

HSBC USA Inc.

## Barrier Accelerated Market Participation Securities

### Linked to the SPDR® S&P® Regional Banking ETF (the “Reference Asset”)

- ▶ 2.00x exposure to any positive return of the Reference Asset, subject to a maximum return of at least 31.00% (to be determined on the Pricing Date)
- ▶ Contingent repayment of principal if the Reference Return is greater than or equal to the Barrier Percentage of -20%.
- ▶ Full exposure to declines in the Reference Asset if the Reference Return is less than the Barrier Percentage
- ▶ Approximately 3 Year maturity
- ▶ All payments on the securities are subject to the credit risk of HSBC USA Inc.

The Barrier Accelerated Market Participation Securities (each a “security” and collectively the “securities”) offered hereunder will not be listed on any U.S. securities exchange or automated quotation system. The securities will not bear interest.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the securities or passed upon the accuracy or the adequacy of this document, the accompanying prospectus, prospectus supplement or Equity Index Underlying Supplement. Any representation to the contrary is a criminal offense. We have appointed HSBC Securities (USA) Inc., an affiliate of ours, as the agent for the sale of the securities. HSBC Securities (USA) Inc. will purchase the securities from us for distribution to other registered broker-dealers or will offer the securities directly to investors. 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 in any securities after their initial sale. Unless we or our agent inform you otherwise in the confirmation of sale, the pricing supplement to which this free writing prospectus relates is being used in a market-making transaction. See “Supplemental Plan of Distribution (Conflicts of Interest)” on page FWP-13 of this free writing prospectus.

**Investment in the securities involves certain risks. You should refer to “Risk Factors” beginning on page FWP-7 of this document, page S-1 of the accompanying prospectus supplement and page S-1 of the accompanying ETF Underlying Supplement.**

The Estimated Initial Value of the securities on the Pricing Date is expected to be between \$950.00 and \$990.00 per security, which will be less than the price to public. The market value of the securities at any time will reflect many factors and cannot be predicted with accuracy. See “Estimated Initial Value” on page FWP-4 and “Risk Factors” beginning on page FWP-7 of this document for additional information.

	Price to Public	Underwriting Discount <sup>(1)</sup>	Proceeds to Issuer
Per security	\$1,000		
Total			

<sup>(1)</sup> HSBC USA Inc. or one of our affiliates may pay varying underwriting discounts of up to 2.50% and referral fees of up to 0.40% per \$1,000 Principal Amount in connection with the distribution of the securities to other registered broker-dealers. In no case will the sum of the underwriting discounts and referral fees exceed 2.90% per \$1,000 Principal Amount. per \$1,000 Principal Amount in connection with the distribution of the securities to other registered broker-dealers. See “Supplemental Plan of Distribution (Conflicts of Interest)” on page FWP-13 of this free writing prospectus.

The securities:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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## Indicative Terms<sup>1</sup>

<b>Principal Amount</b>	\$1,000 per security
<b>Term</b>	Approximately 3 years
<b>Reference Asset</b>	The SPDR® S&P® Regional Banking ETF (NYSE symbol: KRE)
<b>Upside Participation Rate</b>	200% (2.00x) exposure to any positive Reference Return, subject to the Maximum Cap
<b>Barrier Percentage</b>	-20%
<b>Maximum Cap</b>	At least 31.00% (to be determined on the Pricing Date)
<b>Reference Return</b>	$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$
<b>Payment at Maturity per Security</b>	<p><b>If the Reference Return is greater than zero, you will receive the lesser of:</b></p> <p>a) \$1,000 + (\$1,000 × Reference Return × Upside Participation Rate); and</p> <p>b) \$1,000 + (\$1,000 × Maximum Cap*).</p> <p><b>If the Reference Return is less than or equal to zero but greater than or equal to the Barrier Percentage:</b></p> <p>\$1,000 (zero return).</p> <p><b>If the Reference Return is less than the Barrier Percentage:</b></p> <p>\$1,000 + (\$1,000 × Reference Return).</p> <p>If the Reference Return is less than the Barrier Percentage, you will lose some or all of your investment.</p> <p>For example, if the Reference Return is -50%, you will suffer a 50% loss and receive 50% of the Principal Amount, subject to the credit risk of HSBC USA Inc.</p>
<b>Initial Price</b>	The Official Closing Price of the Reference Asset on the Pricing Date
<b>Final Price</b>	The Official Closing Price of the Reference Asset on the Final Valuation Date
<b>Pricing Date</b>	June 22, 2018
<b>Trade Date</b>	June 22, 2018
<b>Original Issue Date</b>	June 29, 2018
<b>Final Valuation Date<sup>(2)</sup></b>	June 24, 2021
<b>Maturity Date<sup>(2)</sup></b>	June 29, 2021
<b>CUSIP/ISIN</b>	40435FB71 / US40435FB718

<sup>(1)</sup> As more fully described on page FWP-4.

<sup>(2)</sup> Subject to adjustment as described under “Additional Terms of the Securities” in the accompanying Equity Index Underlying Supplement.

\*To be determined on the Pricing Date and will not be less than 31.00%.

## The Securities

The securities are designed for investors who believe the Reference Asset will appreciate over the term of the securities. If the Reference Return is below the Barrier Percentage, then the securities are subject to a 1:1 exposure to any potential decline of the Reference Asset.

If the Reference Asset appreciates over the term of the securities, you will realize 200% (2.00x) of the Reference Asset appreciation, subject to the Maximum Cap of at least 31.00% (to be determined on the Pricing Date). If the Reference Return is less than zero but greater than or equal to the Barrier Percentage, you will receive \$1,000 per \$1,000 principal amount. If the Reference Asset declines by more than -20%, you will lose 1% of your investment for every 1% decline in the Reference Asset.



## Payoff Example

The table at right shows the hypothetical payout profile of an investment in the securities assuming an Upside Participation Rate of at least 200% (2.00x), reflecting the Barrier Percentage of -20%, and reflecting the hypothetical Maximum Cap of 31.00% (to be determined on the Pricing Date).

Reference Return	Participation in Reference Return	Securities Return
20.00%	2.00x upside exposure, subject to Maximum Cap	31.00%
5.00%	2.00x upside exposure	10.00%
-5.00%	Barrier Percentage of 20%	0.00%
-50.00%	1x loss from Initial Price if below the Barrier Percentage	-50.00%

## Information about the Reference Asset

The KRE seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P® Regional Banks Select Industry™ Index. The underlying index represents the regional banks sub-industry portion of the S&P Total Market Index ("S&P TMI"), an index that measures the performance of the U.S. equity market. The KRE is composed of companies that are publicly traded money centers and leading regional banks or thrifts. The returns of the KRE may be affected by certain management fees and other expenses, which are detailed in its prospectus.



The graph above illustrates the performance of the Reference Asset from January 1, 2008 through May 24, 2018, as reported on the Bloomberg Professional® Service. Past performance is not necessarily an indication of future results. For further information on the Reference Asset, please see "Description of the Reference Asset" on page FWP-12 of this free writing prospectus. Neither HSBC USA Inc. nor any of its affiliates have undertaken any independent review of, or made any due diligence inquiry with respect to, the publicly available information about the Reference Asset.

# HSBC USA Inc. Barrier Accelerated Market Participation Securities



## Linked to the SPDR® S&P® Regional Banking ETF

This free writing prospectus relates to a single offering of Barrier Accelerated Market Participation Securities. The securities will have the terms described in this free writing prospectus and the accompanying prospectus, prospectus supplement and ETF Index Underlying Supplement. If the terms of the securities offered hereby are inconsistent with those described in the accompanying prospectus, prospectus supplement or ETF Underlying Supplement, the terms described in this free writing prospectus shall control. **You should be willing to forgo interest and dividend payments during the term of the securities and, if the Reference Return is less than the Barrier Percentage, lose some or all of your principal.**

This free writing prospectus relates to an offering of securities linked to the performance of the SPDR® S&P® Regional Banking ETF (the “Reference Asset”). The purchaser of a security will acquire a senior unsecured debt security of HSBC USA Inc. linked to the Reference Asset as described below. The following key terms relate to the offering of securities:

Issuer:	HSBC USA Inc.
Principal Amount:	\$1,000 per security
Reference Asset:	The SPDR® S&P® Regional Banking ETF
Trade Date:	June 22, 2018
Pricing Date:	June 22, 2018
Original Issue Date:	June 29, 2018
Final Valuation Date:	June 24, 2021, subject to adjustment as described under “Additional Terms of the Securities—Valuation Dates” in the accompanying ETF Underlying Supplement.
Maturity Date:	3 business days after the Final Valuation Date, which is expected to be June 29, 2021. The Maturity Date is subject to adjustment as described under “Additional Terms of the Securities—Coupon Payment Dates, Call Payment Dates and Maturity Date” in the accompanying ETF Underlying Supplement.
Upside Participation Rate:	200% (2.00x)
Payment at Maturity:	On the Maturity Date, for each security, we will pay you the Final Settlement Value.
Reference Return:	The quotient, expressed as a percentage, calculated as follows: $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$
Final Settlement Value:	<p><b>If the Reference Return is greater than zero</b>, you will receive a cash payment on the Maturity Date, per \$1,000 Principal Amount, equal to the lesser of:</p> <p>(a) \$1,000 + (\$1,000 × Reference Return × Upside Participation Rate); and</p> <p>(b) \$1,000 + (\$1,000 × Maximum Cap*).</p> <p>*To be determined on the Pricing Date and will not be less than 31%.</p> <p><b>If the Reference Return is less than or equal to zero but greater than or equal to the Barrier Percentage</b>, you will receive \$1,000 per \$1,000 Principal Amount (zero return).</p> <p><b>If the Reference Return is less than the Barrier Percentage</b>, you will receive a cash payment on the Maturity Date, per \$1,000 Principal Amount, calculated as follows:</p> <p>\$1,000 + (\$1,000 × Reference Return).</p> <p>Under these circumstances, you will lose 1% of the Principal Amount of your securities for every 1% decline in the Reference Asset. For example, if the Reference Return is -50%, you will suffer a 50% loss and receive 50% of the Principal Amount, subject to the credit risk of HSBC. <b>If the Reference Return is less than the Barrier Percentage, you will lose some or all of your investment.</b></p>
Barrier Percentage:	-20%
Maximum Cap:	At least 31.00% (to be determined on the Pricing Date).
Initial Price:	The Official Closing Price of the Reference Asset on the Pricing Date.
Final Price:	The Official Closing Price of the Reference Asset on the Final Valuation Date.
Form of Securities:	Book-Entry
Listing:	The securities will not be listed on any U.S. securities exchange or quotation system.
Estimated Initial Value:	The Estimated Initial Value of the securities will be less than the price you pay to purchase the securities. The Estimated Initial Value does not represent a minimum price at which we or any of our affiliates would be willing to purchase your securities in the secondary market, if any, at any time. The Estimated Initial Value will be calculated on the Pricing Date. See “Risk Factors — The Estimated Initial Value of the securities, which will be determined by us on the Pricing Date, will be less than the price to public and may differ from the market value of the securities in the secondary market, if any.”
CUSIP/ISIN:	40435FB71 / US40435FB718

The Trade Date, the Pricing Date and the other dates set forth above are subject to change, and will be set forth in the final pricing supplement relating to the securities.

## GENERAL

This free writing prospectus relates to an offering of securities linked to the Reference Asset. The purchaser of a security will acquire a senior unsecured debt security of HSBC USA Inc. We reserve the right to withdraw, cancel or modify this offering and to reject orders in whole or in part. Although the offering of securities relates to the Reference Asset, you should not construe that fact as a recommendation as to the merits of acquiring an investment linked to the Reference Asset or any component security included in the Reference Asset or as to the suitability of an investment in the securities.

You should read this document together with the prospectus dated February 26, 2018, the prospectus supplement dated February 26, 2018 and the ETF Underlying Supplement dated February 26, 2018. If the terms of the securities offered hereby are inconsistent with those described in the accompanying prospectus, prospectus supplement or ETF Underlying Supplement, the terms described in this free writing prospectus shall control. You should carefully consider, among other things, the matters set forth in "Risk Factors" beginning on page FWP-7 of this free writing prospectus, page S-1 of the prospectus supplement and page S-1 of the ETF Underlying Supplement, as the securities 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 securities. As used herein, references to the "Issuer", "HSBC", "we", "us" and "our" are to HSBC USA Inc.

HSBC has filed a registration statement (including a prospectus, prospectus supplement and Equity Index Underlying Supplement) with the SEC for the offering to which this free writing prospectus relates. Before you invest, you should read the prospectus, prospectus supplement and Equity Index Underlying Supplement in that registration statement and other documents HSBC has filed with the SEC for more complete information about HSBC and this offering. You may get these documents for free by visiting EDGAR on the SEC's web site at [www.sec.gov](http://www.sec.gov). Alternatively, HSBC Securities (USA) Inc. or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement and Equity Index Underlying Supplement if you request them by calling toll-free 1-866-811-8049.

You may also obtain:

- ▶ The ETF Underlying Supplement at: [http://www.sec.gov/Archives/edgar/data/83246/000114420415014329/v403640\\_424b2.htm](http://www.sec.gov/Archives/edgar/data/83246/000114420415014329/v403640_424b2.htm)
- ▶ The prospectus supplement at: [https://www.sec.gov/Archives/edgar/data/83246/000114420418010762/tv486944\\_424b2.htm](https://www.sec.gov/Archives/edgar/data/83246/000114420418010762/tv486944_424b2.htm)
- ▶ The prospectus at: [https://www.sec.gov/Archives/edgar/data/83246/000114420418010720/tv487083\\_424b3.htm](https://www.sec.gov/Archives/edgar/data/83246/000114420418010720/tv487083_424b3.htm)

We are using this free writing prospectus to solicit from you an offer to purchase the securities. You may revoke your offer to purchase the securities at any time prior to the time at which we accept your offer by notifying HSBC Securities (USA) Inc. We reserve the right to change the terms of, or reject any offer to purchase, the securities prior to their issuance. In the event of any material changes to the terms of the securities, we will notify you.

## PAYMENT AT MATURITY

On the Maturity Date, for each security you hold, we will pay you the Final Settlement Value, which is an amount in cash, as described below:

**If the Reference Return is greater than zero**, you will receive a cash payment on the Maturity Date, per \$1,000 Principal Amount, equal to the lesser of:

- (a)  $\$1,000 + (\$1,000 \times \text{Reference Return} \times \text{Upside Participation Rate})$ ; and
- (b)  $\$1,000 + (\$1,000 \times \text{Maximum Cap}^*)$ .

\*To be determined on the Pricing Date and will not be less than 31.00%.

**If the Reference Return is less than or equal to zero but greater than or equal to the Barrier Percentage**, you will receive \$1,000 per \$1,000 Principal Amount (zero return).

**If the Reference Return is less than the Barrier Percentage**, you will receive a cash payment on the Maturity Date, per \$1,000 Principal Amount, calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Reference Return}).$$

Under these circumstances, you will lose 1% of the Principal Amount of your securities for every 1% decline in the Reference Asset. For example, if the Reference Return is -50%, you will suffer a 50% loss and receive 50% of the Principal Amount, subject to the credit risk of HSBC. **If the Reference Return is less than the Barrier Percentage, you will lose some or all of your investment.**

## Interest

The securities will not pay interest.

## Calculation Agent

We or one of our affiliates will act as calculation agent with respect to the securities.

## Reference Issuer

iShares, Inc. is the reference issuer.

## INVESTOR SUITABILITY

### The securities may be suitable for you if:

- ▶ You seek an investment with an enhanced return linked to the potential positive performance of the Reference Asset and you believe the price of the Reference Asset will increase over the term of the securities.
- ▶ You are willing to invest in the securities based on a Maximum Cap of at least 31.00%, which may limit your return at maturity (the actual Maximum Cap will be determined on the Pricing Date).
- ▶ You are willing to make an investment that is exposed to the negative Reference Return on a 1-to-1 basis if the Reference Return is less than -20%.
- ▶ You are willing to forgo dividends or other distributions paid to holders of the stocks held by the Reference Asset.
- ▶ You are willing to accept the risk and return profile of the securities versus a conventional debt security with a comparable maturity issued by HSBC or another issuer with a similar credit rating.
- ▶ You do not seek current income from your investment.
- ▶ You do not seek an investment for which there is an active secondary market.
- ▶ You are willing to hold the securities to maturity.
- ▶ You are comfortable with the creditworthiness of HSBC, as Issuer of the securities.

### The securities may not be suitable for you if:

- ▶ You believe the Reference Return will be negative or that the Reference Return will not be sufficiently positive to provide you with your desired return.
- ▶ You are unwilling to invest in the securities based on a Maximum Cap of at least 31.00%, which may limit your return at maturity (the actual Maximum Cap will be determined on the Pricing Date).
- ▶ You are unwilling to make an investment that is exposed to the negative Reference Return on a 1-to-1 basis if the Reference Return is less than -20%.
- ▶ You seek an investment that provides full return of principal.
- ▶ 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 prefer to receive the dividends or other distributions paid on the stocks held by the Reference Asset.
- ▶ You seek current income from your investment.
- ▶ You seek an investment for which there will be an active secondary market.
- ▶ You are unable or unwilling to hold the securities to maturity.
- ▶ You are not willing or are unable to assume the credit risk associated with HSBC, as Issuer of the securities.



## RISK FACTORS

We urge you to read the section “Risk Factors” beginning on page S-1 of the accompanying prospectus supplement and on page S-1 of the accompanying ETF Underlying Supplement. Investing in the securities is not equivalent to investing directly in the Reference Asset or any of the stocks included in the Underlying Index. You should understand the risks of investing in the securities and should reach an investment decision only after careful consideration, with your advisors, of the suitability of the securities in light of your particular financial circumstances and the information set forth in this free writing prospectus and the accompanying, prospectus, prospectus supplement and ETF Underlying Supplement.

In addition to the risks discussed below, you should review “Risk Factors” in the accompanying prospectus supplement and ETF Underlying Supplement including the explanation of risks relating to the securities described in the following sections:

- ▶ “— Risks Relating to All Note Issuances” in the prospectus supplement; and
- ▶ “— General Risks Related to Index Funds” in the ETF Underlying Supplement.

### **Your investment in the securities may result in a loss.**

You will be fully exposed to the decline in the Final Price from the Initial Price if the Reference Return is beyond the Barrier Percentage of -20%. Accordingly, if the Reference Return is less than -20%, your Payment at Maturity will be less than the Principal Amount of your securities. You will lose up to 100% of your investment at maturity if the Reference Return is less than the Barrier Percentage. **There is no minimum payment on the securities and, accordingly, you could lose your entire investment.**

### **The appreciation on the securities is limited by the Maximum Cap.**

You will not participate in any appreciation in the price of the Reference Asset beyond the hypothetical Maximum Cap of at least 31.00% (to be determined on the Pricing Date). You will not receive a return on the securities greater than the Maximum Cap.

### **The amount payable on the securities is not linked to the price of the Reference Asset at any time other than on the Final Valuation Date.**

The Final Price will be based on the Official Closing Price of the Reference Asset on the Final Valuation Date, subject to postponement for non-trading days and certain market disruption events. Even if the price of the Reference Asset appreciates during the term of the securities other than on the Final Valuation Date but then decreases on the Final Valuation Date to a price that is less than the Initial Price, the Payment at Maturity may be less, and may be significantly less, than it would have been had the Payment at Maturity been linked to the price of the Reference Asset prior to such decrease. Although the actual price of the Reference Asset on the Maturity Date or at other times during the term of the securities may be higher than the Final Price, the Payment at Maturity will be based solely on the Official Closing Price of the Reference Asset on the Final Valuation Date.

### **Credit risk of HSBC USA Inc.**

The securities 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 securities 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 securities, including any return of principal 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 securities 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 securities.

### **The securities will not bear interest.**

As a holder of the securities, you will not receive interest payments.

### **Owning the securities is not the same as owning the Reference Asset or the stocks included in the Underlying Index.**

The return on your securities may not reflect the return you would realize if you actually owned the Reference Asset or stocks included in the Underlying Index. As a holder of the securities, you will not have voting rights or rights to receive dividends or other distributions or other rights that holders of the Reference Asset or the stocks included in the Underlying Index would have.

### **Changes that affect the Reference Asset will affect the market value of the securities and the amount you will receive at maturity.**

The policies of the reference sponsor of the Reference Asset concerning additions, deletions and substitutions of the constituents comprising the Reference Asset and the manner in which the reference sponsor takes account of certain changes affecting those constituents included in the Reference Asset may affect the price of the Reference Asset. The policies of the reference sponsor with respect to the calculation of the Reference Asset could also affect the price of the Reference Asset. The reference sponsor may

discontinue or suspend calculation or dissemination of the Reference Asset. Any such actions could affect the value of the securities and the return on the securities.

**The securities are not insured or guaranteed by any governmental agency of the United States or any other jurisdiction.**

The securities are not deposit liabilities or other obligations of a bank and are not insured or guaranteed 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 securities 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 securities.

**The Estimated Initial Value of the securities, which will be determined by us on the Pricing Date, will be less than the price to public and may differ from the market value of the securities in the secondary market, if any.**

The Estimated Initial Value of the securities will be calculated by us on the Pricing Date and will be less than the price to public. The Estimated Initial Value will reflect our internal funding rate, which is the borrowing rate we pay to issue market-linked securities, as well as the mid-market value of the embedded derivatives in the securities. This internal funding rate is typically lower than the rate we would use when we issue conventional fixed or floating rate debt securities. As a result of the difference between our internal funding rate and the rate we would use when we issue conventional fixed or floating rate debt securities, the Estimated Initial Value of the securities may be lower if it were based on the prices at which our fixed or floating rate debt securities trade in the secondary market. In addition, if we were to use the rate we use for our conventional fixed or floating rate debt issuances, we would expect the economic terms of the securities to be more favorable to you. We will determine the value of the embedded derivatives in the securities by reference to our or our affiliates' internal pricing models. These pricing models consider certain assumptions and variables, which can include volatility and interest rates. Different pricing models and assumptions could provide valuations for the securities that are different from our Estimated Initial Value. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect. The Estimated Initial Value does not represent a minimum price at which we or any of our affiliates would be willing to purchase your securities in the secondary market (if any exists) at any time.

**The price of your securities in the secondary market, if any, immediately after the Pricing Date will be less than the price to public.**

The price to public takes into account certain costs. These costs, which will be used or retained by us or one of our affiliates, include the underwriting discount, our affiliates' projected hedging profits (which may or may not be realized) for assuming risks inherent in hedging our obligations under the securities and the costs associated with structuring and hedging our obligations under the securities. If you were to sell your securities in the secondary market, if any, the price you would receive for your securities may be less than the price you paid for them because secondary market prices will not take into account these costs. The price of your securities in the secondary market, if any, at any time after issuance will vary based on many factors, including the price of the Reference Asset and changes in market conditions, and cannot be predicted with accuracy. The securities are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the securities to maturity. Any sale of the securities prior to maturity could result in a loss to you.

**If we were to repurchase your securities immediately after the Original Issue Date, the price you receive may be higher than the Estimated Initial Value of the securities.**

Assuming that all relevant factors remain constant after the Original Issue Date, the price at which HSBC Securities (USA) Inc. may initially buy or sell the securities in the secondary market, if any, and the value that we may initially use for customer account statements, if we provide any customer account statements at all, may exceed the Estimated Initial Value on the Pricing Date for a temporary period expected to be approximately 7 months after the Original Issue Date. This temporary price difference may exist because, in our discretion, we may elect to effectively reimburse to investors a portion of the estimated cost of hedging our obligations under the securities and other costs in connection with the securities that we will no longer expect to incur over the term of the securities. We will make such discretionary election and determine this temporary reimbursement period on the basis of a number of factors, including the tenor of the securities and any agreement we may have with the distributors of the securities. The amount of our estimated costs which we effectively reimburse to investors in this way may not be allocated ratably throughout the reimbursement period, and we may discontinue such reimbursement at any time or revise the duration of the reimbursement period after the Original Issue Date of the securities based on changes in market conditions and other factors that cannot be predicted.

**The securities lack liquidity.**

The securities will not be listed on any securities exchange. HSBC Securities (USA) Inc. is not required to offer to purchase the securities in the secondary market, if any exists. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Because other dealers are not likely to make a secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which HSBC Securities (USA) Inc. is willing to buy the securities.



**Potential conflicts of interest may exist.**

HSBC and its affiliates play a variety of roles in connection with the issuance of the securities, including acting as calculation agent and hedging our obligations under the securities. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the securities. We will not have any obligation to consider your interests as a holder of the securities in taking any action that might affect the value of your securities.

**Concentration of investment in one sector.**

The Reference Asset is concentrated in the financial industry. Consequently, the value of the securities may be subject to greater volatility than an investment linked to a more broadly diversified group of issuers.

**Uncertain tax treatment.**

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

## ILLUSTRATIVE EXAMPLES

The following table and examples are provided for illustrative purposes only and are hypothetical. They do not purport to be representative of every possible scenario concerning increases or decreases in the price of the Reference Asset relative to its Initial Price. We cannot predict the Final Price. The assumptions we have made in connection with the illustrations set forth below may not reflect actual events, and the hypothetical Initial Price used in the table and examples below is not expected to be the actual Initial Price of the Reference Asset. You should not take this illustration or these examples as an indication or assurance of the expected performance of the Reference Asset or the return on your securities. The Final Settlement Value may be less than the amount that you would have received from a conventional debt security with the same stated maturity, including such a security issued by HSBC. The numbers appearing in the table below and following examples have been rounded for ease of analysis.

The table below illustrates the Payment at Maturity on a \$1,000 investment in the securities for a hypothetical range of Reference Returns from -100% to +100%. The following results are based solely on the assumptions outlined below. The "Hypothetical Return on the securities" as used below is the number, expressed as a percentage, that results from comparing the Final Settlement Value per \$1,000 Principal Amount to \$1,000. The potential returns described here assume that your securities are held to maturity. You should consider carefully whether the securities are suitable to your investment goals. The following table and examples assume the following:

- ▶ Principal Amount: \$1,000
- ▶ Hypothetical Initial Price: \$100.00
- ▶ Upside Participation Rate: 200%
- ▶ Hypothetical Maximum Cap\* 31%
- ▶ Barrier Percentage: -20%

The actual Initial Price will be determined on the Pricing Date.

\*To be determined on the Pricing Date and will not be less than 31%.

Hypothetical Final Price	Hypothetical Reference Return	Hypothetical Final Settlement Value	Hypothetical Return on the Securities
\$200.00	100.00%	\$1,310.00	31.00%
\$180.00	80.00%	\$1,310.00	31.00%
\$160.00	60.00%	\$1,310.00	31.00%
\$150.00	50.00%	\$1,310.00	31.00%
\$140.00	40.00%	\$1,310.00	31.00%
\$120.00	20.00%	\$1,310.00	31.00%
<b>\$115.50</b>	<b>15.50%</b>	<b>\$1,310.00</b>	<b>31.00%</b>
\$115.00	15.00%	\$1,300.00	30.00%
\$110.00	10.00%	\$1,200.00	20.00%
\$105.00	5.00%	\$1,100.00	10.00%
\$102.00	2.00%	\$1,040.00	4.00%
\$101.00	1.00%	\$1,020.00	2.00%
<b>\$100.00</b>	<b>0.00%</b>	<b>\$1,000.00</b>	<b>0.00%</b>
\$99.00	-1.00%	\$1,000.00	0.00%
\$98.00	-2.00%	\$1,000.00	0.00%
\$95.00	-5.00%	\$1,000.00	0.00%
<b>\$80.00</b>	<b>-20.00%</b>	<b>\$1,000.00</b>	<b>0.00%</b>
\$60.00	-40.00%	\$600.00	-40.00%
\$50.00	-50.00%	\$500.00	-50.00%
\$40.00	-60.00%	\$400.00	-60.00%
\$30.00	-70.00%	\$300.00	-70.00%
\$20.00	-80.00%	\$200.00	-80.00%
\$10.00	-90.00%	\$100.00	-90.00%
\$0.00	-100.00%	\$0.00	-100.00%

The following examples indicate how the Final Settlement Value would be calculated with respect to a hypothetical \$1,000 investment in the securities.

**Example 1: The price of the Reference Asset increases from the Initial Price of \$100.00 to a Final Price of \$105.00.**

Reference Return:	5.00%
<b>Final Settlement Value:</b>	<b>\$1,100.00</b>

Because the Reference Return is positive, and the Reference Return multiplied by the Upside Participation Rate is less than the hypothetical Maximum Cap, the Final Settlement Value would be \$1,100.00 per \$1,000 Principal Amount, calculated as follows:

$$\begin{aligned}
 & \$1,000 + (\$1,000 \times \text{Reference Return} \times \text{Upside Participation Rate}) \\
 &= \$1,000 + (\$1,000 \times 5.00\% \times 200\%) \\
 &= \$1,100.00
 \end{aligned}$$

Example 1 shows that you will receive the return of your principal investment plus a return equal to the Reference Return multiplied by the Upside Participation Rate when the Reference Return is positive and such Reference Return multiplied by the Upside Participation Rate does not exceed the Maximum Cap.

**Example 2: The price of the Reference Asset increases from the Initial Price of \$100.00 to a Final Price of \$180.00.**

Reference Return:	80.00%
<b>Final Settlement Value:</b>	<b>\$1,310.00</b>

Because the Reference Return is positive, and the Reference Return multiplied by the Upside Participation Rate is greater than the hypothetical Maximum Cap, the Final Settlement Value would be \$1,310.00 per \$1,000 Principal Amount, calculated as follows:

$$\begin{aligned}
 & \$1,000 + (\$1,000 \times \text{Maximum Cap}) \\
 &= \$1,000 + (\$1,000 \times 31.00\%) \\
 &= \$1,310.00
 \end{aligned}$$

Example 2 shows that you will receive the return of your principal investment plus a return equal to the Maximum Cap when the Reference Return is positive and such Reference Return multiplied by the hypothetical Upside Participation Rate exceeds the Maximum Cap.

**Example 3: The price of the Reference Asset decreases from the Initial Price of \$100.00 to a Final Price of \$95.00.**

Reference Return:	-5.00%
<b>Final Settlement Value:</b>	<b>\$1,000</b>

Because the Reference Return is less than zero but greater than the Barrier Percentage of -20%, the Final Settlement Value would be \$1,000 per \$1,000 Principal Amount (a zero return).

**Example 4: The price of the Reference Asset decreases from the Initial Price of \$100.00 to a Final Price of \$30.00.**

Reference Return:	-70.00%
<b>Final Settlement Value:</b>	<b>\$300.00</b>

Because the Reference Return is less than the Barrier Percentage of -20%, the Final Settlement Value would be \$300.00 per \$1,000 Principal Amount, calculated as follows:

$$\begin{aligned}
 & \$1,000 + (\$1,000 \times \text{Reference Return}) \\
 &= \$1,000 + (\$1,000 \times -70.00\%) \\
 &= \$300.00
 \end{aligned}$$

Example 4 shows that you are exposed on a 1-to-1 basis to declines in the price of the Reference Asset if the Reference Return is less than the Barrier Percentage of -20%. YOU MAY LOSE UP TO 100% OF THE PRINCIPAL AMOUNT OF YOUR SECURITIES.

## DESCRIPTION OF THE REFERENCE ASSET

### Description of the SPDR® S&P® Regional Banking ETF

The shares of the SPDR® S&P® Regional Banking ETF (the “KRE”) are issued by the SPDR® Series Trust, a registered investment company. The KRE seeks investment results that, before fees and expenses, correspond generally to the total return performance of the S&P Regional Banks Select Industry Index. The KRE trades on the NYSE Arca under the ticker symbol “KRE”. The returns of the KRE may be affected by certain management fees and other expenses, which are detailed in its prospectus.

### Investment Objective and Strategy

The KRE seeks to provide investment results that correspond generally to the total return performance, before fees and expenses, of the S&P Regional Banks Select Industry Index. Prior to October 24, 2011, the KRE’s investment strategy sought to track the total return performance, before fees and expenses, of an index different from the S&P Regional Banks Select Industry Index. Performance of the KRE prior to October 24, 2011 is therefore based on the KRE’s investment strategy with respect to the prior index, the KBW Regional Banking Index.

The KRE uses a representative sampling strategy to try to achieve its investment objective, which means that the KRE is not required to purchase all of the securities represented in the S&P Regional Banks Select Industry Index. Instead, the KRE may purchase a subset of the securities in the index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the index. Under normal market conditions, the KRE generally invests substantially all, but at least 80%, of its total assets in the securities comprising the index. The KRE will provide shareholders with at least 60 days’ notice prior to any change in this 80% investment policy. In addition, the KRE may invest in equity securities not included in the index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including money market funds advised by SSgA).

In certain situations or market conditions, the KRE may temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the KRE’s investment objective and is in the best interest of the KRE. For example, the KRE may make larger than normal investments in derivatives to maintain exposure to the index if it is unable to invest directly in a component security.

The board may change the KRE’s investment strategy, index and other policies without shareholder approval. The board may also change the KRE’s investment objective without shareholder approval.

Notwithstanding the KRE’s investment objective, the return on your securities will not reflect any dividends paid on the KRE shares, on the securities purchased by the KRE or on the securities that comprise the S&P Regional Banks Select Industry Index.

#### *The S&P® Regional Banks Select Industry™ Index*

The S&P Regional Banks Select Industry Index (the “SPSIRBK”) is managed by S&P Dow Jones Indices LLC (“S&P”) and is an equal-weighted index that is designed to measure the performance of stocks in the S&P Total Market Index that both (i) are classified under the Global Industry Classification Standard (“GICS®”) in the regional banks sub-industry and (ii) satisfy certain liquidity and market capitalization requirements. The S&P Total Market Index tracks all U.S. common stocks with a primary listing on the NYSE, NYSE Arca, NYSE MKT, NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA or Bats EDGX exchanges. The SPSIRBK is one of the 21 sub-industry sector indices S&P maintains that are derived from a portion of the stocks comprising the S&P Total Market Index. An equal-weighted index is one where every stock has the same weight in the SPSIRBK. As such, the SPSIRBK must be rebalanced from time to time to re-establish the proper weighting.

The KRE tracks the performance of the total version of the SPSIRBK. A total return index represents the total return earned in a portfolio that tracks the price index and reinvests dividend income in the overall index, not in the specific stock paying the dividend. The difference between the price return calculation and the total return calculation is that, with respect to the price return calculation, changes in the SPSIRBK level reflect changes in stock prices, whereas with respect to the total return calculation of the SPSIRBK, changes in the SPSIRBK level reflect both movements in stock prices and the reinvestment of dividend income. Notwithstanding that the KRE tracks the performance of the total return version of the SPSIRBK, the return on your securities will not reflect any dividends paid on the KRE shares, on the securities purchased by the KRE or on the securities that comprise the SPSIRBK.

#### *Calculation of the Total Return of the SPSIRBK*

The price return index is calculated as the SPSIRBK market value divided by the divisor. The total return calculation begins with the price return of the SPSIRBK. Given the SPSIRBK is an equal-weighted index, the market capitalization of each stock used in the calculation of the SPSIRBK market value is redefined so that each stock has an equal weight in the SPSIRBK on each rebalancing date. The adjusted market capitalization for each stock in the SPSIRBK is calculated as the product of the stock price, the number of shares outstanding, the stock’s float factor and the adjustment factor.

A stock's float factor refers to the number of shares outstanding that are available to investors. S&P indices exclude shares closely held by control groups from the SPSIRBK calculation because such shares are not available to investors. For each stock, S&P calculates an Investable Weight Factor (IWF) which is the percentage of total shares outstanding that are included in the SPSIRBK calculation.

The adjustment factor for each stock is assigned at each rebalancing date and is calculated by dividing a specific constant set for the purpose of deriving the adjustment factor (often referred to as modified index shares) by the number of stocks in the SPSIRBK multiplied by the float adjusted market value of such stock on such rebalancing date.

Adjustments are also made to ensure that no stock in the SPSIRBK will have a weight that exceeds the value that can be traded in a single day for a theoretical portfolio of \$2 billion. Theoretical portfolio values are reviewed annually and any updates are made at the discretion of the index committee, as defined below.

The maximum basket liquidity weight for each stock in the SPSIRBK will be calculated using the ratio of its three-month median daily value traded to the theoretical portfolio value of \$2 billion. Each stock's weight in the SPSIRBK is then compared to its maximum basket liquidity weight and is set to the lesser of (1) its maximum basket liquidity weight or (2) its initial equal weight. All excess weight is redistributed across the SPSIRBK to the uncapped stocks. If necessary, a final adjustment is made to ensure that no stock in the SPSIRBK has a weight greater than 4.5%. No further adjustments are made if the latter step would force the weight of those stocks limited to their maximum basket liquidity weight to exceed that weight. If the SPSIRBK contains exactly 22 stocks as of the rebalancing effective date, the SPSIRBK will be equally weighted without basket liquidity constraints.

If a company has more than one share class line in the S&P Total Market Index, such company will be represented once by the primary listing (generally the most liquid share line). In the event that a company issues a secondary share class to the index share class holders by means of a mandatory distribution, the newly issued share class line will be added to the SPSIRBK on the distribution ex-date, provided that the distributed class is not considered to be de minimis. Both share class lines will then remain in the SPSIRBK until the next rebalancing, at which time only the primary share class line will be considered for continued inclusion.

The index is calculated by using the divisor methodology used in all S&P equity indices. The initial divisor was set to have a base value of 1,000 on June 20, 2003. The index level is the index market value divided by the index divisor. In order to maintain index series continuity, it is also necessary to adjust the divisor at each rebalancing. Therefore, the divisor (after rebalancing) equals the index market value (after rebalancing) divided by the index value before rebalancing. The divisor keeps the SPSIRBK comparable over time and is one manipulation point for adjustments to the SPSIRBK, which we refer to as maintenance of the SPSIRBK.

Once the price return index has been calculated, the total return index is calculated. First, the total daily dividend for each stock in the SPSIRBK is calculated by multiplying the per share dividend by the number of shares included in the SPSIRBK. Then the index dividend is calculated by aggregating the total daily dividends for each of the SPSIRBK stocks (which may be zero for some stocks) and dividing by the divisor for that day. Next the daily total return of the SPSIRBK is calculated as a fraction *minus* 1, the numerator of which is the sum of the index level *plus* the index dividend and the denominator of which is the index level on the previous day. Finally, the total return index for that day is calculated as the *product* of the value of the total return index on the previous day *times* the *sum* of 1 *plus* the index daily total return for that day.

#### *Maintenance of the Index*

The composition of the SPSIRBK is reviewed quarterly. Rebalancing occurs after the closing of the relevant U.S. trading markets on the third Friday of the month ending that quarter. The reference date for float-adjusted market capitalization and the float-adjusted liquidity ratio is after the closing of the last trading day of the previous month. The reference date for GICS® classification is as of the rebalancing effective date. Existing stocks in the SPSIRBK are removed at the quarterly rebalancing if either their float-adjusted capitalization falls below \$1 billion or their float-adjusted liquidity ratio falls below 50%. A company will also be deleted from the SPSIRBK if the S&P Total Market Index deletes that company. Companies are added between rebalancings only if a company deletion causes the number of companies in the SPSIRBK to fall below 22. The newly added company will be added to the SPSIRBK at the weight of the deleted company. If the stock was deleted at \$0.00, the newly added stock will be added at the deleted stock's previous day's closing value (or the most immediate prior business day that the deleted stock was not valued at \$0.00) and an adjustment to the divisor will be made (only in the case of stocks removed at \$0.00). At the next rebalancing, the SPSIRBK will be rebalanced based on the eligibility requirements and equal-weight methodology discussed above. In the case of GICS® changes, where a stock no longer qualifies to belong to the SPSIRBK after the classification change, it is removed from the SPSIRBK on the next rebalancing date. In the case of a spin-off, the spin-off company will be added to the SPSIRBK at a zero price after the close of the trading on the day before the ex-date. In general and subject to certain exceptions, both the parent company and spin-off companies will remain in the SPSIRBK until the next index rebalancing.

In the case of mergers involving two index constituents, the merged entity will remain in the SPSIRBK provided that it meets all general eligibility requirements. The merged entity will be added to the SPSIRBK at the weight of the stock deemed to be the surviving stock in the transaction. The surviving stock will not experience a weight change and its subsequent weight will not be equal to that of the pre-merger weight of the merged entities.

The table below summarizes the types of index maintenance adjustments:

<b>Type of Corporate Action</b>	<b>Adjustment Factor</b>	<b>Divisor Adjustment Required</b>
Spin-Off	In general and subject to certain exceptions, both the parent stock and spin-off stocks will remain in the SPSIRBK until the next index rebalancing, regardless of whether they conform to the theme of the SPSIRBK.	No
Rights Offering	Price is adjusted to equal (i) price of parent company minus (ii) price of rights subscription divided by the rights ratio.	No
Stock split (e.g., 2-for-1), stock dividend or reverse stock split	Index shares multiplied by split factor (i.e., 2); stock price divided by split factor (i.e., 2)	No
Share issuance or share repurchase	None	No
Special dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes



## Historical Performance of the Reference Asset

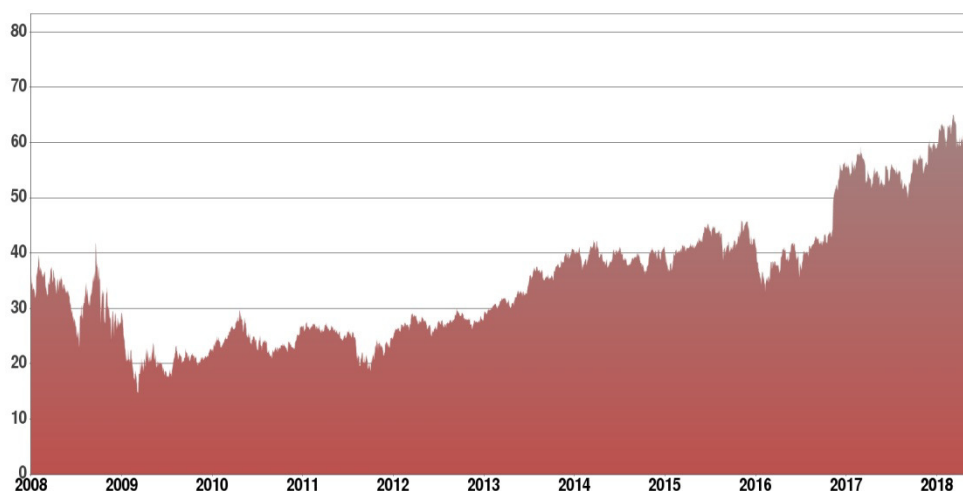
The following table sets forth the quarterly high and low closing prices, as well as end-of-quarter closing prices on the relevant exchange, of this Underlying for each quarter in the period from January 1, 2008 through May 24, 2018. We obtained the data in these tables from the Bloomberg Professional<sup>®</sup> service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional<sup>®</sup> service. All historical prices are denominated in US dollars and rounded to the nearest penny. **Historical prices of this Underlying should not be taken as an indication of its future performance.**

QUARTER ENDING	QUARTER HIGH (\$)	QUARTER LOW (\$)	QUARTER CLOSE (\$)
March 31, 2008	39.62	31.82	35.15
June 30, 2008	36.97	26.63	26.63
September 30, 2008	41.75	22.83	36.1
December 31, 2008	37.5	24.32	29.16
March 31, 2009	29.16	14.68	19.22
June 30, 2009	23.81	17.85	18.33
September 30, 2009	23.28	17.51	21.32
December 31, 2009	22.67	19.58	22.25
March 31, 2010	26.81	22.01	26.22
June 30, 2010	29.7	23.09	23.09
September 30, 2010	25.12	20.94	22.91
December 31, 2010	26.88	22.03	26.45
March 31, 2011	27.54	25.52	26.6
June 30, 2011	27.36	24.14	25.45
September 30, 2011	26.14	19.02	19.31
December 31, 2011	24.73	18.57	24.41
March 30, 2012	29.1	24.41	28.47
June 29, 2012	28.71	24.94	27.38
September 28, 2012	29.95	26.43	28.64
December 31, 2012	29.2	26.25	27.97

QUARTER ENDING	QUARTER HIGH (\$)	QUARTER LOW (\$)	QUARTER CLOSE (\$)
March 28, 2013	31.91	27.97	31.8
June 28, 2013	33.97	29.91	33.88
September 30, 2013	37.54	33.88	35.65
December 31, 2013	40.77	35.04	40.61
March 31, 2014	42.47	36.84	41.38
June 30, 2014	42.16	37.3	40.32
September 30, 2014	41.14	37.61	37.86
December 31, 2014	41.18	36.05	40.7
March 31, 2015	41.58	36.54	40.83
June 30, 2015	45.37	40.78	44.16
September 30, 2015	45.03	38.56	41.18
December 31, 2015	45.93	40.47	41.92
March 31, 2016	41.92	32.89	37.64
June 30, 2016	41.98	35.51	38.35
September 30, 2016	43.09	36.85	42.27
December 30, 2016	56.46	41.71	55.57
March 31, 2017	59.36	52.59	54.61
June 30, 2017	55.75	51.71	54.95
September 29, 2017	56.76	49.59	56.76
December 29, 2017	60.35	54.35	58.85
March 29, 2018	65.03	58.85	60.39
May 24, 2018	65.03	59.21	64.43

\* This free writing prospectus includes information for the second calendar quarter of 2018 for the period from April 1, 2018 through May 24, 2018. Accordingly, the "Quarter High," "Quarter Low" and "Quarter Close" data indicated are for this shortened period only and do not reflect complete data for second calendar quarter of 2018.

The graph below illustrates the daily performance of this Underlying from January 1, 2008 through May 24, 2018 based on closing price information from the Bloomberg Professional<sup>®</sup> service. **Past performance of this Underlying is not indicative of its future performance.**



## EVENTS OF DEFAULT AND ACCELERATION

If the securities have become immediately due and payable following an Event of Default (as defined in the accompanying prospectus) with respect to the securities, the calculation agent will determine the accelerated payment due and payable at maturity in the same general manner as described in “Payment at Maturity” in this free writing prospectus. In that case, the scheduled trading day immediately preceding the date of acceleration will be used as the Final Valuation Date for purposes of determining the Reference Return, and the accelerated maturity date will be three business days after the accelerated Final Valuation Date. If a Market Disruption Event exists with respect to the Reference Asset on that scheduled trading day, then the accelerated Final Valuation Date for the Reference Asset will be postponed for up to five scheduled trading days (in the same manner used for postponing the originally scheduled Final Valuation Date). The accelerated maturity date will also be postponed by an equal number of business days.

If the securities have become immediately due and payable following an Event of Default, you will not be entitled to any additional payments with respect to the securities. For more information, see “Description of Debt Securities — Senior Debt Securities — Events of Default” in the accompanying prospectus.

### **SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)**

We have appointed HSBC Securities (USA) Inc., an affiliate of HSBC, as the agent for the sale of the securities. Pursuant to the terms of a distribution agreement, HSBC Securities (USA) Inc. will purchase the securities from HSBC at the price to public less the underwriting discount set forth on the cover page of the pricing supplement to which this free writing prospectus relates, for distribution to other registered broker-dealers, or will offer the securities directly to investors. HSBC Securities (USA) Inc. proposes to offer the securities at the price to public set forth on the cover page of this free writing prospectus. HSBC USA Inc. or one of our affiliates may pay varying underwriting discounts of up to 2.50% and referral fees of up to 0.40% per \$1,000 Principal Amount in connection with the distribution of the securities to other registered broker-dealers. In no case will the sum of the underwriting discounts and referral fees exceed 2.90% per \$1,000 Principal Amount.

An affiliate of HSBC has paid or may pay in the future an amount to broker-dealers in connection with the costs of the continuing implementation of systems to support the securities.

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 securities, but is under no obligation to make a market in the securities and may discontinue any market-making activities at any time without notice.

We expect that delivery of the securities will be made against payment for the securities on or about the Original Issue Date set forth on the inside cover of this document, which is more than two business days following the Trade Date. Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade the securities more than two business days prior to the Original Issue Date will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement, and should consult their own advisors.

See “Supplemental Plan of Distribution (Conflicts of Interest)” on page S-61 in the prospectus supplement.

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

There is no direct legal authority as to the proper tax treatment of the securities, and therefore significant aspects of the tax treatment of the securities are uncertain as to both the timing and character of any inclusion in income in respect of the securities. Under one approach, a security should be treated as a pre-paid executory contract with respect to the Reference Asset. We intend to treat the securities consistent with this approach. Pursuant to the terms of the securities, you agree to treat the securities under this approach for all U.S. federal income tax purposes. Subject to the limitations described therein, and based on certain factual representations received from us, in the opinion of our special U.S. tax counsel, Mayer Brown LLP, it is reasonable to treat a security as a pre-paid executory contract with respect to the Reference Asset. Pursuant to this approach and subject to the discussion below regarding “constructive ownership transactions,” we do not intend to report any income or gain with respect to the securities 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 security for more than one year at such time for U.S. federal income tax purposes.

Despite the foregoing, U.S. holders (as defined under “U.S. Federal Income Tax Considerations” in the accompanying prospectus supplement) should be aware that the Internal Revenue Code of 1986, as amended (the “Code”), contains a provision, Section 1260 of the Code, which sets forth rules which are applicable to what it refers to as “constructive ownership transactions.” Due to the manner in which it is drafted, the precise applicability of Section 1260 of the Code to any particular transaction is often uncertain. In general, a “constructive ownership transaction” includes a contract under which an investor will receive payment equal to or credit for the future value of any equity interest in a regulated investment company (such as shares of the Reference Asset (the “Underlying Shares”). Under the “constructive ownership” rules, if an investment in the securities is treated as a “constructive ownership transaction,” any long-term capital gain recognized by a U.S. holder in respect of a security will be recharacterized as ordinary income to the extent such gain

exceeds the amount of “net underlying long-term capital gain” (as defined in Section 1260 of the Code) (the “Excess Gain”). In addition, an interest charge will also apply to any deemed underpayment of tax in respect of any Excess Gain to the extent such gain would have resulted in gross income inclusion for the U.S. holder in taxable years prior to the taxable year of the sale, exchange or maturity of the security (assuming such income accrued at a constant rate equal to the applicable federal rate as of the date of sale, exchange or maturity of the security). Furthermore, unless otherwise established by clear and convincing evidence, the “net underlying long-term capital gain” is treated as zero.

Although the matter is not clear, there exists a risk that an investment in the securities will be treated as a “constructive ownership transaction.” If such treatment applies, it is not entirely clear to what extent any long-term capital gain recognized by a U.S. holder in respect of the securities will be recharacterized as ordinary income. It is possible, for example, that the amount of the Excess Gain (if any) that would be recharacterized as ordinary income in respect of each security linked to the Reference Asset will equal the excess of (i) any long-term capital gain recognized by the U.S. holder in respect of such a security over (ii) the “net underlying long-term capital gain” such U.S. holder would have had if such U.S. holder had acquired a number of the Underlying Shares at fair market value on the original issue date of such security for an amount equal to the “issue price” of the security and, upon the date of sale, exchange or maturity of the security, sold such Underlying Shares at fair market value (which would reflect the percentage increase in the value of the Underlying Shares over the term of the security). Accordingly, it is possible that all or a portion of any gain on the sale or settlement of the security after one year could be treated as “Excess Gain” from a “constructive ownership transaction,” which gain would be recharacterized as ordinary income, and subject to an interest charge. U.S. holders should consult their tax advisors regarding the potential application of the “constructive ownership” rules.

We will not attempt to ascertain whether the Reference Asset or any of the entities whose stock is owned by the Reference Asset would be treated as a passive foreign investment company (“PFIC”) or United States real property holding corporation (“USRPHC”), both as defined for U.S. federal income tax purposes. If the Reference Asset or one or more of the entities whose stock is owned by the Reference Asset were so treated, certain adverse U.S. federal income tax consequences might apply. You should refer to information filed with the SEC and other authorities by the Reference Asset or the entities whose stock is owned by the Reference Asset and consult your tax advisor regarding the possible consequences to you if the Reference Asset or one or more of the entities whose stock is owned by the Reference Asset is or becomes a PFIC or a USRPHC.

Under current law, while the matter is not entirely clear, individual non-U.S. holders, and entities whose property is potentially includible in those individuals’ gross estates for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty benefit, the securities are likely to be treated as U.S. situs property, subject to U.S. federal estate tax. These individuals and entities should consult their own tax advisors regarding the U.S. federal estate tax consequences of investing in the securities.

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

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**May 29, 2018**

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