

Pursuant to this approach, we do not intend to report any income or gain with respect to the Notes prior to their maturity or an earlier sale or exchange and we intend to treat any gain or loss upon maturity or an earlier sale or exchange as long-term capital gain or loss, provided that you have held the Note for more than one year at such time for U.S. federal income tax purposes. Additionally, because the Notes are linked to a precious metal it is possible that the Internal Revenue Service could assert that the Notes should be treated as giving rise to “collectibles” gain or loss if you hold your Notes for more than one year. “Collectibles” gain is currently subject to tax at marginal rates of up to 28%. You should consult your tax advisor regarding your particular circumstances.

For a discussion of certain of the U.S. federal income tax consequences of your investment in a Note, please see the discussion under “Certain U.S. Federal Income Tax Considerations” in the accompanying product supplement.

Selected Risk Considerations

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Asset. These risks are explained in more detail in the “Risk Factors” sections of the accompanying product supplement and prospectus supplement.

- **SUITABILITY OF NOTES FOR INVESTMENT** – You should only reach a decision to invest in the Notes after carefully considering, with your advisors, the suitability of the Notes in light of your investment objectives and the information set out in this free writing prospectus. Neither HSBC nor any dealer participating in the offering makes any recommendation as to the suitability of the Notes for investment.
- **YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS** — The Notes do not guarantee any return of principal. The return on the Notes at maturity is linked to the performance of the Reference Asset subject to the Maximum Return and will depend on whether a Knock-Out Event has occurred and whether, and the extent to which, the Reference Return is positive or negative. If the Official Price has declined, as compared to the Initial Price, by more than the Knock-Out Buffer Amount of 20.00% on any day during the Observation Period, a Knock-Out Event has occurred, and the protection provided by the Knock-Out Buffer Amount will terminate. **IF A KNOCK-OUT EVENT OCCURS, YOU MAY LOSE UP TO 100.00% OF YOUR INVESTMENT.**
- **YOUR MAXIMUM GAIN ON THE NOTES IS LIMITED TO THE MAXIMUM RETURN** — If the Final Price is greater than the Initial Price, you will receive at maturity, for each \$1,000 Principal Amount of Notes, \$1,000 plus an amount based upon the Reference Return that will not exceed the Maximum Return on the Notes of 17.50% of the Principal Amount, regardless of the appreciation of the price of gold, which may be significant.
- **CREDIT RISK OF HSBC USA INC.** — The Notes are senior unsecured debt obligations of the issuer, HSBC, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying prospectus supplement and prospectus, the Notes will rank on par with all of the other unsecured and unsubordinated debt obligations of HSBC, except such obligations as may be preferred by operation of law. Any payment to be made on the Notes, including any principal protection at maturity, depends on the ability of HSBC to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of HSBC may affect the market value of the Notes and, in the event HSBC were to default on its obligations, you may not receive the amounts owed to you under the terms of the Notes.
- **YOUR PROTECTION AND ABILITY TO RECEIVE THE CONTINGENT MINIMUM RETURN MAY TERMINATE ON ANY DAY DURING THE TERM OF THE NOTES** — If the Official Price on any day during the Observation Period declines from the Initial Price by more than the Knock-Out Buffer Amount of 20.00%, you will be fully exposed to any decline in the Reference Asset and will not be entitled to receive the protection provided by the Contingent Minimum Return on the Notes. Under these circumstances, if the Final Price is less than the Initial Price, you will lose 1.00% of the Principal Amount of your investment for every 1.00% decrease in the Final Price as compared to the Initial Price. You will be subject to this potential loss of principal even if the price of the Reference Asset subsequently increases such that the Final Price is less than the Initial Price by not more than the Knock-Out Buffer Amount of 20.00%, or is equal to or greater than the Initial Price. As a result, you may lose some or all of your investment. Your return on the Notes may not reflect the return you would receive on a conventional fixed or floating rate debt instrument with a comparable term to maturity issued by HSBC or any other issuer with a similar credit rating.
- **YOUR ABILITY TO RECEIVE THE CONTINGENT MINIMUM RETURN MAY TERMINATE ON ANY DAY DURING THE TERM OF THE NOTES** — If the Official Price on any day during the Observation Period declines from the Initial Price by more than the Knock-Out Buffer Amount of 20.00%, you will not be entitled to receive the protection provided by the Contingent Minimum Return on the Notes. Under these circumstances, you may lose some or all of your investment at maturity and will be fully exposed to any decline in the Final Price of the Reference Asset as compared to the Initial Price.
- **THE PRICE OF THE REFERENCE ASSET MAY CHANGE UNPREDICTABLY, AFFECTING THE VALUE OF YOUR NOTES IN UNFORESEEABLE AND POTENTIALLY NEGATIVE WAYS** — The price of gold is primarily affected by the global demand for, and supply of, gold. The market for gold bullion is global and the price of gold is subject to volatile price movements over short periods of time and are affected by numerous factors, including macroeconomic factors such as the structure of and confidence in, the global monetary system; expectations of the future rate of inflation; the relative strength of, and confidence in, the U.S. dollar, the currency in which gold prices are generally quoted; interest rates; gold borrowing and lending rates; and global or regional economic, financial, political, regulatory, judicial or other changes or events. The price of gold may be affected by industry factors such as industrial and jewelry demand as well as lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions that hold gold. Additionally, the price of gold may be affected by levels of gold production, production costs and short-term changes in supply and demand due to trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors. These factors may affect the price of the Reference Asset and, therefore, the value of your Notes in varying, unpredictable and potentially negative ways. For additional information about the Reference Asset, see “Description of the Reference Asset” herein.
- **THERE ARE CERTAIN RISKS RELATING TO THE OFFICIAL PRICE BEING DETERMINED BY THE LGM INCLUDING THE MEMBERSHIP OF HSBC BANK USA, N.A. IN THE LGM** — Your Notes are linked to the performance of gold. The Official Price of gold will be determined by reference to afternoon fixing price reported by the LGM. The LGM is the principal global clearing center for over-the-counter gold bullion transactions, including transactions in spot, forward and options contracts, together with exchange traded futures and options and other

derivatives. The Reference Asset is traded on the LGM by the five members thereof. Although all members of the LGM are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LGM itself is not a regulated entity. If the LGM should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of LGM price fixings as a global benchmark for the value of the Reference Asset may be adversely affected. The LGM is a principals' market which operates in a manner more closely analogous to over-the-counter physical commodity markets than regulated futures markets, and certain features of U.S. futures contracts are not present in the context of LGM trading. For example, there are no daily price limits on the LGM, which would otherwise restrict fluctuations in the prices at which commodities trade on the LGM. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days. The LGM has no obligation to consider your interests in calculating or revising the official afternoon gold fixing. In addition, HSBC Bank USA, N.A., an affiliate of ours, is a member of the LGM. HSBC Bank USA, N.A. will have no obligation to consider your interests as a holder of the Notes in determining the LGM afternoon gold fixing on any day. For additional information about the Reference Asset, see "Description of the Reference Asset" herein.

- **POTENTIALLY INCONSISTENT RESEARCH, OPINIONS OR RECOMMENDATIONS BY HSBC AND JPMORGAN** — HSBC, JPMorgan, or their affiliates may publish research, express opinions or provide recommendations that are inconsistent with investing in or holding the Notes and which may be revised at any time. Any such research, opinions or recommendations could affect the price of the Reference Asset, and therefore, the market value of the Notes.
- **CERTAIN BUILT-IN COSTS ARE LIKELY TO ADVERSELY AFFECT THE VALUE OF THE NOTES PRIOR TO MATURITY** — While the Payment at Maturity described in this free writing prospectus is based on the full Principal Amount of your Notes, the original issue price of the Notes includes the placement agent's commission and the estimated cost of hedging our obligations under the Notes through one or more of our affiliates. As a result, the price, if any, at which HSBC Securities (USA) Inc. will be willing to purchase Notes from you in secondary market transactions, if at all, will likely be lower than the original issue price, and any sale of Notes by you prior to the Maturity Date could result in a substantial loss to you. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.
- **NO OWNERSHIP OF GOLD OR OTHER GOLD-RELATED CONTRACTS** — As a holder of the Notes, you will not receive the return you would receive if you had actually purchased gold or exchange-traded or over-the-counter instruments based on gold. You will not have any rights that holders of such assets or instruments would have.
- **THE NOTES LACK LIQUIDITY** — The Notes will not be listed on any securities exchange. HSBC Securities (USA) Inc. may offer to purchase the Notes in the secondary market but is not required to do so and may cease making such offers at any time if at all. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which HSBC Securities (USA) Inc. is willing to buy the Notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily.
- **POTENTIAL CONFLICTS** — HSBC and its affiliates play a variety of roles in connection with the issuance of the Notes, including acting as calculation agent and hedging its obligations under the Notes. In performing these duties, the economic interests of the calculation agent and other affiliates of HSBC are potentially adverse to your interests as an investor in the Notes. In addition, HSBC Bank USA, N.A. is a member of the LGM, which will determine the afternoon gold fixing upon which the Official Price on any day is based. We will not have any obligation to consider your interests as a holder of the Notes in taking any corporate action that might affect the price of the Reference Asset and the value of the Notes.
- **THE NOTES ARE NOT INSURED BY ANY GOVERNMENTAL AGENCY OF THE UNITED STATES OR ANY OTHER JURISDICTION** — The Notes are not deposit liabilities or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or program of the United States or any other jurisdiction. An investment in the Notes is subject to the credit risk of HSBC, and in the event that HSBC is unable to pay its obligations as they become due, you may not receive the full Payment at Maturity of the Notes.
- **MARKET DISRUPTIONS MAY ADVERSELY AFFECT YOUR RETURN** — The calculation agent may determine that the markets have been affected in a manner that prevents it from properly determining the Final Price. For example, these events may include disruptions or suspensions of trading in the markets as a whole or modification in the content, composition or constitution of the Reference Asset. It is possible that, as a result, the Final Price will be determined through an alternative methodology and/or the Final Valuation Date and the Maturity Date will be postponed and your return will be adversely affected. For more information, see "Supplemental Information Relating to the Terms of the Notes — Market Disruption Events" and "Supplemental Information Relating to the Terms of the Notes — Discontinuance or Modification of the Reference Asset; Alteration of Method of Calculation" herein.
- **THE PRICE OF THE REFERENCE ASSET AND THE VALUE OF THE NOTES MAY BE AFFECTED BY CURRENCY EXCHANGE FLUCTUATIONS** — The Official Price is determined in U.S. dollars. As a result, appreciation of the U.S. dollar will increase the relative cost of the Reference Asset for foreign consumers, thereby potentially reducing demand for the Reference Asset. As a result, the price of the Reference Asset and the value of the Notes may be adversely affected by changes in exchange rates between the U.S. dollar and foreign currencies. In recent years, rates of exchange between the U.S. dollar and various foreign currencies have been highly volatile, and this volatility may continue in the future. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the Notes.
- **MANY ECONOMIC AND MARKET FACTORS WILL IMPACT THE VALUE OF THE NOTES** — In addition to the Official Price of the Reference Asset on any day, the value of the Notes will be affected by a number of economic and market factors that may either offset or magnify each other, including:
 - the expected volatility of the Reference Asset;
 - supply and demand trends for the Reference Asset;
 - the time to maturity of the Notes;
 - whether a Knock-Out Event has occurred;
 - interest and yield rates in the market generally;
 - a variety of economic, financial, political, regulatory or judicial events; and
 - our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Example 8: A Knock-Out Event has occurred, and the price of the Reference Asset increases from the Initial Price of \$1,300 to a Final Price of \$1,560. Because a Knock-Out Event has occurred, you do not benefit from the Contingent Minimum Return. However, the Reference Return is 20.00% which is greater than the Maximum Return on the Notes and therefore, the investor receives a Payment at Maturity of \$1,175 per \$1,000 Principal Amount of Notes, the maximum payment on the Notes.

Description of the Reference Asset

General

This free writing prospectus is not an offer to sell and it is not an offer to buy the Reference Asset. All disclosures contained in this free writing prospectus regarding the Reference Asset are derived from publicly available information. Neither HSBC nor any of its affiliates assumes any responsibilities for the adequacy or accuracy of information about the Reference Asset contained in this free writing prospectus. You should make your own investigation into the Reference Asset.

Gold

The Official Price of gold will be determined as the price of one troy ounce of gold, stated in U.S. dollars, as set by the five members of the London Gold Market Fixing Ltd. (the "LGM") during the afternoon gold price fixing which starts at 3:00 p.m. London, England time, and displayed on Reuters page "GOFO", as determined by the calculation agent.

The LGM is the principal global clearing center for over-the-counter gold bullion transactions, including transactions in spot, forward and options contracts, together with exchange traded futures and options and other derivatives.

Twice daily during London trading hours there is a "fixing" which provides reference gold prices for that day's trading. Formal participation in the London fixing is traditionally limited to the five members of the LGM. These members meet each London business day via telephone at 10:30 A.M., to determine the London A.M. fixing price and at 3:00 p.m., to determine the London P.M. fixing price. The five members of the LGM are currently The Bank of Nova Scotia—ScotiaMocatta, HSBC Bank USA, N.A., Deutsche Bank AG London, Société Générale Corporate & Investment Banking and Barclays Capital. The fixing chairmanship rotates annually amongst these members. During each session, clients place orders with the dealing rooms of fixing members, who net all orders before communicating the net interest to their representative at the fixing. The gold price is then adjusted up and down until sell and buy orders are matched, at which point the price is declared "fixed" and all orders are executed on the basis of that price. Customers may be kept advised of price changes, together with the level of interest, while the fixing is in progress and may cancel, increase or decrease their interest dependent upon this information.

In addition to the LGM, over-the counter trading in gold occurs globally, on a twenty-four hour basis on the basis of the gold spot price. LGM fixing prices are influenced by trades settled using the gold spot price in over-the-counter trades conducted in markets other than the LGM, and the LGM fixing prices influence the quotes based on the gold spot price. Gold spot prices are quoted by various dealers and media sources.

Supplemental Information Relating to the Terms of the Notes

Market Disruption Events

If the Final Valuation Date is not a scheduled trading day with respect to the Reference Asset, then the Final Valuation Date will be the next day that is a scheduled trading day. If a market disruption event (as defined below) exists on Final Valuation Date, then the Final Price will be determined by the Calculation Agent in good faith and in its sole discretion. If the Final Valuation Date is postponed, then the Maturity Date will also be postponed by an equal number of business days following the postponed Final Valuation Date and no interest will be paid in respect of such postponement.

"Market disruption event" means any day on which a condition specified in (a)—(d) below exists and which the calculation agent determines is material:

- (a) the LGM fails to determine or publish its London P.M. fixing price;
- (b) any suspension of or limitation imposed on trading, whether by reason of movements in price exceeding limits or otherwise, (A) relating to the Reference Asset on the LGM or (B) in futures or options contracts relating to the Reference Asset on any exchange or trading market for such contracts;
- (c) any event that disrupts or impairs (as determined by the calculation agent) the ability of market participants (A) to effect transactions in, or obtain market values for, the Reference Asset or (B) to effect transactions in, or obtain market values for, any futures or options contracts relating to the Reference Asset, on any exchange or trading market for such contracts; or
- (d) any other event as determined by the calculation agent that materially interferes with the ability of the issuer or any of its affiliates to unwind all or a portion of a hedge with respect to the Notes that the issuer or its affiliates have effected or may effect as described under "Selected Risk Considerations — Potential Conflicts" above.

"Scheduled trading day" means any day on which the LGM is scheduled to determine and publish its London P.M. fixing price.

Discontinuance or Modification of the Reference Asset; Alteration of Method of Calculation

If (i) the LGM discontinues trading in the Reference Asset or (ii) there is a material modification in the content, composition or constitution of the Reference Asset, and if the calculation agent determines that the LGM or any other market trades a successor or substitute commodity or contract that is substantially similar to the Reference Asset, then in each case that commodity or contract (the "successor asset") will replace the Reference Asset.

If the calculation agent determines that no successor asset exists, the calculation agent will determine the relevant Official Prices during the Observation Period and the Final Price (as applicable). If a successor asset is selected by the calculation

agent, that successor asset will be used as a substitute for the original Reference Asset for all purposes, including for purposes of determining the relevant Official Prices during the Observation Period, the Final Price and whether a market disruption event exists. In this circumstance, the calculation agent may choose to determine the Official Prices and the Final Price by reference to a single price source or multiple price sources. This choice may be affected by a number of factors, including whether the market(s) for the successor asset trade continuously, centrally fix prices and/or announce closing prices.

If the calculation agent determines that the method of calculating the price of the Reference Asset used by the LGM has been modified in any material respect, then the calculation agent will (i) make such adjustments to the relevant Official Prices during the Observation Period, the Final Price and any other terms of the Notes as it considers necessary to account for the economic effect of such modification and (ii) determine whether a Knock-Out Event has occurred and calculate Payment at Maturity with reference to the terms of the Notes as adjusted.

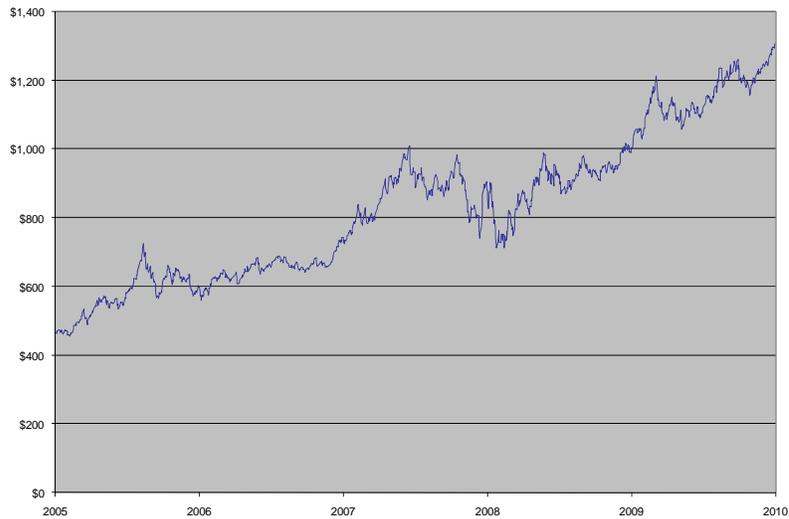
In each of the foregoing events, the relevant Official Prices during the Observation Period and the Final Price may be different than each would have been if the original Reference Asset had not been discontinued or modified. Thus, discontinuation or modification of the Reference Asset may adversely affect the value of the Notes.

Historical Performance of the Reference Asset

The following graph sets forth the historical performance of the Reference Asset based on the historical London P.M. fixing prices from October 3, 2005 through September 30, 2010. The London P.M. fixing price for the Reference Asset on September 30, 2010 was \$1,307.00. We obtained the London P.M. fixing prices below from Bloomberg Professional® service. We make no representation or warranty as to the accuracy or completeness of the information obtained from Bloomberg Professional® service.

The historical Official Prices of the Reference Asset should not be taken as an indication of future performance, and no assurance can be given as to the Official Price on the Final Valuation Date. We cannot give you assurance that the performance of the Reference Asset will result in the return of any of your initial investment.

Historical Performance of Gold
(London Fixing Price)



Supplemental Plan of Distribution (Conflicts of Interest)

Pursuant to the terms of a distribution agreement, HSBC Securities (USA) Inc., an affiliate of HSBC, will purchase the Notes from HSBC for distribution to J.P. Morgan Securities LLC, at the price indicated on the cover of the pricing supplement, the document that will be filed pursuant to Rule 424(b)(2) containing the final pricing terms of the Notes. J.P. Morgan Securities LLC will act as placement agent for the Notes and will receive a fee that will not exceed \$10 per \$1,000 Principal Amount of Notes.

In addition, HSBC Securities (USA) Inc. or another of its affiliates or agents may use the pricing supplement to which this free writing prospectus relates in market-making transactions after the initial sale of the Notes, but is under no obligation to do so and may discontinue any market-making activities at any time without notice.

See "Supplemental Plan of Distribution" on page S-52 in the prospectus supplement.