

# HSBC USA Inc. 3Y Technology and Biotechnology Contingent Coupon Callable Yield Note

## OBJECTIVE

Contingent Coupon Callable Yield Notes (“CCCYNs”) provide the potential for above-market coupon payments compared to traditional fixed income investments. CCCYNs should be viewed as a potential cash flow or income alternative. These products are appropriate for a portion of an investor’s overall portfolio, similar to a dividend-yielding equity portfolio that bears market risk, and not as a replacement for a diversified fixed income portfolio.

OFFERING TERMS	
<b>CUSIP</b>	40435FR58
<b>Term</b>	3 Years
<b>Underlying</b>	Worst-of: SPDR S&P Biotech ETF, Technology Select Sector SPDR Fund
<b>Knock-In Level</b>	70% of initial index level
<b>Contingent Coupon</b>	Paid if index is above knock-in level on observation date
<b>Payment P.A.</b>	9% - 10% Contingent Semi-Annual Coupon
<b>Contingent Protection</b>	30% Contingent Protection Barrier based on least performing index
<b>Callable</b>	Semi-Annually
<b>Issuer &amp; Rating</b>	HSBC USA Inc. A, A2*
<b>Liquidity</b>	Generally illiquid <sup>1</sup>
<b>Minimum Investment</b>	\$10,000
<b>Compensation</b>	2% upfront
<b>RJ Distributor Fee</b>	0.40% <sup>2</sup>
<b>Taxation</b>	Coupon Payments Taxed as Ordinary Income <sup>3</sup>
<b>Structure</b>	Note

IMPORTANT DATES	
<b>Indications Due By:</b>	<b>August 22, 2018 at 4pm ET</b>
<b>Trade/Strike Date:</b>	August 24, 2018
<b>Settlement Date:</b>	August 31, 2018
<b>Final Valuation Date:</b>	August 13, 2021
<b>Maturity Date:</b>	August 18, 2021

\*HSBC USA Inc. is a wholly-owned subsidiary and is fully and unconditionally guaranteed by HSBC.

Structured investments involve specific risks that should be carefully considered prior to investing and are not suitable for all investors. These risks include, but are not limited to: issuer credit worthiness, limited liquidity, taxation, fees, and secondary market value. Investors should only invest in structured investments if they do not require a liquid investment and can bear the risk of substantial losses. This financial advisor fact sheet is a summary only and should not be relied upon as advice or a recommendation. Please read the offering documents carefully prior to investing for a full description of terms and considerations.

## INVESTMENT HIGHLIGHTS

- A coupon will be paid if the closing levels of both underlyings are at or above the knock-in level (value based on initial index levels at the time the note was purchased). A coupon will not be paid for that period if one of the underlyings is below the stated knock-in level on the observation date.
- The note is subject to early redemption and may be called away at the issuer's discretion. If called, the investor will receive principal plus any potential accrued payment for that period.
- At maturity, if the note has not been called, investors will receive a return of principal plus any potential accrued payment for that period as long as the contingent protection barrier has not been breached. If an underlying exceeds the barrier, investors are no longer protected and will be fully exposed to losses equaling the least-performing underlying.

## CONSIDERATIONS

- Subject to early redemption. If called, investor receives principal and, if applicable, accrued coupon payment for that period. If an underlying's losses exceed the knock-in level at maturity, the investment may result in a substantial loss.
- Return potential limited to contingent coupon payments.
- Contingent coupon payments may equal 0%.
- Secondary market is not guaranteed and may not exist.
- Note is solely the obligation of the issuer. The issuer will likely hedge a portion of its exposure by taking positions in futures or other derivative contracts. Investors do not have any interests or rights in those activities.

*The above considerations are for summary purposes only. Please review the offering documents for a comprehensive list of considerations.*

## SUITABILITY GUIDELINES

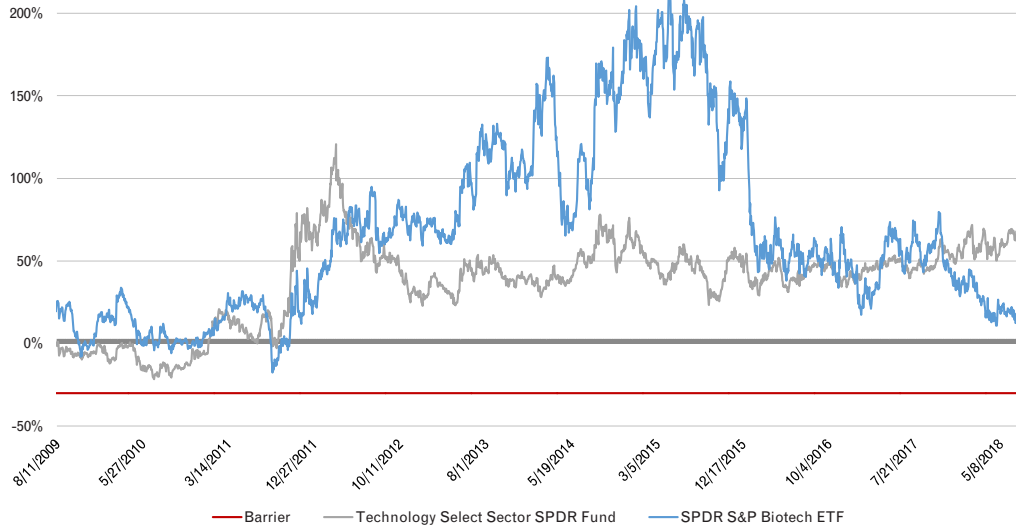
- **General Suitability Guidelines:** These investments are rated medium risk/growth.
- **Complex Product Guidelines<sup>4</sup>:** Complex products, which include structured investments, may present unique risks. As such, the following general concentration guidelines have been established. **Please note:** the percentages below are based on an investor's total investable assets held at Raymond James and outside the firm.

Guideline	Investor < Age 65	Investor Age 65+
Market-linked notes (per CUSIP)	5%	3%
Market-linked CDs (per CUSIP)	10%	7%
Total Callable Yield Note	10%	10%
Overall complex product exposure	30%	25%

PERFORMANCE ANALYSIS<sup>5</sup>

HISTORICAL PERFORMANCE

June 2009 - July 2018



Least-performing underlying index has triggered a knock-in event 0% of the time based on 3-year rolling return analysis starting June 2009.

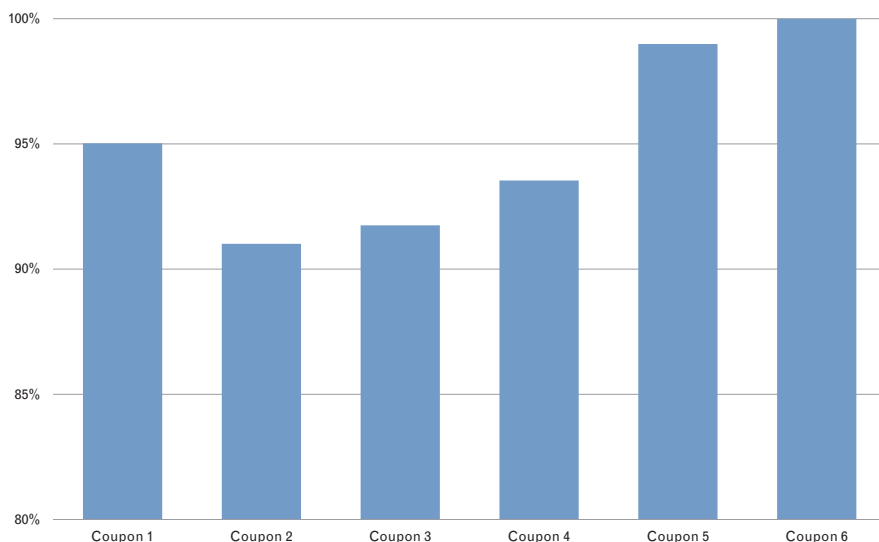
UNDERLYING DESCRIPTIONS

**SPDR S&P Biotech ETF:** The SPDR® S&P® Biotech ETF seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P® Biotechnology Select Industry™ Index. Also seeks to provide exposure to the biotechnology segment of the S&P TMI. For more information, please visit the [Structured Investments Index Performance RJnet page](#).

**Technology Select Sector SPDR Fund:** The Technology Select Sector SPDR® Fund seeks to provide an effective representation of the technology sector of the S&P 500 Index. The Index includes companies from the following industries: technology hardware, storage, and peripherals; software; diversified telecommunication services; communications equipment; semiconductors and semiconductor equipment; internet software and services; IT services; electronic equipment, instruments and components; and wireless telecommunication services. For more information, please visit the [Structured Investments Index Performance RJnet page](#).

HISTORICAL SEMI-ANNUAL COUPON FREQUENCY

June 2009 - July 2018



The payment of contingent semi-annual coupons is highly consistent. In aggregate, the coupon payment was received 95.06% of the time.

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**ADDITIONAL INFORMATION****CLIENT MATERIALS**

- Client offering documents can be found by clicking [here](#) or by visiting [www.raymondjames.com](http://www.raymondjames.com) and searching for “Preliminary Offering Documents.”
- Visit the [Structured Investments Client-approved Resources RJnet page](#) to view the client-approved marketing materials and the [Structured Investments Advisor Resources RJnet page](#) to view advisor resources.

**PURCHASING PROCEDURES**

- Trades are entered in BondDesk and will remain open until trade date. For information on how to use BondDesk, view the [Structured Investments BondDesk Procedures](#) on RJnet.

**REQUIRED FORMS**

- Market-Linked Investments Account Approval Form ([Form 1229](#)) must be submitted to New Accounts by the indications due date and **must** be completed for each account.

**PRICING**

- **Initial pricing:** The initial investment value will reflect in accounts less the upfront sales charge and distributor servicing fee.
- **Ongoing pricing:** Generally, investments are priced daily and are reflected in accounts and on statements. This interim value reflects the price an issuer could repurchase the product for (however, a formal bid request must be made to receive actual pricing). Several factors affect ongoing pricing. For more information, read the [Valuing Structured Investments](#) [whitepaper](#).

**PREVIOUS OFFERINGS**

- Visit the [Previous Offerings page](#) for estimated basket performance, final terms, and more.

**DISCLOSURES AND DEFINITIONS**

The following comments are not complete and should be read in conjunction with the offering prospectus.

Information in this piece was obtained from sources believed to be reliable. Due to the possibility of human or mechanical errors, the Alternative Investments Group cannot and does not guarantee the accuracy, adequacy or completeness of any information contained herein, does not warrant its completeness or suitability for any purpose, and is not responsible for any errors or omissions or for the results obtained from the use of such information. The contents should not be considered as, or relied upon as, investment, legal, tax or accounting advice, or as a recommendation of any specific security or strategy.

The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for this offering. Before investing, clients should read the prospectus and any applicable supplements. Buyers should rely upon the prospectus, prospectus supplement, and any relevant free-writing prospectus for complete details. These documents and other documents the issuer has filed can be obtained for free by searching the SEC online database (EDGAR®) at [www.sec.gov](http://www.sec.gov), with the issuer name as a search term. Alternatively, the Alternative Investments Group will provide the prospectus and any other client materials upon request.

- 1) The market value of the notes may be influenced by many factors that are unpredictable. Many factors, most of which are beyond Raymond James' control, will influence the value of the market-linked notes and the price at which the issuer may be willing to purchase or sell in the secondary market. Raymond James cannot provide assurance that clients will be able to sell market-linked notes prior to maturity. Therefore, clients should not rely on the ability to sell market-linked notes for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to the stated maturity date, or having access to proceeds prior to the stated maturity date. Though not obligated to do so, a secondary market may develop. No additional markup is permitted on secondary market sells.
- 2) Raymond James may earn a fee on eligible accounts. Please refer to the final pricing supplement.
- 3) Please refer to the prospectus for specific tax implications.
- 4) Structured investments and other complex products often involve additional investor considerations including less liquidity and credit risk of the issuer. As such, concentration guidelines have been established with respect to these complex products. With regard to structured investments, there are general concentration guidelines specific to the amount of investable assets clients can invest in any one product, as well as general concentration guidelines specific to the amount of investable assets when referring to a client's total exposure to structured investments and other complex products. Note that the percentage of investable assets under the aforementioned guidelines is based on the age of the investor at the time of investment. Additional guidelines may exist for certain subtypes of structured investments. Please refer to the Suitability Guidelines section of the Advisor Fact Sheet for guidelines associated with each specific offering. Existing complex product exposure is reviewed at the time of purchase and all investments may be subject to review by a Compliance Officer.
- 5) Historical performance of the underlying basket is not indicative of future performance.

**CONTACT INFORMATION**

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