of equity securities fluctuate from time to time based on changes in a company's financial condition or overall market and economic conditions. As a result, the value of equity securities may fluctuate drastically from day to day. The risks of investing in equity securities also include:

> *Style Risk:* The risk that use of a growth or value investing style may fall out of favor in the marketplace for various periods of time. Growth stock prices reflect projections of future earnings or revenues and may decline dramatically if the company fails to meet those projections. A value stock may not increase in price as anticipated if other investors fail to recognize the company's value.

> *Issuer Risk:* An issuer's earnings prospects and overall financial position may deteriorate, causing a decline in a fund's net asset value.

• *Exchange Traded Fund Risk:* The risks of owning shares in an ETF, including the risks of the underlying investments held by the ETF, Index Risk in the case of index ETFs, and the risks that an investment in an ETF may become illiquid in the event that trading is halted for the ETF or that the share price of the ETF may be more volatile than the prices of the investments the ETF holds.

• *Financial Services Risk:* The adviser's investments in the financial services group of industries may be particularly affected by economic cycles, interest rate changes, and business developments and regulatory changes applicable to the financial services group of industries. For example, declining economic and business conditions can disproportionately impact companies in the financial services group of industries due to increased defaults on payments by borrowers. Interest rate increases can also adversely affect financial services companies by increasing their cost of capital. In addition, financial services companies are heavily regulated and, as a result, political and regulatory changes can affect the operations and financial results of such companies, potentially imposing additional costs and possibly restricting the businesses in which such companies may engage.

• *Foreign Securities Risk:* Investments in foreign securities are generally considered riskier than investments in U.S. securities, and are subject to additional risks, including international trade, political, economic and regulatory risks; fluctuating currency exchange rates; less liquid, developed or efficient trading markets; the imposition of exchange controls, confiscations and other government restrictions; and different corporate disclosure and governance standards.

• *Frontier Market Countries Risk:* Frontier market countries generally have smaller economies and even less developed capital markets or legal, regulatory and political systems than traditional emerging markets. As a result, the risks of investing in emerging market countries are magnified in frontier market countries. Frontier market economies are less correlated to global economic fluctuations than developed economies and have low trading volumes and the potential for extreme price volatility and illiquidity. The government of a frontier market country may exercise substantial influence over many aspects of the private sector, including by restricting foreign investment, which could have a significant effect on economic conditions in the country and the prices and yields of securities in a fund's portfolio. Economies in frontier market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries with which they trade. Brokerage commissions, custodial services and other costs relating to investment in frontier market countries generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may arise in one or more frontier market countries as a result of which trading of securities may cease or may be substantially curtailed and prices for investments in such markets may not be readily available.

• *Government Securities Risk:* There are different types of U.S. government securities with different levels of credit risk. U.S. government securities issued or guaranteed by the U.S. Treasury and/or supported by the full faith and credit of the United States have the lowest credit risk. A U.S. government sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the U.S. Treasury and are riskier than those that are.

• *Index Fund Risk:* The risk that a fund's performance will not correspond to its benchmark index for any period of time and may underperform the overall stock market.

• *Issuer Risk:* The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the fund.

• *Leverage Risk:* Leverage created by borrowing or investments, such as derivatives, can diminish the fund's performance and increase the volatility of the fund's net value.

• *Liquidity Risk/Illiquid Securities Risk:* The risk that the fund could lose money if it is unable to dispose of an investment at a time that is most beneficial or be unable to meet redemption demand.

Market Risk: Issuer, political, or economic developments such as a global pandemic can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments. For example, large-cap stocks can react differently from small-cap or mid-cap stocks, and “growth” stocks can react differently from “value” stocks.

• *Mortgage- and Asset-Backed Securities Risk:* Mortgage- and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial assets. Mortgage- and asset-backed securities are subject to prepayment, extension, market, and credit risks (market and credit risk are described elsewhere in this section). Prepayment risk reflects the risk that borrowers may prepay their mortgages faster than expected, thereby affecting the investment’s average life and perhaps its yield. Conversely, an extension risk is present during periods of rising interest rates, when a reduction in the rate of prepayments may significantly lengthen the effective durations of such securities.

• *Participatory Note Risk:* Even though a participatory note is intended to reflect the performance of the underlying securities on a one-to-one basis so that investors will not normally gain or lose more in absolute terms than they would have made or lost had they invested in the underlying securities directly, the performance results of participatory notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. Investments in participatory notes involve risks normally associated with a direct investment in the underlying securities. In addition, participatory notes are subject to counterparty risk. Participatory notes constitute general unsecured, unsubordinated contractual obligations of the banks or broker-dealers that issue them, and an investment in these instruments is relying on the creditworthiness of such banks or broker-dealers and has no rights under the participatory notes against the issuers of the securities underlying such participatory notes. There can be no assurance that the trading price or value of participatory notes will equal the value of the underlying value of the securities they seek to replicate.

• *Political Risk:* The risk that an investment’s return could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control. Political risk is also known as “geopolitical risk”, and becomes more of a factor as the time horizon of an investment gets longer.

• *Real Estate Risk:* Real estate related investments will expose a Fund to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.

• *Redemption Risk:* A fund may experience a redemption(s) resulting in large outflows of cash from time to time. This activity could have adverse effects on performance if the advisor were required to sell securities at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains/losses and increase transaction costs.

• *Regulatory Risk in Other Countries:* Disclosure and regulatory standards in emerging market countries are in many respects less stringent than U.S. standards. Therefore, disclosure of certain material information may not be made, and less information may be available. Additionally, regulators in many countries continue to review the regulation of such funds. Any further changes by a regulatory authority or additional legislative developments may affect a fund’s operations, investment strategies, performance and yield.

• *Repurchase Agreement Risk:* The use of repurchase agreements, which are agreements where a party buys a security from another party (“seller”) and the seller agrees to repurchase the security at an agreed-upon date and price (which reflects a market rate of interest), involves certain risks. For example, if the seller of the agreements defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, a fund may incur a loss upon disposition of the securities. There is also the risk that the seller of the agreement may become insolvent and subject to liquidation.

• *Short Sale Risk:* The risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the fund.

• *Sovereign Debt Risk:* Sovereign debt instruments, which are instruments issued by foreign governmental entities, are subject to the risk that the governmental entity may be unable or unwilling to repay the principal or interest on its sovereign debt due to, among other reasons, cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt or its failure to implement economic reforms required by the International Monetary Fund or other multilateral agencies. A governmental entity that defaults can ask for additional loans or for more time to pay its debt. There is no legal process for collecting sovereign debts that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

• *Stable NAV Risk:* The following applies to money market funds that maintain a stable price of $1.00 per share. The fund may not be able to maintain a Net Asset Value ("NAV") per share of $1.00 (a "Stable NAV") at all times. The failure of other money market funds to maintain a Stable NAV (or the perceived threat of such a failure) could adversely affect the fund's NAV. Shareholders of a money market fund should not rely on or expect the Adviser, the fund's adviser or an affiliate to help a fund maintain a Stable NAV. Pending money market fund reform changes may also impact Stable NAV policies of funds.

• *Stand-by Commitments:* Stand-by commitments are subject to certain risks, which include the ability of the issuer to pay when the commitment is exercised, the fact that the commitment is not marketable, and the fact that the maturity of the underlying obligation generally differs from that of the commitment.

• *Swap Risk:* The use of swap agreements, agreements to exchange the return generated by one instrument for the return generated by another instrument (or index), and similar instruments involves risks that are different from those associated with ordinary portfolio securities transactions. For example, the fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. If a counterparty defaults on its payment obligations to the fund, this default will cause the value of the fund to decrease. Swap agreements also may be considered to be illiquid.

• *Variable Rate Securities Risk:* Variable (and floating) rate instruments have interest rates that are periodically adjusted either at set intervals or that float at a margin above a generally recognized rate. Variable (and floating) rate instruments are subject to the same risks as fixed income investments, particularly interest rate risk and credit risk. Due to a lack of secondary market activity for certain variable and floating rate instruments, these securities may be more difficult to sell if an issuer defaults on its financial obligation or when a fund is not entitled to exercise its demand rights.

• *"When-Issued" Securities:* The price and yield of securities purchased on a "when-issued" basis is fixed on the date of the commitment but payment and delivery are scheduled for a future date. Consequently, these securities present a risk of loss if the other party to a "when-issued" transaction fails to deliver or pay for the security. In addition, purchasing securities on a "when- issued" basis can involve a risk that the yields available in the market on the settlement date may actually be higher (or lower) than those obtained in the transaction itself and, as a result, the "when-issued" security may have a lesser (or greater) value at the time of settlement than a fund’s payment obligation with respect to that security.

Item 9: Disciplinary Information

In the past, we have entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us for as an investment adviser. You may find other information on our Form ADV Part 1, available at www.adviserinfo.sec.gov.

>On March 16, 2020, HSBC Securities (USA) Inc. (“HSI”) entered into a settlement with the U.S. Securities and Exchange Commission (“SEC”) concerning HSI’s disclosures to advisory clients and prospective clients from November 2015 through August 2017 regarding how it compensates its dually registered investment adviser and broker representatives (“IARs”). The SEC determined that HSI’s disclosures were false and misleading because they failed to disclose conflicts of interest about how IARs’ compensation was determined. The SEC’s Order recognizes that HSI disclosed to all brokerage customers in its Customer Agreement that conflicts of interest between customers and IARs may arise with respect to recurring income HSI receives. But in separate disclosures to advisory customers, HSI stated that IARs were compensated based solely on non-financial factors, and not on the fees paid to HSI. The SEC found that HSI did consider financial factors in setting IAR’s discretionary bonuses, including the amount of quarterly advisory fees Spectrum and Managed Portfolio Account (“MPA”) program clients paid to HSI, which gave IARs an incentive to generate those fees. The SEC further determined that HSI lacked sufficient policies and procedures reasonably designed to prevent violations pertaining to its representations about IARs’ compensation. On March 16, 2020, without admitting or denying the SEC’s findings, HSI agreed to a censure and to pay a fine of $725,000. HSI amended its disclosures in March 2018 and was not required to engage in any remediation. Disclosures are under Item 14 “Client Referrals and Other Compensation”.

>On June 30, 2017, HSI agreed to a settlement with FINRA regarding allegations that it failed to maintain electronic brokerage records in non-erasable and non-rewritable format known as the “Write Once, Read Many: (WORM) format, that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. HSI failed to retain in WORM format brokerage order memoranda records relating to approximately 12.36 million transactions in preferred exchange-traded funds, equities, and fixed income products. Other affected records included a limited number of HSI’s general ledger, certain internal audit records, risk management control records, unusual activity reports and certain policy manuals. The findings also stated that HSI failed to notify FINRA at least 90 days prior to retaining a vendor to provide electronic storage. HSI is also alleged to have failed to implement an audit system regarding the inputting of records in electronic storage media. HSI is alleged to have failed to obtain an attestation from their third-party vendor. Additionally, HSI failed to establish maintain and enforce written supervisory procedures reasonably designed to achieve compliance with applicable Securities Exchange Commission Rule for record retention requirements. HSI’s written supervisory procedures failed to specify how the Firm should supervise its compliance with record retention requirements under the rule.

On June 30, 2017, without admitting or denying the findings, the Firms agreed to a censure and fine of $1,500,000. The Firm also consented to a written plan of how it will undertake a comprehensive review of the adequacy of its policies and procedures.

>In February 2016, HSBC Finance Corporation, HSBC Bank USA, HSBC Mortgage Services Inc. and HSBC North America Holdings entered into an agreement with the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, the Consumer Financial Protection Bureau, other federal agencies ("federal parties") and the state Attorneys General of 49 states and the District of Columbia ("state parties") to resolve civil claims related to past residential mortgage loan origination and servicing practices.

The settlement is similar to prior national mortgage settlements reached with other U.S. mortgage servicers and includes the following terms: $100 million to be allocated among participating federal and state parties, and $370 million in consumer relief. In addition, the settlement agreement sets forth national mortgage servicing standards to which HSBC U.S. affiliates will adhere. All except $32 million of the settlement is allocable to HSBC Finance Corporation. This matter was settled within the amount reserved.

>The Federal Reserve Bank of Chicago reviewed and assessed the effectiveness of HSBC North America Holdings, Inc.'s (“HNAH”) complex-wide Corporate Governance and Compliance Risk Management practices, policies, and internal controls, and identified deficiencies. HNAH entered into a consent cease and desist order on October 4, 2010 and agreed to take affirmative action to strengthen HNAH's corporate governance and compliance risk management practices, policies, and internal controls.

>FINRA alleged that during the period from May 31, 2006 through February 28, 2008, except as otherwise noted, HSI violated certain NASD, FINRA, and MSRB rules by (1) making negligent misrepresentations and omissions of material facts to clients concerning the safety and liquidity of Auction Rate Securities ("ARS"); (2) using advertising and marketing materials that were not fair and balanced and did not provide a sound basis for evaluating the facts about purchasing ARS; (3) selling restricted, and therefore unsuitable, ARS to certain non-qualified clients; (4) failing to retain certain emails from May 2004 to April 2009, and failing to retain certain internal instant messages from February 2007 to September 2008; and (5) failing to maintain adequate supervisory procedures concerning its sales and marketing activities regarding ARS and its retention of certain emails and instant messages. The matter was finalized by Acceptance, Waiver and Consent (“AWC”) on April 22, 2010. HSI was censured, paid a fine of $1.5 million, and made repurchase offers to certain eligible investors. In determining the sanctions in this matter, FINRA took into account HSI’s voluntary repurchase of ARS from its clients in 2008. As of July 2008, HSI repurchased more than ninety percent of its then current clients' ARS holdings and in October 2008 offered to repurchase all of the remaining ARS held in those clients' HSI accounts.

>On May 20, 2010, the Firm submitted a letter of Acceptance, Waiver and Consent to FINRA in which, without admitting or denying guilt, the Firm consented to findings that it: (1) failed to establish and maintain a supervisory system and written procedures regarding the sale of collateralized mortgage obligations (“CMOs”) to clients that were reasonably designed to achieve compliance with applicable securities laws and regulations and with FINRA rules; (2) failed to establish and maintain a system of written procedures reasonably designed to supervise whether the sales of CMOs were suitable for its clients and the attendant risks of the products were fully explained whenever a registered representative recommended a CMO investment; (3) failed to offer certain educational materials top certain clients before the sale of a CMO and (4) recommended and sold inverse floater CMOs to clients for whom such products were unsuitable. HSI consented to a sanction of a censure and a $375,000 fine. FINRA acknowledged that, independent of the imposed sanction, affected clients received full restitution from the Firm.

Item 10: Other Financial Industry Activities and Affiliations

Conflicts

HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling securities including mutual funds.

The principal business of our Firm aside from investment management is that of a full service broker-dealer. We engage in a full range of primary and secondary securities activity in the U.S. and international markets, including acting as a primary dealer in corporate bonds, U.S. and international equities, and as a broker in futures and options. We are registered with the Securities and Exchange Commission, FINRA, and other regulatory bodies. Our Firm acts as an introducing broker for the Programs (and other clients and programs), using the clearing and execution facilities of our third party clearing agent, Pershing® LLC ("Pershing"), for all securities transactions executed within a client's account, subject in all cases to best execution obligations and applicable law. HSI is registered as a futures commission merchant, and some of our management persons are associated persons of that entity. Therefore, clients can have similar securities in their commission-based brokerage accounts as they do in their Program account.

Material Relationships with Related Persons

HSI and/or our management persons have a material relationship with the following related person(s) as follows.

AMUS, a wholly-owned subsidiary of HSBC Bank, provides advisory and administrative, support services to HSI for the Managed Account Programs including advice as to proposed asset allocations, due diligence, advice as to Funds and portfolio managers and various operational services.

HSI compensates AMUS for advisory and administrative services. Fees paid by HSI to AMUS for services rendered are based on average assets invested in the Spectrum Programs.

In addition, AMUS acts as the investment adviser and/or administrator to certain registered investment companies (mutual funds) and other institutions, specifically the money market funds, which are included as investments in the Spectrum Programs. The Funds made available through the Spectrum Programs include both third party funds and money market funds advised by AMUS.

AMUS, whose money market mutual funds are offered in the Managed Account Programs, receives compensation (such as mutual fund advisory fees, and other compensation), in addition to a portion of the fee for the Programs. Program fees for retirement accounts are reduced by the amount of AMUS's advisory fee for money market funds. To the extent HSI includes an AMUS advised money market funds as the option into which a client's account could be invested, the receipt of such additional compensation creates a conflict of interest for AMUS. AMUS' role is referenced in the investment advisory agreement for the Programs.

HSI clients will pay these fees as well as their Program fee as permissible by law.

HSBC money market funds are the only options available as a money market sweep option. HSI selects the Funds in which an account will be invested. HSI as the distributor will receive compensation from the Funds. This creates a conflict of interest for HSI, which HSI seeks to mitigate through disclosure in this Brochure.

HSI, member NYSE, FINRA, SIPC is a sub-distributor of the HSBC Funds. AMUS uses the services of HSBC Securities (USA) Inc. to facilitate the distribution of HSBC Funds. Affiliates of AMUS receive fees for providing various services to the Funds. Certain employees of AMUS are registered representatives of HSI and may hold FINRA and state securities registration. HSI supervises such persons.

In addition, Representatives of the Firm may be located in branches of HSBC Bank, and clients of HSBC Bank may be investment advisory clients. **Clients are informed both verbally and in writing that investments are offered by HSBC Securities (USA) Inc. (HSI), member NYSE/FINRA/SIPC. HSI is an affiliate of HSBC Bank USA, N.A. Investment Products: Are not a deposit or other obligation of the bank or any of its affiliates; Not FDIC insured or insured by any federal government agency of the United States; Not guaranteed by the bank or any of its affiliates; and are subject to investment risk, including possible loss of principal invested.**

HSBC Bank is a national bank organized and existing under the laws of the United States and a member of the Federal Reserve. HSBC Bank, with which we have entered into agreements, provides certain office space and certain administrative service such as payroll and benefits processing to HSI. Certain employees and officers of HSI are officers of HSBC Bank and report into the HSBC North America Holdings Company Committee.

HSI and representatives are also licensed insurance agents with HSBC Insurance Agency USA, Inc. and HSI. In California, HSI conducts insurance business as HSI Insurance Services. In this capacity, we can offer advisory clients of our Firm insurance products for which we receive compensation. HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling insurance products.

Representatives of HSI are also securities-licensed Registered Representatives of HSI, and in their capacity as Registered Representatives engage in the sale of securities-related products and services outside of the Spectrum Program. Clients are under no obligation to purchase or sell securities products and services through HSI or to participate in the Spectrum Program; however if they choose to do so, clients should be aware that the Registered Representative at times will receive additional compensation which creates a conflict of interest. Please see Item 14 “Client Referrals and Other Compensation” section for additional information.

Representatives of the Firm are employees of HSBC Bank. Certain IARs also serve as bank officers for of HSBC Bank, engaging in the sale of bank related products and services. This position is in conjunction with their roles as IARs and Registered Representatives with HSI. Specific roles are noted in each IAR’s ADV Part 2B Brochure.

Representatives of the firm are also licensed Insurance Agents with HSI and HSBC Insurance Agency (USA) Inc. Clients are under no obligation to purchase or sell securities and insurance products through HSI or HSBC Insurance Agency (USA) Inc.; however if they choose to do so, the IAR at times will receive additional compensation as described in Item 14 “Client Referrals and Other Compensation” section.

HSI provides investment advisory and brokerage advice outside of the Spectrum Program. As a registered broker-dealer with the Financial Industry Regulatory Authority (“FINRA”), HSI sells securities for a commission as a broker, outside of the Spectrum Program (and other Managed Account Programs) and is permitted to receive 12b-1 (distribution) and/or shareholder servicing fees from the sale of mutual funds. All fund sales charge information is disclosed in the mutual fund prospectus that is provided to the customer. HSI's practice, as a broker-dealer, of accepting such fees creates a conflict of interest. Representatives are paid a salary with the opportunity to receive a discretionary bonus, which creates conflicts between you, us and your professional. Please see Item 14 “Client Referrals and Other Compensation” section for additional information.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

HSI has adopted a Code of Ethics and Staff Dealing Policies and Procedures that governs employee personal securities transactions ("Code of Ethics"), designates access persons, protects material nonpublic information, and requires employees to comply with all relevant securities laws. The Code of Ethics reflects our belief in the absolute necessity to conduct business at the highest ethical and professional levels. HSI requires all personnel to report their personal securities accounts to the Compliance Department and requires pre-approval of personal trades in accordance with the HSI’s policies and procedures. Firm personnel are required to submit an annual acknowledgement and certification attesting to their compliance and reporting requirements as well as compliance with all other aspects of our Code of Ethics. The Code of Ethics encourages internal reporting and protects employees who report violations from retaliation. Any violations of the Code of Ethics must be reported to the Chief Compliance Officer or other designated personnel. A copy of our HSI’s Code of Ethics will be furnished upon request.

HSI and its employees at times will buy or sell securities for its or their own account, including the same securities that it recommends to clients, and at the same or different times as client trades on those securities, in accordance with the Code of Ethics.

Employees of HSI, or its advisory affiliates, at times will hold the same or similar securities in their personal accounts, as clients may hold in their own portfolios, and from time to time will recommend such securities for purchase or sale in clients’ portfolios in the normal course of business. HSI has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

Item 12: Brokerage Practices

HSI is a member NYSE/FINRA/SIPC, a registered Futures Commission Merchant, a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirect wholly-owned subsidiary of HSBC Holdings plc.. HSI acts as introducing broker in the Spectrum Program, using the clearing and execution facilities of its third party clearing broker, Pershing LLC, for all securities transactions executed within a client's account, subject in all cases to best execution obligations and applicable law. HSI or another financial intermediary will serve as custodian for accounts. HSI has entered into an agreement with Pershing LLC to act as the custodian under the Spectrum Program.

The Firm generally does not select other broker-dealers to execute trades in the Programs, as the Program fees that clients pay cover only those trades executed by Pershing. HSI does not participate in soft dollar business arrangements and receives no products, research, or services that the Firm would consider a factor in selecting or recommending a particular broker-dealer. The Firm does not use client brokerage to compensate or otherwise reward brokers for client referrals. The Firm does not engage in directed brokerage transactions.

Trading Authorization

Clients authorize HSI to cause the purchase and sale of securities and other assets for the account and to act for the client in all matters necessary or incidental to those purchases or sales. HSI delegates trading authority to Pershing. Pershing is responsible for rebalancing accounts based on the parameters set by HSI, through selecting securities to be bought and sold, timing of the trades, subject to its duty to seek best execution as described below.

Best Execution and Brokerage Services

Through Pershing, HSI effects all execution services in connection with the purchase or sale of securities and other investments for the Spectrum and Spectrum II accounts. HSI can aggregate transactions in securities in or for the Spectrum and Spectrum II accounts, other than shares of open-end investment companies, for execution with transactions of its other clients and HSI will allocate trades among all clients in a manner that HSI believes to be fair and equitable.

HSI will act as introducing broker in the Program, generally using the executing and clearing facilities of its third party clearing broker, Pershing for all securities transactions executed within an account. HSI or one of its affiliates or Pershing may act as agent for both the buyer and seller in securities and other investment transactions when appropriate and permitted by law. HSI will not execute a trade when it believes such execution would be inconsistent with the principles of best execution or would violate applicable State or Federal law or regulations, or regulations of any self-regulatory body of which HSI or one of its affiliates is a member, as the case may be.

Brokerage commissions and related transaction fees (other than brokerage commissions and fees paid by a fund in which the account is invested) are included in the Program Fee, although it is expected that no commissions will be charged on purchases for an account of open-end funds managed or advised by an affiliate of HSI or third parties. Unless otherwise agreed, clients should understand that all purchases of securities will be processed the day after monies are deposited into the account, subject to their obligation to meet the account minimums described in this Brochure.

HSI can purchase or sell the same security for a number of clients, who are in different programs at the same time. Because of market fluctuations, the prices obtained on such transactions within a single day can vary substantially. In such a case, to more fairly allocate those market fluctuations among clients, transactions in the same security for a number of clients can be "batched". In these circumstances, the confirmations and statements for each client's transaction will show that the transaction was effected at a price equal to the average execution price for all transactions in that security on that day. Since there are no separate transaction costs (no commissions) for trades executed by HSI in the Spectrum Program there is no transaction cost benefit.

Employees of HSI, or its advisory affiliates, at times will hold the same or similar securities in their personal accounts as clients can hold in their own accounts, and from time to time will recommend such securities for purchase or sale in clients' accounts in the normal course of business. HSI has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that can arise from such activities.

Principal, Agency and Cross Transactions

HSI typically will not effect principal or cross trade transactions in the Spectrum Program. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction.

In some cases when a client is funding their Account they can own an HSBC issued Structured Certificate of Deposit or Note (collectively "Structured Products"). When selling Structured Products, HSI will engage in a principal or cross trade to unwind the constituent parts of the Structured Products. HSI as a broker/dealer at times will receive incidental compensation for liquidating Structured Products; however, the Wealth Management division of HSI does not receive any compensation on the sale or early redemption of Structured Products. HSI as an investment advisor does not receive any compensation when a client sells a Structured Product to fund a managed account product.

Item 13: Review of Accounts or Financial Plans

A client's Representative conducts annual account reviews to determine if the client's profile remains current and accurate and reviews performance of the account with the client in addition to other factors. The Representative also reviews the account's financial proposal and investment manager selections. The client's account activity is reviewed to determine if the asset allocation continues to be suitable, that any client mandates and restrictions continue to be met, and if the client's financial situation and investment objectives must be updated or re-confirmed.

This review is done with the client if possible, and based on the documented investment objectives and strategy of the account.

A Representative can review client accounts more frequently than described above. Among the factors that can trigger an off-cycle review is a change in the client's investment profile, a change in major market or economic events, the client's life events, requests by the client, etc.

GFAR reviews the Funds while HSI and AMUS reviews the asset allocations used in the Programs on a continual basis, as described in Item 4.

We do not provide written reports to clients, unless requested. HSI representatives provide updates to clients at least annually. Our clearing agent, Pershing, provides at a minimum quarterly report to our clients. The quarterly reports for the Spectrum Program are generated by Pershing® LLC. and are provided to clients.

Item 14: Client Referrals and Other Compensation

HSI does not pay referral fees to non-HSI persons for the referral of their clients to our Firm.

Representative's Compensation

Our Representatives are paid a salary with the opportunity to receive a discretionary bonus, which creates conflicts between you, us and your Representative. We base these discretionary bonuses (or individual variable pay decisions) on the Representative's personal performance measured against established key performance indicators and objectives [1].

When measuring your Representative's overall performance and ability to meet objectives, we consider factors like gathering assets and income for HSBC Securities so your Representative has incentives to recommend that you invest assets with us and purchase investments. We earn more income from some investment recommendations (such as variable annuities) than others (such as mutual funds), for example, which gives your Representative an incentive to recommend products that will pay us more.

The differences in the amount of income and the frequency of the income generated to HSBC Securities has an impact on your Representative's opportunity to receive a discretionary bonus, and an impact on the amount of any potential award. This impact and the conflict exists because income is among the factors considered by us in judging your Representative's overall performance and ability to meet objectives.

Another of the financial factors impacting measurement of performance is the amount of assets gathered, including assets that are brought to us for the first time through your Representative's recommendations. This impact and the conflict exists because the amount of money brought into and maintained in accounts serviced by that Representative and the growth of the assets in accounts such as yours are also among the factors considered when judging your Representative's overall performance and ability to meet objectives.

Additional factors beyond asset gathering and income are also part of measuring your Representatives overall performance. We consider factors such as compliance with rules, policies, procedures, code of ethics, industry regulations and standards of conduct. We consider your Representative's activities in meeting with you and serving your financial needs. We will also assess the quality of your Representative's sales presentations to you, which assessment can involve contacting you and asking for your feedback.

The various factors of our bonus decisions create conflicts, as your Representative has an interest in establishing a relationship with you, and for 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 Representative's recommendations. To the extent that supervisors are reviewing transactions that generate income and assets for the accounts serviced by Representatives, they also have a conflict of interest. We mitigate that conflict through policies and procedures and by measuring the overall performance of those supervisors when considering whether and how much of a potential discretionary bonus they may receive.

Internal Recognition Programs. Your Representative at times will be eligible to participate in HSBC internal recognition programs, consistent with industry practice and regulatory requirements, based upon overall personal performance. That personal performance is based on the factors noted above, including the gathering of assets

[1] A portion of variable pay may be required to be deferred in the form of Restricted Share Units or deferred cash under guidelines established by our parent corporation.

and income to HSBC Securities, creating further incentives to recommend that you invest with us. We also consider factors, such as compliance with rules, their activities in meeting with customers and fulfilling customers' financial needs.

Title Designations. Along with years of experience, factors such as the income generated by your Representative's recommendations of products and services, as well as the assets that they gather and maintain for us are considerations when determining if a Representative will be rewarded with an honor such as the title of "Senior Financial Consultant." The opportunity to obtain such an honor further incentivizes your Representative to generate income and gather assets for us through the recommendation of our products and services to you.

Other Benefits. Your Representative is eligible to receive other benefits based on the amount of their compensation. Employees, including your Representative, whose total compensation is over $250,000 are eligible for an elective deferral plan which allows them to defer the receipt of compensation. This does not represent additional compensation, and there is no benefit beyond the deferral of income taxes at the employee's election. This ability to defer income however further incentivizes your Representative to generate income and gather assets and otherwise impact the factors considered in determining his or her discretionary bonus.

Compensation from Other Affiliates for Services Offering Securities and Other Products

Your Representative will also be authorized to act on behalf of HSBC Bank USA, N.A., in some cases directly providing deposit accounts and lending products or introducing you to colleagues for additional bank services. For Representatives serving Private Banking customers, these products offered through HSBC Bank may also include certain securities products and services that US national banks may offer directly. In most cases, your Representative will also be authorized to offer additional insurance products through HSBC Insurance Agency (USA) Inc., including traditional life insurance products and certain property and casualty insurance (all for third party insurance carriers).

These products and services compete with certain products and services offered through HSBC Securities, and can earn more income for our affiliates. Acting for multiple affiliates and being compensated by them presents conflicts because these factors are considered in your Representative's objectives and measures of overall performance, which in turn impacts his or her opportunity for variable compensation through discretionary bonuses.

Representative's Outside Business Activities. In addition to approved roles acting on behalf of our affiliates, your Representative is permitted, subject to our review and approval, to engage in certain other business activities, other than the provision of brokerage and advisory services through us. Your Representative could also engage in another business including a family owned business, or serving as an officer, director, partner or employee of or consultant to another business organization. These outside business activities can cause conflicts with the brokerage or advisory services your Representative provides to your brokerage account. Your Representative may receive more fees from the outside business than from us, and he or she could have an incentive for you to engage or transact through the outside business to earn additional compensation.

HSI reserves the right, at its discretion and without prior notice to change the methods by which it compensates its sales professionals.

Gifts, Gratuities, Entertainment and Non-Monetary Compensation

From time to time, HSBC or its employees will, as is generally consistent with customary industry practice and in accordance with HSBC's policies and procedures, receive nonmonetary compensation (other than cash or cash equivalents), such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals and access to certain industry related conferences, from individuals or institutions with whom they transact business or with whom they can engage in business dealings on behalf of clients.

Such gifts, meals and entertainment provided by HSI may generate a conflict of interest to the extent they create an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of HSI. The giving and receipt of gifts and other benefits are subject to limitations under internal HSI policies and procedures.

Product Provider Payments and Conferences

From time to time, HSI (and its affiliates) will receive marketing and training support payments, conference subsidies, and other types of financial compensation and incentives from mutual fund companies and other product providers, broker-dealers and other vendors to support the sale of their products and services to our clients, including our ERISA plan clients. Note that the level of vendor support or other payments is not dependent on or related to the level of assets invested in or with the products or services of the particular vendor, but the receipt of these payments presents HSI with a conflict of interest in recommending these parties' services and products to clients. HSI deals with that conflict through disclosure in this Brochure.

Item 15: Custody

HSI or another financial intermediary will serve as custodian for accounts. Currently, Pershing® LLC ("Pershing" or the "Custodian") acts as the custodian for the Spectrum Program. Pershing is located at One Pershing Plaza, Jersey City, New Jersey 07399. The Custodian will generally furnish monthly, but no less frequently than quarterly, account statements summarizing account activity during the period.

HSI from time to time comes into possession of the client assets. As such, on an annual basis, HSI must ensure that the requirements of the Custody Rule are met (i.e., the performance of a surprise examination by an independent public accountant) and must obtain the internal control report, issued by an independent public accountant, from Pershing).

Confirmation Suppression Option:

Clients can elect not to receive separate trade confirmations for an account by completing a confirmation suppression request. Information from the confirmations will be reported at least quarterly to the client, in lieu of separate trade confirmations.

Item 16: Investment Discretion

Spectrum Program:

HSI has limited discretion as the sponsor of the Program and provides a menu of funds to the client from which to select. Additionally, HSI has ongoing responsibility as the program sponsor and provides regular and continuous monitoring of the account. Based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, HSI is responsible for arranging or effecting purchases or sales.

Spectrum II Program:

HSI has discretion to buy and sell Funds. Additionally, HSI has ongoing responsibility as the program sponsor and provides regular and continuous monitoring of the account. Based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, HSI is responsible for arranging or effecting purchases or sales.

Discretion Common to the Programs:

For both the Spectrum Program and the Spectrum II Program, to fulfill its responsibilities for regular and continuous monitoring of the account, HSI has discretion to reallocate assets at any time (including an allocation into a new asset class), without consulting clients, for any reason it deems appropriate, including, without limitation, to respond to general market or macroeconomic circumstances, or to rebalance the investments periodically to restore the original allocation percentages or target weights. HSI can change the Funds or their weightings in a model to reflect changes such as the introduction of new asset classes or new model options, or to remove asset classes or models.

Periodic rebalancing of accounts to the target portfolio, as well as the allocation of subsequent investments and partial withdrawals, is subject to minimum trade size requirements and minimum asset class thresholds. Any such reallocation may trigger tax consequences as well as redemption fees in certain Funds. To make these periodic changes or reallocations, HSI can institute a mandatory blackout period, during which trading in the account may be limited.

The client can impose reasonable restrictions on its account by specifying Funds that may not be purchased for its account. Restrictions must be requested by clients in writing and are subject to review and acceptance by HSI. HSI cannot restrict specific securities that are held within any Funds.

The asset allocation model selected in connection with the client's initial profile is periodically reviewed during meetings between the client and their Representative. A different model can be selected based upon an updated assessment of the client's goals, financial circumstances, preferences, and instructions, as well as market and economic circumstances. The client will have to complete a risk tolerance questionnaire and sign a Proposal with the new model portfolio.

Item 17: Voting Client Securities

Spectrum Program clients retain the right to vote proxies solicited by or with respect to the Funds or any other securities held in the account, and HSI will not accept proxy voting authority in the Spectrum Programs.

Item 18: Financial Information

HSI does not require nor do we solicit prepayment of more than $1,200 in fees per client, six (6) months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year. There are no financial commitments to likely impair our ability to meet contractual obligations to our clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

HSBC Securities (USA) Inc.
Form ADV Part 2B
Brochure Supplement

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New York, NY 10018
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Website WWW.US.HSBC.COM

June 2020

This Brochure Supplement provides information about the following persons that supplements the HSBC Securities (USA) Inc. Form ADV Part 2A and Appendix 1 Brochure. If you have any questions about the contents of this brochure, please direct your written inquiry to the address listed above, or call (800) 662-3343. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the supervised person(s) listed with an asterisk (*) below is available on the SEC's website at www.adviserinfo.sec.gov or may be found on the Financial Industry Regulatory Authority (FINRA) website www.finra.org/brokercheck

Daniel Anniello*	Jeffrey Kraebel*
Andre Brandao*	Shaun M. McDougall*
Diane L. DiTondo*	Kevin Mullaney*

This Brochure Supplement provides information about the following supervised persons:

(i) Any supervised person who formulates investment advice for a client and has direct client contact; and
(ii) Any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct client contact. See SEC rule 204-3(b)(2) and similar state rules.

Note: No supplement is required for a supervised person who has no direct client contact and has discretionary authority over a client's assets only as part of a team. In addition, if discretionary advice is provided by a team comprised of more than five supervised persons, brochure supplements need only be provided for the five supervised persons with the most significant responsibility for the day-to-day discretionary advice provided to the client.

Daniel Anniello

Item 2: Education, Background and Business Experience
Daniel Anniello serves as National Sales Director since January 1, 2018. Mr. Anniello also served as Senior Vice President of Global Wealth Development for HSBC Securities (USA) Inc. since 2013.

Mr. Anniello served as Head of Retail Distribution for HSBC Global Asset Management (USA) Inc. from July 2010 to August 2013.

Mr. Anniello holds a Bachelor’s Degree in General Business from Pace University.

Mr. Anniello was born in 1971.

Item 3: Disciplinary Information
Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Anniello that is applicable to this item.

Item 4: Other Business Activities
Mr. Anniello is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

Item 5: Additional Compensation
Mr. Anniello does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision
Shaun M. McDougall, Director and Officer, (Executive Vice President and Head of Wealth Management), for HSBC Markets (USA) Inc. and HSBC Securities (USA) Inc., is responsible for and has supervisory oversight of Mr. Anniello. Mr. McDougall can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.’s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

Andre Brandao

Item 2: Education, Background and Business Experience

Mr. Brandao became a member, Chairman of the Board, Director, CEO, and President of HSI on January 9, 2019. Mr. Brandao previously served in the same capacity from July 13, 2018 to October 10, 2018.

Mr. Brandao was appointed Chairman of the Board, CEO and President of HSBC Capital (USA) Inc. on July 13, 2018.

Mr. Brandao was appointed Head of Global Banking and Markets for the Americas on July 13, 2018, and is responsible for the business in Canada, the US and Latin America. He was appointed a Group General Manager in January 2013 and is a member of both Global Banking and Markets and HSBC North America Holdings (HNAH) Executive Committees.

Mr. Brandao was previously Head of Global Banking and Markets for Europe (HBEU) starting in July 2016. Prior to that, he was Country CEO of HSBC Brazil from May 2012 to July 2016. Mr. Brandao joined HSBC in February 1999 in Global Markets in Brazil and made his career within Global Banking and Markets in Latin America and the US. Mr. Brandao has 32 years of experience in the financial markets and prior to joining HSBC, he spent 11 years at Citibank in both Sao Paulo and New York.

Mr. Brandao holds a Computer Science degree from Mackenzie University, Sao Paulo, Brazil.

Mr. Brandao was born in 1963.

Item 3: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Brandao that is applicable to this item.

Item 4: Other Business Activities

Mr. Brandao is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

Item 5: Additional Compensation

Mr. Brandao does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision

Michael M. Roberts, President and CEO of HSBC North America Holdings, HSBC USA Inc. and HSBC Bank USA, N.A. is responsible for and has supervisory oversight of Mr. Brandao. Mr. Roberts can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

Diane L. DiTondo

Item 2: Education, Background and Business Experience

Diane DiTondo currently serves as Interim Senior Vice President of Wealth Operation for HSBC Securities (USA) Inc. since October 2019.

Prior to that Ms. DiTondo served in various roles with HSBC Bank USA N.A since 1989.

Most recently Ms. DiTondo served in the following roles:

- HSBC Bank (USA) NA, Senior Vice President, Retail Banking Wealth Management (RBWM) Business Risk and Control Management Officer from November 2015 to October 2019.
- HSBC Securities (USA) Inc., Senior Vice President, RBWM Wealth Business Strategy from October 2012 to November 2015.
- HSBC Securities (USA) Inc., Vice President, Business Support Director from 2001 to October 2012.

Ms. DiTondo holds a Bachelor of Science and also a Masters of Business Administration from the State University of New York, Buffalo.

Ms. DiTondo was born in 1964.

Item 3: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Ms. DiTondo that is applicable to this item.

Item 4: Other Business Activities

Ms. DiTondo is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

Item 5: Additional Compensation

Ms. DiTondo does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision

Michael L. Privitera is the Regional Chief Operating Officer of Retail Banking and Wealth Management, is responsible for and has supervisory oversight of Ms. DiTondo. Mr. Privitera can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the Firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

Jeffrey Kraebel

Item 2: Education, Background and Business Experience
Jeffrey Kraebel is a Senior Vice President and Head of Wealth Products since 2012 and Head of Insurance for HSBC Securities (USA) Inc. since March 2019.

He has served as Chief Administration Officer for HSBC Securities (USA) Inc. from July 2009 to November 2012. He also served as a Sales Director for HSBC Securities (USA) Inc. from December 2007 to May 2009. Mr. Kraebel served as a Regional Sales Manager for HSBC Securities (USA) Inc. from February 2005 to December 2007.

Mr. Kraebel previously held various management roles including Divisional Manager for The Dreyfus Corporation from 1989 to 2005.

Mr. Kraebel holds a Bachelor of Science in Business Administration from Monmouth College. Mr. Kraebel was born in 1965.

Item 3: Disciplinary Information
Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Kraebel that is applicable to this item.

Item 4: Other Business Activities
Mr. Kraebel is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

Item 5: Additional Compensation
Mr. Kraebel does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision
Shaun M. McDougall, Director and Officer, (Executive Vice President and Head of Wealth Management), for HSBC Markets (USA) Inc. and HSBC Securities (USA) Inc., is responsible for and has supervisory oversight of Mr. Kraebel. Mr. McDougall can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

Shaun M. McDougall

Item 2: Education, Background and Business Experience
Shaun M. McDougall was appointed as Director and Officer, Executive Vice President and Head of Wealth Management for HSBC Markets (USA) Inc. and HSBC Securities (USA) Inc. on April 2019.

Prior to joining HSBC Securities (USA) Inc. Mr. McDougall was a Retail Director at Citizens Bank from August 2016 to January 2019 Mr. McDougall also served as Regional Director of Consumer Banking and Wealth Management at JP Morgan Chase from March 2003 to August 2016. He also served as a Business Banking Market Manager from December 2009 to January 2011.

Mr. McDougall holds a Bachelor of Science Degree in Management from the Cornerstone University in 2003 and received a Masters in Business Administration, in Global Management from the University of Phoenix in 2006.

Mr. McDougall was born in 1979.

Item 3: Disciplinary Information
Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. McDougall that is applicable to this item.

Item 4: Other Business Activities
Mr. McDougall is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc**.**

Item 5: Additional Compensation
Mr. McDougall does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision
Andre Brandao, Chairman of the Board, Director, CEO and President of HSI, is responsible for and has supervisory oversight of Mr. McDougall. Mr. Brandao can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

Kevin Mullaney

Item 2: Education, Background and Business Experience
Kevin Mullaney serves as Senior Manager Business Development for HSBC Securities (USA) Inc. Mr. Mullaney joined HSBC Securities (USA) Inc. in 2005.

Mr. Mullaney previously worked as a Registered Representative for Quick & Reilly, Inc. between September 1995 and October 2004.

Mr. Mullaney holds a Bachelor of Science Degree in Finance from Providence College.

Mr. Mullaney was born in 1969.

Item 3: Disciplinary Information
Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Mullaney that is applicable to this item.

Item 4: Other Business Activities
Mr. Mullaney is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

Item 5: Additional Compensation
Mr. Mullaney does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

Item 6: Supervision
Jeffrey Kraebel, Senior Vice President and Head of Wealth Products, is responsible for and has supervisory oversight of Mr. Mullaney. Mr. Kraebel can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.