**HSBC Structured Products Capabilities brochure – needs-based rev rbwm no barrier or autocall 11-23-15**

**Front Page**

**A Guide to HSBC Structured Products**

**How Can Structured Investments Strengthen Investor Portfolios?**

***Protection \* Income \* Growth***

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**First off—what are structured products?**

Structured products are market-linked investments whose performance and value is based on, or *linked to*, an existing investment. They offer an [investment](https://en.wikipedia.org/wiki/Investment) strategy based on an underlying asset class, whether it be equities, rates or commodities. The mix of these underlying assets may enhance portfolio diversification.

**How can structured products help investors?**

Why would you invest in structured products, instead of another asset class or investment vehicle? Because, as we’ll explain, they offer unique opportunities to benefit from three major investment objectives:

* Protection
* Income
* Growth

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| **http://www.hsbcnet.com/gbm/images/zone2/structured-investments/manage-risk.jpg Manage risk** | **http://www.hsbcnet.com/gbm/images/zone2/structured-investments/generate-yield.jpg Generate yield** | **http://www.hsbcnet.com/gbm/images/zone2/structured-investments/gain-access.jpg Gain access to new markets** | **http://www.hsbcnet.com/gbm/images/zone2/structured-investments/diversity.jpg Diversify your portfolio** |

Because structured products offer various payout structures, interest rate yields, investment holding periods, and options for risk/return balancing, they can address a wide variety of personalized wealth management needs. Investors can choose between products that are principal-protected and others with different risk/return options to see which might align with their specific investment aims.

**How long have structured products been around? How popular are they?**

Structured products originated in the 1980s, when they were designed as specialty investments for institutional investors seeking new ways to generate returns. Internationally they became widely adopted and soon were offered to consumers. In the early part of this century, they began to be marketed to U.S. retail investors to provide access to asset classes normally accessible only to institutional investors.

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***Target: Protection***

Investors seeking ***protection*** and safety of principal need look no further than HSBC market-linked CDs and three kinds of structured notes—principal-protected notes, buffered notes, and barrier notes.

**HSBC Market-Linked CDs**

HSBC Market-Linked CDs are 100% principal ***protected*** when held to maturity, subject to the issuer’s credit risk and FDIC-insured up to the applicable limit, but they have fixed maturity periods ranging usually from two-to-seven years. As an added bonus, many offer the opportunity to collect a performance-based coupon, making them also an ***income***-generating instrument.

**HSBC Market-Linked Notes**

***HSBC Principal-Protected Notes***

HSBC Principal-Protected Notes offer the ***protection*** of a minimum return *guaranteed* to equal the initial investment (the principal amount) when held to maturity. While subject to the credit risk of HSBC USA Inc. and not HSBC Bank, these notes are not FDIC-insured, unlike HSBC Market-Linked CDs. There’s also the opportunity to realize a minimum coupon return if the underlying asset performs according to specifications.

***HSBC Buffer Notes***

HSBCBuffer Notes provide a measure of downside ***protection*** against potential market losses, while providing upside participation. To help ***protect*** investors against downside market swings, HSBC Buffered Notes come with a build-in *buffer*, or protection level, against a market decline, while also including a level of upside participation.

* For example, if a note has a downside buffer of 15%, as long as the price of the security does not drop below 15% of the Initial Share Price at maturity, the investor will receive the note’s designated upside participation.
* What if the security drops by 5%? The investor experiences no losses, but receives upside participation.
* But if the price declines *below* 15%, the investor will lose 1% of their investment for every 1% that the price falls below -15%, the predetermined buffer level.

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***Buffer Notes Example #1: HSBC Buffered Uncapped Market Participation Securities***

HSBC Buffered Uncapped Market Participation Securities give investors a level of downside ***protection*** against a decline in the underlying asset (subject to the issuer’s credit risk), with *uncapped* upside participation. They’re not FDIC-insured or principal-protected, and principal may be at risk.

* If, for example, the return of the Reference Asset drops below the Buffer Level, then an investor’s investment will be subject to a 1:1 exposure to any potential decline of the Reference Asset below the Buffer Level. Principal is at risk.

***Buffer Notes Example #2: HSBC Buffered Accelerated Market Participation***

HSBC Buffered Accelerated Market Participation Securities also ***protect*** investors with a buffer against market declines. Just as with HSBC Buffered Uncapped Market Participation Securities, if the return of the Reference Asset drops below the Buffer Level, then an investor’s investment will be subject to a 1:1 exposure to any potential decline of the Reference Asset below the Buffer Level. Principal is at risk.

Their utility as possible growth vehicles will be explored in the ***Target: Growth*** section below.

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***Target: Income***

Both HSBC Market-Linked CDs and Market-Linked Notes can offer ***income*** in the form of enhanced returns if held to maturity and if certain conditions are met. For example, our Income Plus CDs deliver a Performance Coupon if all the underlying stocks are at or above the Initial Level, in addition to full return of the principal investment at maturity.

***Target: Growth***

HSBC Buffered Notes offer the potential for ***growth***. In addition to their built-in buffers, they have the potential for yielding income by including a level of upside participation if the underlying asset appreciates.

***HSBC Buffered Uncapped Market Participation Securities***

HSBCBuffered Uncapped Market Participation Securities provide an opportunity for ***growth***; they offer uncapped upside participation subject to a maximum cap, combined with a level of downside protection.

* If the Reference Asset appreciates over the term of the security, investors receive the full upside on any price return, with a buffer for built-in partial loss protection.

***HSBC Buffered Accelerated Market Participation Securities***

HSBCBuffered Accelerated Market Participation Securities are also potential ***growth*** vehicles.

* If the Reference Asset appreciates over the term of the security, investors receive an enhanced or *accelerated* return, typically at 1.5 to 2 times the return of the underlying, up to a pre-defined maximum return level.

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***How Can Market-Linked CDs and Notes Benefit Your Clients?***

Now that we’ve related how HSBC Market-Linked CDs and Notes can yield protection, income, and growth, let’s examine how, in general, these investment solutions can help investors.

***How could HSBC Market-Linked CDs* *help investors with their investment needs?***

HSBC Market-Linked CDs(MLCDs) could be of interest to investors seeking:

* 100% principal protection when held to maturity, *regardless of the performance of the reference asset,* subject to the issuer’s credit risk
* The potential for enhanced returns compared to those available with traditional bank deposit products
* Focused exposure to a specific financial view
* Investment horizons of one to seven years

***How could HSBC* *Market-Linked Notes help investors with their investment needs?***

HSBC Market-Linked Notes could be of interest to investors:

* Seeking partial downside market protection with a measure of upside participation
* Seeking to mitigate market fluctuations and volatility
* Willing to hold investments to maturity
* Who are current or prospective holders of ETFs or index-tracking mutual funds, which, like many market-linked notes, derive returns from tracking an index

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***The HSBC Difference***

Many sizeable financial institutions also offer structured products. Why go with HSBC?

HSBC is considered one of the world’s largest financial institutions, with a global reach that extends into over 70 nations, backed by considerable unified resources that can be mobilized to deliver comprehensive assistance to financial clients. Our expertise in the world of banking and financial services extends back to 1865.

We are proud to say that in 2014, HSBC Structured Investments was ranked #1 in U.S. Structured Investments Retail Sales and Services by a Greenwich Associates survey. In the world of structured investments, our knowledgeable Structured Products team provides comprehensive support to financial advisors, who can in turn pass on their knowledge of our investment strategies to their investor clients. For financial advisors, we offer a user-friendly public website at hsbcnet.com/uswealth with such helpful advisor tools as:

* Web videos and webinars
* A deal document library
* Client-approved brochures
* Access to our advisor center
* Performance summaries

**Starting the Conversation**

If you’re an investor, you might want to consider discussing structured products with your personal financial advisor to explore if HSBC Structured Products might fit in with your personal investment goals and complement your existing portfolio. We’re available to answer any of your advisor’s questions and have investor-approved marketing materials that can inform you more fully of our offerings.

If you’re an advisor, you might want to examine HSBC’s constantly-refreshed library of structured investments and consider whether they might strengthen the portfolios of your clients. Feel free to contact us. We’re happy to share our expertise and support your practice.

We look forward to doing business with you!

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