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**Callable Step-Up Rate Notes, due February [2], 2024**

- The notes are senior unsecured debt securities issued by HSBC USA Inc. (“HSBC”) and are not a direct or indirect obligation of any third party. All payments and the return of the principal amount on the notes are subject to our credit risk.
- The notes will mature on February [2], 2024. At maturity, if the notes have not been previously redeemed, you will receive for each unit of your notes a cash payment equal to 100% of the principal amount of the notes, plus any accrued and unpaid interest.
- Interest will be paid on February [2] and August [2] of each year, beginning on August [2], 2012, with the final interest payment date occurring on the maturity date.
- The notes will accrue interest at the following rates per annum during the indicated year of their term:
  - Years 1-5: a rate that will be at least 3.00% (the “Initial Rate”);
  - Years 6-10: the Initial Rate plus 1.50%; and
  - Years 11-12: the Initial Rate plus 3.50%.
- We have the right to redeem all, but not less than all, of the notes on February [2], 2017 and February [2], 2022. The redemption price will be 100% of the principal amount of the notes, plus any accrued and unpaid interest.
- The notes are issued in minimum denominations of \$1,000 and whole multiples of \$1,000.
- The notes will not be listed on any securities exchange.
- In connection with this offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) is acting in its capacity as principal for your account.
- The CUSIP number for the notes is 4042K1VY6.

The notes:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
	Per Note	Total
Public Offering Price.....	100.00%	\$
Underwriting Discount.....	1.50%	\$
Proceeds (before expenses) .....	98.50%	\$

*The notes offered hereunder are not deposit liabilities or other obligations of a bank, are not insured by the Federal Deposit Insurance Corporation (the “FDIC”) or any other governmental agency of the United States, or any other jurisdiction, and carry investment risks including possible loss of the amount invested due to the credit risk of HSBC. Potential purchasers of the notes should consider the information in “Risk Factors” beginning on page PS-5 of this pricing supplement and page S-3 of the accompanying prospectus supplement.*

*Neither the U.S. Securities and Exchange Commission (the “SEC”), nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or the adequacy of this document, the accompanying prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.*

We will deliver the notes in book-entry form only through The Depository Trust Company on or about February [2], 2012 against payment in immediately available funds.

**Merrill Lynch & Co.**

## SUMMARY OF TERMS

*This pricing supplement supplements the terms and conditions in the prospectus, dated April 2, 2009, as supplemented by the prospectus supplement, dated April 9, 2009 (as so supplemented, together with all documents incorporated by reference, the “prospectus”), and should be read with the prospectus. Unless otherwise defined in this pricing supplement, terms used herein have the same meanings as are given to them in the prospectus.*

- **Title of the Series:** Callable Step-Up Rate Notes, due February [2], 2024
- **Aggregate Principal Amount Initially Being Issued:** \$\_\_\_\_\_
- **Issue Date:** February [2], 2012
- **CUSIP No.:** 4042K1VY6
- **Maturity Date:** February [2], 2024, or if such day is not a business day, the next succeeding business day.
- **Minimum Denominations:** \$1,000 and multiples of \$1,000 in excess of \$1,000
- **Day Count Fraction:** 30/360
- **Interest Periods:** Semi-annual
- **Interest Payment Dates:** February [2] and August [2] of each year, beginning on August [2], 2012, with the final interest payment date occurring on the maturity date.
- **Interest Rates:** The notes will accrue interest during the following periods at the following rates per annum:

From (and including)	To (but excluding)	Annual Rate
February [2], 2012	February [2], 2017	a rate that will be at least 3.00% (the “Initial Rate”)
February [2], 2017	February [2], 2022	the Initial Rate plus 1.50%;
February [2], 2022	February [2], 2024	the Initial Rate plus 3.50%;

- **Survivor’s Option:** None
- **Optional Early Redemption:** We have the right to redeem all, but not less than all, of the notes on February [2], 2017 and February [2], 2022. The redemption price will be 100% of the principal amount of the notes, plus any accrued and unpaid interest. In order to call the notes, we will give notice to the trustee at least 10 business days before the specified early redemption date.
- **Call Notice Dates:** 10 business days prior to February [2], 2017 and February [2], 2022.

- **Business Days:** Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York.
- **Repayment at Option of Holder:** None
- **Record Dates for Interest Payments:** The record dates will be the fifteenth day of the month in which the applicable interest payment is due.
- **Calculation Agent:** HSBC USA Inc.
- **Listing:** None
- **Indenture and Trustee:** Notwithstanding anything contained in the accompanying prospectus supplement to the contrary, the notes will be issued under the senior indenture dated March 31, 2009, between HSBC USA Inc., as Issuer, and Wells Fargo Bank, National Association, as trustee. Such indenture has substantially the same terms as the indenture described in the accompanying prospectus supplement.
- **Paying Agent:** Notwithstanding anything contained in the accompanying prospectus supplement to the contrary, HSBC Bank USA, N.A. will act as paying agent with respect to the notes pursuant to a Paying Agent and Securities Registrar Agreement dated June 1, 2009, between HSBC USA Inc. and HSBC Bank USA, N.A.

## ADDITIONAL TERMS

You should read this pricing supplement, together with the documents listed below, which together contain the terms of the notes and supersede all prior or contemporaneous oral statements as well as any other written materials. You should carefully consider, among other things, the matters set forth under “Risk Factors” in the sections indicated on the cover of this pricing supplement. The notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

You may access the following documents on the SEC Website at [www.sec.gov](http://www.sec.gov) as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC Website):

- Prospectus supplement dated April 9, 2009:  
[http://www.sec.gov/Archives/edgar/data/83246/000114420409019785/v145824\\_424b2.htm](http://www.sec.gov/Archives/edgar/data/83246/000114420409019785/v145824_424b2.htm)
- Prospectus dated April 2, 2009:  
<http://www.sec.gov/Archives/edgar/data/83246/000104746909003736/a2192100zs-3asr.htm>

*Our Central Index Key, or CIK, on the SEC Website is 83246.*

**We have filed a registration statement (including a prospectus supplement, and a prospectus) with the SEC for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus supplement, and the prospectus in that registration statement, and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov). Alternatively, we, any agent or any dealer participating in this offering will arrange to send you the documents if you so request by calling MLPF&S toll-free at 1-866-500-5408.**

## INVESTOR CONSIDERATIONS

### **The notes may be suitable for you if:**

- You are willing to make an investment that may be called on February [2], 2017, and February [2], 2022. The redemption price will be 100% of the principal amount of the notes, plus any accrued and unpaid interest and you will not receive any further interest payments.
- You are willing to invest in the notes based on the fact that your maximum potential return is the interest rate being offered with respect to your notes.
- You do not seek an investment for which there will be an active secondary market.
- You are willing to hold the notes to maturity.
- You are comfortable with the creditworthiness of HSBC, as issuer of the notes.

### **The notes may not be suitable for you if:**

- You are unwilling to invest in the notes based on the applicable interest rate corresponding to each interest payment date.
- You are unwilling to make an investment in notes that we can call on February [2], 2017 and February [2], 2022 thereby potentially limiting your return on the notes.
- You are unwilling to invest in the notes based on the fact that your maximum potential return is the interest payments being offered with respect to your notes.
- You prefer the lower risk, and therefore accept the potentially lower returns, of conventional debt securities with comparable maturities issued by HSBC or another issuer with a similar credit rating.
- You seek an investment for which there will be an active secondary market.
- You are unable or unwilling to hold the notes to maturity.
- You are not willing or are unable to assume the credit risk associated with HSBC, as issuer of the notes.

## **RISK FACTORS**

*In addition to the following risks, we urge you to read the section “Risk Factors” on page S-3 in the accompanying prospectus supplement. You should understand the risks of investing in the notes and should reach an investment decision only after careful consideration, with your advisors, of the suitability of the notes in light of your particular financial circumstances and the information set forth in this pricing supplement and the accompanying prospectus supplement and prospectus.*

*You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities.*

### **The Notes May be Called Prior to the Maturity Date.**

If the notes are called early, the holding period over which you will receive interest payments could be as little as five years. There is no guarantee that you would be able to reinvest the proceeds from an investment in the notes at a comparable return for a similar level of risk following our redemption of the notes. We may choose to call the notes early or choose not to call the notes early, in our sole discretion. In addition, it is more likely that we will call the notes prior to maturity if a significant decrease in U.S. interest rates or a significant decrease in the volatility of U.S. interest rates would result in greater interest payments on the notes than on instruments of comparable maturity, terms and credit rating then trading in the market.

### **The Notes Are Subject to the 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 interest payments and any return of principal at maturity or on a redemption date, as applicable, 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.

### **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 amount payable on the notes.

### **The Notes Are Not Ordinary Debt Securities; the Step-up Feature Presents Different Investment Considerations than Fixed Rate Notes.**

Unless general interest rates rise significantly, you may not expect to earn the highest scheduled interest rates because the notes are likely to be redeemed on a redemption date if interest rates remain the same or fall during the term of the notes. When determining whether to invest in the notes, you should not focus on the highest interest rate, you should instead focus on, among other things, the overall annual percentage rate of interest to maturity or early redemption as compared to other equivalent investment alternatives.

### **Commissions, Fees and Hedging Costs May Affect the Price at Which You Will Be Able to Sell the Notes in Secondary Market Transactions.**

The original issue price of the notes includes the underwriting commissions, certain fees and our cost of hedging our obligations under the notes. Such cost includes the expected

cost of providing the hedge, as well as the profit expected to be realized in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you will be able to sell the notes in secondary market transactions, if at all, will likely be lower than the original issue price.

**We Cannot Assure You that a Trading Market for the Notes Will Ever Develop or Be Maintained.**

We will not list the notes on any securities exchange. We cannot predict how the notes will trade in any secondary market, or whether that market will be liquid or illiquid.

The development of a trading market for the notes will depend on our financial performance and other factors, including changes in the levels of market interest rates. The number of potential buyers of your notes in any secondary market may be limited. We anticipate that MLPF&S will act as a market-maker for the notes, but it is not required to do so. MLPF&S may discontinue its market-making activities as to any series of the notes at any time. To the extent that MLPF&S engages in any market-making activities, it may bid for or offer the notes. Any price at which MLPF&S may bid for, offer, purchase, or sell the notes may differ from the values determined by pricing models that it may use, whether as a result of dealer discounts, mark-ups, or other transaction costs. These bids, offers, or completed transactions may affect the prices, if any, at which the notes might otherwise trade in the market.

In addition, if at any time MLPF&S were to cease acting as a market-maker as to any series of the notes, it is likely that there would be significantly less liquidity in any secondary market. In such a case, the price at which those notes could be sold likely would be lower than if an active market existed.

**Potential Conflicts of Interest May Exist.**

HSBC, MLPF&S and their respective affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent and hedging our obligations under the notes. We or one or more of our respective affiliates, may engage in trading activities related to the notes that are not for your account or on your behalf. We expect to enter into arrangements to hedge the market risks associated with our obligation to pay the amounts due under the notes.

We or MLPF&S may seek competitive terms in entering into the hedging arrangements for the notes, but are not required to do so, and we may enter into such hedging arrangements with one of our respective subsidiaries or affiliates. Such hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but which could also result in a loss for the hedging counterparty. These trading and hedging activities may present a conflict of interest between your interest in the notes and the interests we and our respective affiliates may have in our proprietary accounts, in facilitating transactions for our other customers, and in accounts under our management. In performing these duties, the economic interests of these parties are potentially adverse to your interests as an investor in the notes. None of us, MLPF&S, or any of our respective affiliates will have any obligation to consider your interests as a holder of the notes in taking any action that might affect the value of the notes.

**Tax Treatment.**

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

## **U.S. FEDERAL INCOME TAX CONSIDERATIONS**

You should carefully consider the matters set forth in “Certain U.S. Federal Income Tax Considerations” in the accompanying prospectus supplement. We and each holder of notes (in the absence of an administrative determination, judicial ruling or other authoritative guidance to the contrary) agree to treat the notes for U.S. federal income tax purposes as indebtedness issued by us. The notes should not be treated as issued with “original issue discount” (“OID”) despite the fact that the interest rate on the notes is scheduled to periodically step-up over the term of the notes because applicable Treasury regulations generally deem an issuer to exercise a call option in a manner that minimizes the yield on the debt instrument for purposes of determining whether a debt instrument is issued with OID. The yield on the notes would be minimized if we call the notes immediately before the increase in the interest rate on February [2], 2017 and therefore the notes should be treated as maturing on such date for purposes of calculating OID. This assumption is made solely for purposes of determining whether the note is issued with OID for U.S. federal income tax purposes, and is not an indication of our intention to call or not to call the notes at any time. If we do not call the notes prior to the increase in the interest rate on February [2], 2017, then, solely for purposes of calculating OID, the notes will be deemed to be reissued at their adjusted issue price on February [2], 2017. This deemed issuance should not give rise to taxable gain or loss to holders. The same analysis would apply to the increase in the interest rate on February [2], 2022, and therefore the notes should never be treated as issued with OID for U.S. federal income tax purposes.

Interest paid on the notes generally should be taxable to you as ordinary interest income at the time it accrues or is received in accordance with your regular method of accounting for U.S. federal income tax purposes. In general, gain or loss realized on the sale, exchange or other disposition of the notes will be capital gain or loss. Prospective investors should consult their tax advisors as to the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of notes.



## **SUPPLEMENTAL PLAN OF DISTRIBUTION**

MLPF&S, will act as our selling agent in connection with the offering of the notes. The selling agent will receive the compensation set forth on the cover of this pricing supplement as to the notes sold through its efforts. You must have an account with the selling agent to purchase the notes.

The selling agent is not acting as your fiduciary or advisor, and you should not rely upon any communication from the selling agent in connection with the notes as investment advice or a recommendation to purchase the notes. You should make your own investment decision regarding the notes after consulting with your legal, tax, and other advisors. We may deliver the notes against payment therefor in New York, New York on a date that is greater than three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the notes occurs more than three business days from the pricing date, purchasers who wish to trade the notes more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement. See "Supplemental Plan of Distribution" on page S-52 of the accompanying prospectus supplement.

If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account. Under the terms of our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us on the issue date as principal at the purchase price indicated on the cover of this pricing supplement, less the indicated underwriting discount.

We have agreed to indemnify the agents against certain liabilities, including liabilities under the Securities Act, or to contribute to payments made in respect of those liabilities. We have also agreed to reimburse the agents for specified expenses.

MLPF&S and any of its broker-dealer affiliates may use this pricing supplement, and the accompanying prospectus supplement and prospectus for offers and sales in secondary market transactions and market-making transactions in the notes solely for the purpose of providing investors with the description of the terms of the notes that were made available to investors in connection with the initial distribution of the notes. Secondary market investors should not, and will not be authorized to rely on these documents for information regarding HSBC or for any purpose other than that described in the immediately preceding sentence. MLPF&S and its affiliates are not obligated to engage in such secondary market transactions and/or market-making transactions. MLPF&S and its affiliates may act as principal or agent in these transactions, and any such sales will be made at prices related to prevailing market prices at the time of the sale.

## ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing, or other employee benefit plan subject to ERISA (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we, MLPF&S, and certain of our respective subsidiaries and affiliates may be each considered a party in interest within the meaning of ERISA, or a disqualified person (within the meaning of the Code), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also “Plans”). Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the notes are acquired by or with the assets of a Plan with respect to which we or any of our affiliates is a party in interest, unless the notes are acquired under an exemption from the prohibited transaction rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

Under ERISA and various PTCEs issued by the U.S. Department of Labor, exemptive relief may be available for direct or indirect prohibited transactions resulting from the purchase, holding, or disposition of the notes. Those exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), PTCE 84-14 (for certain transactions determined by independent qualified asset managers), and the exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain arm’s-length transactions with a person that is a party in interest solely by reason of providing services to Plans or being an affiliate of such a service provider (the “Service Provider Exemption”).

Because we may be considered a party in interest with respect to many Plans, the notes may not be purchased, held, or disposed of by any Plan, any entity whose underlying assets include plan assets by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing plan assets of any Plan, unless such purchase, holding, or disposition is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 or the Service Provider Exemption, or such purchase, holding, or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the notes will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the notes that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such notes on behalf of or with plan assets of any Plan or with any assets of a governmental, church, or foreign plan that is subject to any federal, state, local, or foreign law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding, and disposition are eligible for exemptive relief or such purchase, holding, and disposition are not prohibited by ERISA or Section 4975 of the Code (or in the case of a governmental, church, or foreign plan, any substantially similar federal, state, local, or foreign law).

Further, any person acquiring or holding the securities on behalf of any plan or with any plan assets shall be deemed to represent on behalf of itself and such plan that (x) the plan is paying no more than, and is receiving no less than, adequate consideration within the meaning of Section 408(b)(17) of ERISA in connection with the transaction or any redemption of the securities, (y) none of HSBC, MLPF&S, or any other agent, or any of their affiliates directly or indirectly exercises any discretionary authority or control or renders investment advice (as defined above) or otherwise acts in a fiduciary capacity with respect to the assets of

the plan within the meaning of ERISA and (z) in making the foregoing representations and warranties, such person has applied sound business principles in determining whether fair market value will be paid, and has made such determination acting in good faith.

The fiduciary investment considerations summarized above generally apply to employee benefit plans maintained by private-sector employers and to individual retirement accounts and other arrangements subject to Section 4975 of the Code, but generally do not apply to governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and foreign plans (as described in Section 4(b)(4) of ERISA). However, these other plans may be subject to similar provisions under applicable federal, state, local, foreign, or other regulations, rules, or laws ("similar laws"). The fiduciaries of plans subject to similar laws should also consider the foregoing issues in general terms as well as any further issues arising under the applicable similar laws.

Purchasers of the notes have exclusive responsibility for ensuring that their purchase, holding, and disposition of the notes do not violate the prohibited transaction rules of ERISA or the Code or any similar regulations applicable to governmental or church plans, as described above.

This discussion is a general summary of some of the rules which apply to benefit plans and their related investment vehicles. This summary does not include all of the investment considerations relevant to Plans and other benefit plan investors such as governmental, church, and foreign plans and should not be construed as legal advice or a legal opinion. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the notes on behalf of or with "plan assets" of any Plan or other benefit plan investor consult with their legal counsel prior to directing any such purchase.