



Form ADV Part 2A – Appendix 1  
**HSBC WEALTH TRACK PROGRAM BROCHURE**

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This online managed account or wrap fee program brochure provides information about the qualifications and business practices of HSBC Securities (USA) Inc. (“HSI”, “We”, or the “Firm”) and its HSBC Wealth Track Program (“Wealth Track”) or (the “Program”) that should be considered before investing. If you have any questions about the contents of this Brochure, please direct your written inquiry to the address listed above, or call the Wealth Services Desk at 800-662-3343. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about HSI is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

HSI is a federally registered investment adviser with the SEC. Registration with the SEC or with any state securities authority, the use of the term “registered investment adviser”, and descriptions of HSI and some of our associates as “registered” does not imply a certain level of skill or training.

**Investment Products:**

<b>ARE NOT A DEPOSIT OR OTHER OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES</b>	<b>ARE NOT FDIC INSURED</b>	<b>ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY</b>	<b>ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES</b>	<b>MAY LOSE VALUE</b>
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All decisions regarding the tax implications of your investment(s) should be made in consultation with your independent tax advisor.

**Item 2: Material Changes to Our Part 2A-Appendix 1 of Form ADV Firm Brochure**

This version of the Brochure for the Program, is available online at the <https://www.us.hsbc.com/investments/online-investing/wealth-track/>. This brochure will be referred to as the Wealth Track Brochure (“Brochure”).

There were no material changes made since the update of the Brochure in March 2021.

The document was updated throughout to reflect plain English verbiage. The following non-material changes will be highlighted:

Changes were made throughout the document to reflect the name change from the HSBC’s Global Fund Approvals and Research team to the HSBC’s Global Manager Selection team (referred to as “GMS”).

**Item 4: Services, Fees and Compensation**

- Updated “Services Provided by Pershing” section that describes the delivery/availability of performance reporting. Quarterly performance reports are no longer available.

**Item 9: Review of Accounts; Reports to Clients; Custody and Reporting**

- Removed quarterly performance reports as a feature provided by Pershing LLC.

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**Item 4: Services, Fees and Compensation**

HSBC Securities (USA) Inc. (“HSI” or “We”) has been in business as an investment adviser registered with the U.S. Securities and Exchange Commission since 2005. HSI is also a broker-dealer that was originally formed in December 1969 under a predecessor name. HSI is a Delaware corporation headquartered in New York City. HSI is also a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirect wholly-owned subsidiary of HSBC Holdings plc.

In Wealth Track individuals receive online advisory services. The technology interface (and not advisory services) is provided by a third party, Marstone Inc. Currently, clients can invest in exchange-traded Funds (“ETFs”) and money market funds (together, “Funds”) in their Wealth Track account (“Account”).

**Services Provided by Pershing® LLC (“Pershing”)**

In support of the Program, Pershing provides HSI with a technology solution for providing client proposals, submitting and tracking service orders and maintenance requests, and creating performance and other reports. Pershing also provides operational services including new client account set up; maintenance; order processing; billing (including implementation of fee schedules, inception billing, quarterly billing and contribution and withdrawal billing); electronic performance reporting, and daily on-demand summaries.

HSI offers a limited range of proprietary investment advisory solutions available to meet certain clients’ particular circumstances. Aside from Wealth Track which is exclusively available online, HSI offers other proprietary managed account or wrap fee programs, known as the HSBC Spectrum and Managed Portfolio Account Programs “MPA”, collectively referred to as (the “Managed Account Programs”), which include the services of a dedicated Investment Advisor Representative (“Representative”). These two programs differ from Wealth Track in that they are not digital and make available the services of a Representative to discuss updates in the clients’ financial situation and handle account updates and changes. The disclosures for these offerings are covered in a separate Form ADV Part 2A and Appendix 1. These documents can be found under the following website <https://www.us.hsbc.com/investments/products/asset-allocation/>. HSI does not offer any non-proprietary or third party advisory products.

This Wealth Track Brochure is meant to help you understand the nature of the online advisory services offered by the Program, whether this particular HSI advisory service is right for you, and the potential conflicts of interest associated with HSI’s management of the Program. You should review it carefully.

Wealth Track is a wrap fee program. HSI charges clients (defined below) a single bundled (or “wrap”) fee that covers the investment advisory services it provides, as well as the brokerage and custodial services provided by its affiliated broker-dealer, HSI. Please see Item 9 for additional information on brokerage considerations.

Individuals, collectively referred to in this brochure as “clients”, can open retirement or non-retirement accounts under this program. The Program is offered only online, available through the HSI website <https://www.us.hsbc.com/investments/online-investing/wealth-track/>. This online investment advisory service (digital investment management program) is different in structure, availability and fees charged than HSI’s other investment advisory programs, MPA and Spectrum.

To participate in the Program, a client must agree to accept electronic delivery of all contracts, disclosure documents, prospectuses, account statements, confirmations, performance reporting and other materials, which may be downloaded. Client support is available by telephone through the Wealth Services Desk at

800-662-3343 and online FAQs at <https://www.us.hsbc.com/investments/online-investing/faqs/>. Accounts can be opened with the following registration types: Non Retirement: Individual and or Joint accounts, and Retirement: Traditional IRA and or Roth IRA. This Program is not available for other accounts subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The program is intended for U.S. citizens and residents and is not intended for Non Resident Aliens or for clients living abroad. Additionally, if a client informs us that they have moved to a foreign country of residence, the Account will close upon thirty (30) days written notice from HSI. Information on the Program is available under the following website <https://www.us.hsbc.com/investments/online-investing/wealth-track/> but not at HSBC retail locations.

### **Services**

HSI, as the Program sponsor, is responsible for client contact and communications, investment advice, suitability, account opening services (including Know Your Client and Anti-Money Laundering reviews) and relationship management. HSI is also responsible for trading, trade servicing, account maintenance, client service, custody of Program client assets and overall operational support for HSI’s investment advisory products. For additional information on custody, please see Item 9.

HSI also provides certain ongoing client services electronically or through Representatives of the Wealth Services Desk, that include the following:

1. Periodic portfolio review
2. Handling additional investments and redemptions.
3. Responding to client inquiries about their Accounts and issues pertaining to their Accounts.
4. Responding to client calls to the Wealth Services Desk for service related inquiries.

The Firm has entered into an intercompany agreement, HSBC Global Asset Management (USA) Inc. (“AMUS”) to perform certain advisory and administrative services in the Program. AMUS provides HSI with, among other services, (i) advice as to proposed asset allocations, (ii) advice about Funds and (iii) various types of operational support. AMUS receives a portion of client fees for its services. Pursuant to an intercompany agreement, the HSBC Global Manager Selection team (“GMS”) provides HSI, among other services, with approved Funds for use in Wealth Track. HSI compensates GMS for these research services.

HSI, through the Managed Account Oversight Committee (“Committee”), oversees the operation of the Program as well as the services provided by AMUS and any other material vendor. The Committee is chaired by HSI and consists of members and invitees who are employees of HSI and AMUS. Employees of AMUS will have no authority to make decisions or otherwise influence approvals of the Committee. **Please see Item 6 for additional information on HSI’s relationship with AMUS.**

HSI will contact clients electronically via email on an annual or more frequent basis to remind them to update any information they would like to change. Clients can update their financial information via the Wealth Track portal at <https://www.us.hsbc.com/investments/online-investing/wealth-track/>. Clients can also request or modify a reasonable restriction on their Account by contacting the HSI Wealth Services Desk at 800-662-3343 between the hours of 8 AM and 6 PM Eastern Time.

### **Investor Profile**

Clients will complete an online questionnaire and HSBC New Account Form that is designed to elicit personal, financial and investment information concerning the client’s financial circumstances, risk

preference and tolerance, liquidity requirements, and investment objectives to help determine if the recommendation is in the client's interest. Based upon an analysis of the client's investment goals, risk preferences and financial needs, provided, HSI generates a recommended allocation for investment that includes various asset classes.

### **Updates to the Client Profile**

Clients are responsible for promptly completing an updated electronic profile in the event of any material changes to the information they have provided, or any other changes in their financial circumstances or investment goals that would affect the management of their Account.

Modifications to the investment allocation within an Account can be made to reflect changes, communicated by the client, which would include but are not limited to investment goals or financial circumstances (in which case, a prompt review of the Account will be undertaken). The modifications can be made by changing portfolios. Clients can choose a new portfolio and must acknowledge that the new portfolio will impact their risk tolerance profile.

### **Investment Management**

For Wealth Track, HSI is the sponsor, investment adviser and broker/dealer, and is authorized in its discretion to manage the assets in accordance with selected asset allocations and investment strategies in the Account and to buy, sell, or otherwise trade securities or other investments held or deposited in the Account. HSI provides regular and continuous monitoring and utilizes the services of third parties including affiliates for administrative and operational support in performing its obligations under this Agreement. The investments will normally include shares of Funds managed by HSI affiliates and third parties.

HSI is authorized to reallocate assets at any time (including an allocation into a new asset class), without consulting the client for any reason it deems appropriate, including, without limitation, to respond to general market or macro-economic circumstances, or to rebalance the investments periodically to restore the target allocation percentages. Clients should understand that rebalancing may trigger tax consequences, as well as redemption fees charged by certain Funds. HSI has the discretion to make changes to the Funds held in the Account at any time for any reason.

Within each asset class, the investment options available in the Program are Funds that have investment objectives and policies corresponding to such asset class. Some of the Funds will be managed or advised by an affiliate of HSI, in which case the affiliate will receive compensation from those Funds. Currently ETFs are the only investment options in the Program. HSI anticipates adding open-end investment companies (mutual funds) in the future. The only money market Fund option available is a proprietary money market fund for which HSI's affiliate, AMUS, serves as the sponsor, adviser and administrator, and receives compensation for its services.

For information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC's Investor Bulletin on ETFs: <https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>

Third party Funds used within the Program are those that have been researched and approved for use by HSBC's Global Manager Selection team (referred to as "GMS"), and are aligned with the asset classes offered within the Programs' models.

GMS evaluates third party Funds included in the Managed Account Programs on a continuous basis and recommends for removal of any Fund that does not meet investment or other criteria.

The Funds do not impose front-end, contingent, or installment sales charges. For these purposes, the term “sales charges” does not include Fund fees payable by a Fund or its distributor, including shareholder servicing fees and Rule 12b-1 (distribution) fees, and HSI and its affiliates are expressly authorized to accept those fees, where permitted by law. When HSBC receives Rule 12b-1 fees, HSI will credit the client’s account with the amount of Rule 12b-1 fees that HSI receives.

A Fund typically has lower-cost share classes available. Therefore, when there is a lower-cost share class available, it is usually in the client’s best interest to invest in the lower-cost share class because the client’s returns would not be reduced by the additional fees. HSI’s selection of Fund share classes that pay it fees creates a conflict of interest for HSI, which HSI seeks to mitigate through disclosure in this Brochure and by rebating some fees (Rule 12b-1 fees).

HSI will modify the recommended asset allocation as deemed necessary or appropriate, based upon an assessment of a client’s individual goals, preferences and instructions, as well as general market and macro-economic conditions. Such modifications may include introducing new asset classes of Funds, including but not limited to alternative investments, private equity and commodities or rebalancing the investments periodically to restore the target allocation percentages. When HSI modifies an asset allocation, it will rebalance a client’s account unless the changes are minimal.

Clients should understand that rebalancing may trigger tax consequences, as well as redemption fees charged by certain Funds. HSI has the discretion to make changes to the Funds held in the Account at any time for any reason.

From time to time, certain Funds may adopt policies and procedures that, although designed to prevent market timing, may delay (or even prevent) purchases of the Funds. HSI may be delayed in purchasing shares for an Account if HSI sold shares of the same Fund from the Account as a result of, for example, rebalancing the Account within a prescribed period of time before the proposed Fund purchase date. Information about market timing policies and procedures, if applicable, can be found in each Fund’s prospectus.

### **Discretionary Authority**

HSI has the discretion to change investments at any time for any reason, and can invest all, or a portion, of a client’s Account in Funds advised by HSI or its affiliates. When HSI allocates a portion of the assets in an Account to another Fund, clients will be provided with a copy of the prospectus for such Fund. From time to time, HSI can remove a Fund from the Program, at its discretion, and the sale of that’s Fund’s shares may result in tax consequences. Accordingly, clients should confer with their tax advisor.

All or a portion of the Account may temporarily be held in cash. HSI will only accept or fund the Account with cash or shares of Funds (or a combination thereof) acceptable to HSI.

Clients can request HSI in writing not to invest in particular Funds or types of Funds; HSI will evaluate the request for reasonableness. If HSI accepts the request, the performance of the Account may not be the same as if limitations were not imposed. If a restriction cannot be applied, HSI will contact the client and provide alternatives.

In making investment decisions for the Account, HSI will rely on the information in the online Client Profile. Clients should inform HSI via the Program website of any material change in their personal or



financial circumstances or objectives that might affect the manner in which assets should be invested. HSI will not be responsible for not considering any client's personal or financial circumstances of which it has not received written information, either at the opening of the Account or at any time thereafter.

### **Special Considerations**

The types of Funds in which the Account assets may be invested include money market funds, fixed income or bond funds, large cap equity funds, mid cap equity funds, small cap equity funds, international equity funds, emerging market funds, real estate funds, alternative investment funds, private equity funds, commodity funds and funds investing in any other asset class that HSI deems appropriate.

The Program is not meant to be a complete investment program, and only mutual funds, money market funds and ETFs will be available in the Program. Currently ETFs are the only investment option in the Program. HSI anticipates adding mutual funds in the future. The Program does not use other investment products with similar or different characteristics as mutual funds and ETFs, and those other investment products may perform better or worse than those used. HSI will base its suitability decisions on the limited amount of information provided through the online Client Questionnaire, and HSBC might make other decisions for the Account if the client otherwise had a face-to-face relationship with an HSI Advisor through another type of advisory program. Wealth Track does not provide clients with access to a Representative.

### **Trading Authorization**

HSI has complete discretion in the investment and reinvestment of Account assets, in accordance with the selected investment strategy. HSI and its affiliates perform, among other things, research, brokerage and investment advisory services for clients other than those participating in the Service. HSI and its affiliates give advice and take action in the performance of their duties to other clients, which can differ from advice given, or the timing and nature of action taken, for the Account.

### **Best Execution and Brokerage Services**

Through Pershing LLC® ("Pershing"), HSI effects all execution services in connection with the purchase or sale of securities and other investments for the Program Accounts. HSI may aggregate transactions in securities in or for the Program Accounts, other than shares of open-end investment companies, for execution with transactions of its other clients and HSI will allocate trades among all clients in a manner that HSI believes to be fair and equitable.

HSI will act as introducing broker in the Program, generally using the executing and clearing facilities of its third party clearing broker, Pershing, for all securities transactions executed within an Account. HSI or one of its affiliates or Pershing may act as agent for both the buyer and seller in securities and other investment transactions when appropriate and permitted by law. HSI will not execute a trade when it believes such execution would be inconsistent with the principles of best execution or would violate applicable State or Federal law or regulations, or regulations of any self-regulatory body of which HSI or one of its affiliates is a member, as the case may be.

Brokerage commissions and related transaction fees (other than brokerage commissions and fees paid by a Fund in which the Account is invested) are included in the Program Fees, although it is expected that no commissions will be charged on purchases for an Account of open-end Funds managed or advised by an affiliate of HSI or third parties. Unless otherwise agreed, clients should understand that all purchases of securities will be processed the day after monies are deposited into the Account, subject to their obligation to meet the Account minimums described in this agreement.



## **Termination**

The Client Agreement can be terminated at will upon written notice by either HSI or the client and termination under normal conditions will become effective upon HSI's receipt of that notice from the client and thirty (30) days after the client's receipt of that notice from HSI.

If the client is also a customer of HSBC Bank, HSBC Bank has the discretion to remove the Account from management based on certain circumstances, at any time in accordance with bank policy and regulation.

In addition, if a client's Account is not fully funded within 120 (one hundred and twenty) days from the day the Agreement is signed, the client Account may be closed without notice. Any termination will not, however, affect liabilities or obligations of the parties incurred, or arising from transactions initiated under this Agreement prior to the effectiveness of such termination.

The Client Agreement will not terminate upon the client's death, disability or incompetency. In such event, the client's executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to HSI, which notice is effective upon receipt. HSI reserves the right to refuse to accept or renew this Agreement in its sole discretion and for any reason or no reason.

## **Fees**

Unless otherwise agreed in writing by HSI and the client, the client will pay a Program Fee for investment advisory, custody, brokerage and other services on a quarterly basis in arrears at the rate(s) indicated below. The Program Fee may be payable in advance (as opposed to arrears). The Program Fee schedule is set out below. The Program Fee is subject to the exclusions described under "Other Charges."

The Program Fee is based on Account asset value, which means the sum of the market value of all securities, including money market fund balances and other credit balances in the Account. The Program Fee payable for any calendar quarter will be based upon the average daily Account asset value during the prior calendar quarter and the annual fee rate(s).

The Program fee is 0.50% (fifty basis points) of assets per year, charged quarterly in arrears. In addition to the Program Fee, the Funds charge fees that are borne by their shareholders. These can include 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the Fund. Clients bear their pro rata share of these fees.

HSI or its affiliates provide services to money market funds in which an Account may invest ("Affiliated Money Market Fund"). HSI or its affiliates will receive advisory, administrative, shareholder servicing, distribution and/or other fees from these Affiliated Money Market Funds, to the extent (i) such fees are payable and (ii) the payment of such fees is permitted by applicable law.

When an Account that is a Traditional IRA or a Roth IRA invests in an Affiliated Money Market Fund, HSI will offset any additional fees and compensation it (and its affiliates) receives from that Fund by crediting against the Program Fee an amount that is equal to such additional fees and compensation HSI (and its affiliates) receive for the applicable billing period. HSI will determine the amount and manner in which any fee offset is calculated and applied to a Traditional IRA or a Roth IRA. Any offset applied against the Program Fee will be shown on the Account statement for the applicable billing period. Clients should consult with their tax advisor regarding the tax consequences of any such credits.

All fees will be charged to the Account, and the custodian of the Account will debit the Account for these fees. If the Account does not have sufficient cash to cover the fees, HSI will direct the custodian to sell securities or other assets. The Program Fee will be deducted from the Account within approximately the first fifteen (15) business days following each calendar quarter end. HSI will share a portion of the Program Fee with, or otherwise compensate, its affiliates (including, without limitation, AMUS and HSBC Bank USA, N.A., (“HSBC Bank”) or other third parties that provide custodial, distribution, shareholder, investment advisory, and other services in the Program.

### **Account Funding**

Clients can transfer existing investments to fund their Account. Any securities that are transferred into an Account will be sold without regard to tax consequences. If a client intends to fund an Account with assets from the redemption of mutual funds, the surrender of an insurance product, early withdrawal from a certificate of deposit, or the sale of any other financial instruments, the client should consider the cost any sales charges or commissions previously paid or to be paid upon such redemption or sale of or any penalties that the client will incur in order to surrender or withdraw from, such an instrument. It may be costly or inappropriate to fund the Program Account in such a manner.

### **Other Charges**

In addition to the Program Fee, clients may pay certain other charges imposed by third party financial institutions. These additional costs can include: reporting charges (typically where the financial institution is required to send paper statements) to clients, charges related to transfers of assets that are incurred from another financial institution within or outside of HSBC, charges imposed directly by a Fund, transfer taxes, wire transfer and electronic fund fees.

### **Comparison Cost of Service**

Services provided through the Program can cost clients more or less than purchasing these services separately within or outside of HSBC. Program Fees can also be higher or lower than fees charged by other sponsors of comparable online investment advisory programs. A wrap fee account may not be in the best interest of a client with minimal or no trading activity as compared to a non-wrap fee account or brokerage account where the client would otherwise pay trading costs as incurred, but receive a lower fee in a non-wrap account or no advisory fee in a brokerage account. An online account has fewer services, fewer investment choices and lower fees than traditional advisory managed accounts.

**Item 5: Account Requirements and Types of Clients**

HSI has established a minimum Account size of \$10,000 for the Program and may waive this minimum Account size at its discretion and will be subject to investment advisory standards. The minimum Account size for IRA Accounts is \$5,000. This Program is not available for corporate accounts and accounts subject to the Employee Retirement Income Securities Act of 1974, as amended ("ERISA"). Clients must ensure they maintain their Account above the appropriate minimum Account size. HSI may remove an Account from management that falls below the minimum balance requirements due to a withdrawal.

**Item 6: Methods of Analysis, Investment Selection and Risk of Loss**

HSI serves as the portfolio manager for Wealth Track. AMUS and HSBC's Global Manager Selection team (referred to as "GMS") provide HSI with certain administrative services for Wealth Track. Wealth Track provides globally diversified investment portfolios that are personalized to a client's goal, time horizon, risk capacity, current financial assets, and earnings power. HSI does not engage in general short term market-timing, of asset classes, or sectors or individual securities. The Program's primary approach is to deliver total returns by implementing strategic asset allocations, making small tactical adjustment and rebalancing periodically.

AMUS oversees the asset allocation models used. AMUS collaborates with HSBC Global Asset Management Ltd., an affiliate of AMUS, to develop the asset allocation models, considering both its long-term and its short-term tactical views. Over the long-term, Strategic Asset Allocations ("SAA") take into account long-term expectations for asset class performance subject to local constraints (e.g., appropriate asset classes and risk tolerance bands. As such, SAAs reflect our long-term expectations for capital markets balancing expected returns with a reasonable level of volatility for the models in the Program. SAAs are reviewed periodically. In the short-term, capital markets will often deviate from our expectations and present the opportunity to adjust our recommended allocations. In periodically reviewing the models, AMUS will make refinements to the asset allocation models using Tactical Asset Allocation ("TAA") which adjusts allocations considering short-term trends and relative valuations in capital markets. As such, TAA seeks to take advantage of relative valuation opportunities that arise in the short-term and are expected to enhance portfolio performance over the long-term. In making recommendations, AMUS will source the information and tools used in its analysis from both global and local teams, balancing our long-term strategic expectations with short-term tactical opportunities. This means that HSBC Securities, at its discretion, may change the asset allocation models periodically based upon the advice provided by AMUS.

Diversified investment vehicles, such as ETFs, are used for the investment options in each asset class. The Firm may elect to use mutual funds in the future.

GMS researches and approves Funds using a variety of qualitative and quantitative criteria. GMS conducts due diligence based upon both quantitative (e.g., investment performance returns, peer rankings, tracking error, etc.) and qualitative (e.g., firm, people, investment strategy and process, portfolio construction, etc.) factors. As part of the qualitative review, GMS will conduct manager meetings, review performance attribution, analyze portfolio holdings and assess liquidity and capital erosion. GMS uses risk metrics and periodic performance comparisons against representative benchmarks and peers as part of the quantitative process. GMS also conducts ongoing monitoring of the Funds using similar criteria as the initial review process and if any are identified as showing signs of not meeting the research quality threshold, they may be removed from the Program.

The only AMUS proprietary Fund in the Program is a money market fund.

**Management through Similar Managed "Model" Accounts**

HSI manages Accounts through the use of "model" portfolios, whereby HSI assigns Clients a target asset allocation that is suitable based on the Client's risk profile. HSI then manages all accounts with that target allocation in a similar manner. Clients may change the time horizon of their goal, which will likely result

in a different portfolio asset allocation and holdings. In general, choosing a shorter horizon will result in a more conservative portfolio, and choosing a longer horizon will result in a more aggressive portfolio. HSI allows only limited adjustment because it believes the Program creates an investment plan that is best suited for the client, based on their goals.

To participate in the Program, clients must agree to have their Accounts automatically rebalanced quarterly at HSI's discretion to the model strategy. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. As a consequence of rebalancing, clients can incur potentially adverse tax consequences and should consult with a tax adviser.

**Risk of Loss:**

Investments in securities and other markets involves risks that could include a loss of principal. Set forth below are certain material risk factors that are often associated with the investment strategies and types of investments relevant to HSI's clients. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a particular client Account. Not all risks are applicable to all products. Clients are urged to consider risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their Account in light of their circumstances, investment objectives and financial situation.

The Account, and shares of Funds, including money market funds, are: **not a deposit or other obligation of HSBC Bank or any of its affiliates; not FDIC insured or insured by any federal government agency of the United States; not guaranteed by HSBC Bank or any of its affiliates; and are subject to investment risk, including possible loss of the principal amount invested.**

There are potential risks involved in the ownership and management of securities, including shares of Funds, and HSBC Securities will not be responsible for losses in the value of the Account.

**Allocation Risk:** The risk that HSI's target asset and sector allocations and changes in target asset and sector allocations cause the portfolio to underperform other similar funds or cause you to lose money, and that the portfolio may not achieve its target asset and sector allocations.

**Banking Risk:** Investments in securities issued by U.S. and foreign banks can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad, and susceptible to risks associated with the financial services sector.

**Cyber Security Risk:** With the increased use of technology such as the Internet to conduct business, HSI, as with all businesses and digital platforms that store, process, transmit or transact information via networked technology, is susceptible to a breach of confidentiality, loss of data integrity or disruption in availability of its networked systems.

Cyber vulnerability continues to be leveraged by criminals to perpetrate crimes at an increasing rate, often exceeding traditional offense, and poses a significant threat to economic, social and geopolitical stability for private firms and countries. HSI faces sophisticated cyber threats from state-sponsored attackers, hackers for hire, organized cyber syndicates, and other threat actors seeking our critical corporate and customer information.

Cyber incidents can result from deliberate internal or external attacks. Cyber-attacks can include, but are not limited to, gaining unauthorized access to computer systems (e.g., through “hacking” or malicious software (aka Malware) denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Unintentional cyber incidents can occur, such as the inadvertent release of confidential information that could result in the violation of applicable privacy laws.

A failure in or a breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, and may adversely impact our businesses.

Data quality and integrity are critical for decision making, enterprise risk management and operational processes, as well as for complying with applicable regulation. Our businesses depend on our ability to process a large number of complex transactions, most of which involve, in some fashion, networked computing devices. If any of our financial, accounting, data processing or other recordkeeping systems and management controls fail, or are subject to a cyber-attack that could compromise integrity, availability or confidentiality of our systems or data, we could be materially adversely affected.

Cyber security failures or breaches at HSI or at service providers (including, but not limited to, sub-advisers, accountants, custodians, transfer agents and administrators), and the issuers of securities in which HSI invests on behalf of its clients, could result in the loss or theft of client data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs.

Cyber security failures or breaches can result in financial losses, interfere with our ability to calculate a Fund’s net asset value, impede our trading, and prevent clients and shareholders from transacting business. These failures or breaches can cause violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, we could incur substantial costs to prevent any cyber incidents in the future.

HSI relies on cybersecurity risk controls that are managed enterprise wide for HSBC Holdings plc in order to ensure that threats are identified and mitigated properly. While HSBC Holdings plc (a corporate parent company of HSI) has preventative, detective and mitigation technologies in place as well as mature business continuity and resiliency plans in the event of cyber-attacks, it is not possible to identify and create mitigation measures for every type of event that might result in a service disruption.

***Debt Instruments Risk: The risks of investing in debt instruments include:***

- **High-Yield Securities (“Junk Bond”) Risk:** Investments in high-yield securities (commonly referred to as “junk bonds”) are often considered speculative investments and have significantly higher credit risk than investment-grade securities and tend to be less marketable (i.e., less liquid) than higher rated securities. The prices of high-yield securities, which may be more volatile and less liquid than higher rated securities of similar maturity, may be more vulnerable to adverse market, economic or political conditions.
- **Interest Rate Risk:** Fluctuations in interest rates may affect the yield and value of investments in income producing or debt instruments. Generally, if interest rates rise, the value of such investments may fall. Investors should note that interest rates are at, or near, historic lows, but will ultimately increase, with unpredictable effects on the markets and investments.

- **Credit Risk:** A portfolio could lose money if an issuer or guarantor of a debt instrument fails to make timely payments of interest or principal or enters bankruptcy. This risk is greater for lower-quality bonds than for bonds that are investment grade.
- **Prepayment Risk:** During periods of falling interest rates, borrowers may pay off their debt sooner than expected, forcing an underlying portfolio to reinvest the principal proceeds at lower interest rates, resulting in less income.
- **Inventory Risk:** The market-making capacity in some debt markets has declined as a result of reduced broker-dealer inventories relative to portfolio assets, reduced broker-dealer proprietary trading activity and increased regulatory capital requirements for financial institutions such as banks. Because market makers provide stability to a market through their intermediary services, a significant reduction in dealer market-making capacity has the potential to decrease liquidity and increase volatility in the debt markets.
- **Extension Risk:** The risk that during periods of rising interest rates, borrowers pay off their debt later than expected, preventing a portfolio from reinvesting principal proceeds at higher interest rates, increasing the sensitivity to changes in interest rates and resulting in less income than potentially available.

***Diversification Risk:*** Focusing investments in a small number of issuers, industries, foreign currencies or particular countries or regions increases risk. Funds that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

***Emerging Markets Risk:*** Investments in emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: greater market volatility and illiquidity, lower trading volume, delays in trading or settling portfolio securities transactions; currency and capital controls or other government restrictions or intervention, such as expropriation and nationalization; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and higher levels of inflation, deflation or currency devaluation. The prices of securities in emerging markets can fluctuate more significantly than the prices of securities in more developed countries. The less developed the country, the greater effect such risks may have on an investment.

***Equity Securities Risk:*** The prices of equity securities fluctuate from time to time based on changes in a company's financial condition or overall market and economic conditions. As a result, the value of equity securities may fluctuate drastically from day to day. The risks of investing in equity securities also include:

- ***Style Risk:*** The risk that use of a growth or value investing style may fall out of favor in the marketplace for various periods of time. Growth stock prices reflect projections of future earnings or revenues and may decline dramatically if the company fails to meet those projections. A value stock may not increase in price as anticipated if other investors fail to recognize the company's value.



- **Capitalization Risk:** Stocks of large capitalization companies may be volatile in the event of earnings disappointments or other financial developments. Medium and smaller capitalization companies may involve greater risks due to limited product lines and market and financial or managerial resources. Stocks of these companies may also be more volatile, less liquid and subject to the potential for greater declines in stock prices in response to selling pressure. Stocks of smaller capitalization companies generally have more risk than medium capitalization companies.
- **Issuer Risk:** An issuer's earnings prospects and overall financial position may deteriorate, causing a decline in a Fund's net asset value.

**Exchange Traded Fund Risk:** An investment in ETFs involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the Fund's underlying portfolio securities. Such shareholders are also liable for taxes on any Fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent net asset value ('NAV'), which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**Foreign Securities Risk:** Investments in foreign securities are generally considered riskier than investments in U.S. securities, and are subject to additional risks, including international trade, political, economic and regulatory risks; fluctuating currency exchange rates; less liquid, developed or efficient trading markets; the imposition of exchange controls, confiscations and other government restrictions; and different corporate disclosure and governance standards.

**Frontier Market Countries Risk:** Frontier market countries generally have smaller economies and even less developed capital markets or legal, regulatory and political systems than traditional emerging markets. As a result, the risks of investing in emerging market countries are magnified in frontier market countries. Frontier market economies are less correlated to global economic fluctuations than developed economies and have low trading volumes and the potential for extreme price volatility and illiquidity. The government of a frontier market country may exercise substantial influence over many aspects of the private sector, including by restricting foreign investment, which could have a significant effect on economic conditions in the country and the prices and yields of securities in a Fund's portfolio. Economies in frontier market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries with which they trade. Brokerage commissions, custodial services and other costs relating to investment in frontier market countries generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may arise in one or more frontier market countries as a result of which trading of securities may cease or may be substantially curtailed and prices for investments in such markets may not be readily available.

**Government Securities Risk:** There are different types of U.S. government securities with different levels of credit risk. U.S. government securities issued or guaranteed by the U.S. Treasury and/or supported by the full faith and credit of the United States have the lowest credit risk. A U.S. government sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the U.S. Treasury and are riskier than those that are.

**Index Fund Risk:** The risk that the underlying Funds' performance will not correspond to its benchmark index for any period of time and may underperform the overall stock market.

**Issuer Risk:** The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the portfolio.

**Market Risk:** Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments. For example, large-cap stocks can react differently from small-cap or mid-cap stocks, and "growth" stocks can react differently from "value" stocks.

**Model Risk:** A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Quantitative methodologies or systems whose inputs are (partially or wholly) qualitative or based on expert judgment may be classified as a model providing that the outputs produced by the model are quantitative in nature. HSI, in conjunction with AMUS, uses models to assist in the investment decision making process, to analyze the investment risks borne by a Fund or client account, to measure the liquidity in a Fund or client account, to conduct stress tests and for other reasons. Model risk is defined as the risk of Funds or HSI and/or affiliates experiencing an actual or potential financial loss, or the breach of a regulation or client restriction, owing to the misspecification or misapplication of a model in relation to its intended use, or the improper implementation or incorrect execution of a model.

**Political Risk:** The risk that an investment's return could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control. Political risk is also known as "geopolitical risk", and becomes more of a factor as the time horizon of an investment gets longer.

**Redemption Risk:** A Fund or client portfolio may experience a redemption(s) resulting in large outflows of cash from time to time. This activity could have adverse effects on performance if the advisor were required to sell securities at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains/losses and increase transaction costs.

**Regulatory Risk:** U.S. regulators and legislators have recently amended a wide range of rules and pending and ongoing regulatory reforms (e.g., the Dodd Frank Act) continue to have a material impact on the advisory business. These regulations and reforms may significantly change the operating environment and the ultimate effect cannot be adequately predicted. Any further changes by the SEC or additional legislative developments may affect a portfolio's operations, investment strategies, performance and yield.

**Regulatory Risk in Other Countries:** Disclosure and regulatory standards in emerging market countries are in many respects less stringent than U.S. standards. Therefore, disclosure of certain material information may not

be made, and less information may be available. Additionally, regulators in many countries continue to review the regulation of such portfolios. Any further changes by a regulatory authority or additional legislative developments may affect a portfolio's operations, investment strategies, performance and yield.

**Mutual Fund Risk:** Investing in mutual Funds carries the risk of capital loss and thus you may lose money investing in mutual Funds. All mutual Funds have costs that lower investment returns.

- *Underlying Fund Selection Risk:* The risk that a portfolio may invest in underlying Funds that underperform other similar Funds or the markets more generally, due to poor investment decisions by the investment adviser(s) for the underlying Funds or otherwise underlying Funds also have their own expenses, which the portfolio bears in addition to its own expenses.
- *Stable NAV Risk:* The following applies to money market funds that maintain a stable price of \$1.00 per share. The Fund may not be able to maintain a Net Asset Value ("NAV") per share of \$1.00 (a "Stable NAV") at all times. The failure of other money market funds to maintain a Stable NAV (or the perceived threat of such a failure) could adversely affect the fund's NAV. Shareholders of a money market fund should not rely on or expect the Adviser, the fund's adviser or an affiliate to help a fund maintain a Stable NAV.

### **Proxy Voting**

Clients retain the right to vote proxies solicited by or with respect to the Funds or other securities held in the account, and HSI will not accept proxy voting authority in the Program.

**Item 7: Client Information Provided to HSI**

HSI provides advisory services for the Program exclusively through an interactive website. HSI collects information about the client's financial circumstances, goals, time horizon and objectives through its automated interactive platform (whose digital interface is available through an independent third party Marstone Inc.) to offer an appropriate investment plan for the client's needs. HSI does not provide investment advice directly to clients and clients will be reminded that they should update their information on HSI's automated platform if their financial condition changes so that they may review alternative investment advice via the platform. HSI relies upon the accuracy of the information entered by the client when proposing an investment plan. The recommended plan may not be suitable if the client has provided incorrect information or the information is out-of-date. Information regarding a client's portfolio holdings, performance, and tracking to goal will be available to clients through HSI's interactive website.

**Item 8: Client Contact with Wealth Track**

Clients can contact HSI by phone or email during its business hours with questions about the service. However, HSI's Wealth Services Desk will not elaborate, clarify or expand upon the investment advice provided by its website.

Clients can contact the Wealth Services Desk at 800-662-3343 by phone during our support telephone hours of 8 AM to 6 PM Eastern Time. Clients will not have direct access to Portfolio Managers in matters related to this program.

Clients can update their financial information via the Wealth Track portal at [www.us.hsbc.com/investments/online-investing/wealth-track/](http://www.us.hsbc.com/investments/online-investing/wealth-track/). Clients can also request or modify a reasonable restriction on their Account by contacting the HSI Wealth Services Desk.

**Item 9: Additional Information**

**A. DISCIPLINARY INFORMATION AND OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**DISCIPLINARY INFORMATION**

In the past, HSI has entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us as an investment adviser. You can find other information on our Form ADV Part 1, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

On March 16, 2020, HSBC Securities (USA) Inc. (“HSI”) entered into a settlement with the U.S. Securities and Exchange Commission (“SEC”) concerning HSI’s disclosures to advisory clients and prospective clients from November 2015 through August 2017 regarding how it compensates its dually registered investment adviser and broker representatives (“IARs”). The SEC determined that HSI’s disclosures were false and misleading because they failed to disclose conflicts of interest about how IARs’ compensation was determined. The SEC’s Order recognizes that HSI disclosed to all brokerage customers in its Customer Agreement that conflicts of interest between customers and IARs may arise with respect to recurring income HSI receives. But in separate disclosures to advisory customers, HSI stated that IARs were compensated based solely on non-financial factors, and not on the fees paid to HSI. The SEC found that HSI did consider financial factors in setting IAR’s discretionary bonuses, including the amount of quarterly advisory fees Spectrum and Managed Portfolio Account (“MPA”) program clients paid to HSI, which gave IARs an incentive to generate those fees. The SEC further determined that HSI lacked sufficient policies and procedures reasonably designed to prevent violations pertaining to its representations about IARs’ compensation. On March 16, 2020, without admitting or denying the SEC’s findings, HSI agreed to a censure and to pay a fine of \$725,000. HSI amended its disclosures in March 2018 and was not required to engage in any remediation.

On June 30, 2017 HSI agreed to a settlement with FINRA regarding allegations that it failed to maintain electronic brokerage records in non-erasable and non-rewritable format known as the “Write Once, Read Many” (WORM) format, that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. HSI failed to retain in WORM format brokerage order memoranda records relating to approximately 12.36 million transactions in preferred exchange-traded funds, equities, and fixed income products. Other affected records included a limited number of HSI’s general ledger, certain internal audit records, risk management control records, unusual activity reports and certain policy manuals. The findings also stated that HSI failed to notify FINRA at least 90 days prior to retaining a vendor to provide electronic storage. HSI is also alleged to have failed to implement an audit system regarding the inputting of records in electronic storage media. HSI is alleged to have failed to obtain an attestation from their third-party vendor. Additionally, HSI failed to establish maintain and enforce written supervisory procedures reasonably designed to achieve compliance with applicable Securities Exchange Commission Rule for record retention requirements. HSI’s written supervisory procedures failed to specify how the Firm should supervise its compliance with record retention requirements under the rule.

On June 30, 2017, without admitting or denying the findings, HSI agreed to a censure and fine of \$1,500,000. The Firm also consented to a written plan of how it will undertake a comprehensive review of the adequacy of its policies and procedures.

In February 2016, HSBC Finance Corporation, HSBC Bank, HSBC Mortgage Services Inc. and HSBC North America Holdings entered into an agreement with the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, the Consumer Financial Protection Bureau, other federal agencies ("federal parties") and the state Attorneys General of 49 states and the District of Columbia ("state parties") to resolve civil claims related to past residential mortgage loan origination and servicing practices. The settlement is similar to prior national mortgage settlements reached with other U.S. mortgage servicers and includes the following terms: \$100 million to be allocated among participating federal and state parties, and \$370 million in consumer relief. In addition, the settlement agreement sets forth national mortgage servicing standards to which HSBC U.S. affiliates will adhere. All except \$32 million of the settlement is allocable to HSBC Finance Corporation. This matter was settled within the amount reserved.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Broker-Dealer Registration Status**

HSI is a full service broker-dealer. We engage in a full range of primary and secondary securities activity in the U.S. and international markets, including acting as a primary dealer in corporate bonds, U.S. and international equities, and as a broker in futures and options. We are registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and various other regulatory bodies. HSI acts as an introducing broker for the Program (and other clients and programs), using the clearing and execution facilities of our third party clearing agent, Pershing, for all securities transactions executed within a client's Account, subject in all cases to best execution obligations and applicable law.

HSI is also registered as a futures commission merchant (FCM), and some of our management persons are associated persons of that entity.

### **Conflicts of Interest**

The principal business of our Firm is that of a full service broker-dealer. Clients who have Accounts are advisory clients and can also be customers of the broker-dealer. Therefore, clients can have similar securities in their commission-based brokerage accounts and their Wealth Track account, but would pay different fees, and may pay higher fees in Wealth Track, depending on the level of trading in their brokerage account. HSI has a financial incentive to recommend Wealth Track over a brokerage account if it believes that the client will not trade often.

HSI is also a registered broker-dealer and executes trades for clients in Wealth Track through Pershing. HSI recommends to its clients shares in investment companies to which AMUS serves as investment adviser.

HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling securities including mutual funds.

### **Material Relationships or Arrangements with Related Persons**

HSI and/or our management persons have a material relationship with the following related person(s) as follows:



HSBC Global Asset Management (USA) Inc. (“AMUS”) is wholly owned by HSBC USA, Inc. (“HSBC USA”), and is indirectly owned by HSBC Holdings plc (“HSBC Group”). HSBC Group is a publicly owned corporation based in London, England and trades on various stock exchanges around the world. AMUS is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

AMUS is an entity within HSBC Asset Management (“AM”), which is made up of a group of companies in countries and territories throughout the world that are engaged in investment advisory and portfolio management activities. AMUS has been in business since January 29, 1986.

AMUS provides investment advice to registered investment companies and other institutions. AMUS is a service provider to the Program and other HSI programs as specified in Form ADV Part 1 and 2A and earns fees based on assets invested in the Program. In addition, AMUS acts as the investment adviser and/or administrator to certain registered investment companies and other institutions, specifically the money market funds, some of which may be included as investments in the Program. Because an AMUS advised money market fund is the only cash sweep option in Wealth Track, AMUS’s receipt of advisory and administrative fees from the Fund creates a conflict of interest for HSI, because it has a financial incentive to help its affiliate earn more fees. HSI seeks to mitigate this conflict through disclosure in this Brochure.

The Funds made available through the Program include both third party Funds and Funds advised by AMUS, its affiliates and unaffiliated sub-advisors. Clients must have their idle cash balances swept into a money market fund that is managed by AMUS and affiliates, and for which they receive advisory fees. Clients pay their share of the money market fund’s fees as well as their Program fee as permitted by law.

HSI is also a registered broker-dealer and executes trades for clients in the Program through Pershing. HSI recommends to its clients shares in investment companies, managed by AMUS. HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling securities including mutual Funds.

HSI provides investment advisory and brokerage advice outside of the Program. As a registered broker-dealer with the Financial Industry Regulatory Authority (“FINRA”), HSI sells securities for a commission outside of this Program and is permitted to receive 12b-1 (distribution) and/or shareholder servicing fees from the sale of mutual funds in the Program. All sales charge information is disclosed in the mutual fund prospectus that is provided to the client. Clients should be aware that HSI’s practice of accepting such fees could be viewed as a conflict of interest.

The payment of advisory fees and other compensation to affiliates of HSI in connection with the investment in Wealth Track in a Fund creates a conflict of interest for HSI in recommending that the client’s Account invest in HSBC Funds or Funds that receive services from HSBC entities, which HSI seeks to mitigate through disclosure in this Brochure.

HSBC Bank is a national bank organized and existing under the laws of the United States and a member of the Federal Reserve. HSBC Bank, with which we have entered into agreements, provides certain office space and certain administrative service such as payroll and benefits processing to HSI. Certain employees and officers of HSI are officers of HSBC Bank and report into the HSBC North America Holding Company Committee.

HSI is a member New York Stock Exchange, Financial Industry Regulatory Authority, Securities Investor Protection Corporation. HSI is a sub-distributor of the HSBC Funds. Affiliates of AMUS receive fees for providing various services to the Funds.

Certain employees of AMUS and HSBC Bank are registered representatives of HSI and may hold FINRA and state securities registration. HSI supervises such persons. Certain employees are dually registered as IARs and also securities licensed Registered Representatives of HSI, a FINRA registered broker/dealer.

HSI and representatives are also licensed insurance agents with HSBC Insurance Agency USA, Inc. and HSI. In California, HSI conducts insurance business as HSI Insurance Services. In this capacity, we can offer advisory clients of our Firm certain insurance products for which we receive compensation. HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling insurance products.

## **9B. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING; REVIEW OF ACCOUNTS; CLIENT REFERRALS AND OTHER COMPENSATION AND OTHER FINANCIAL INFORMATION**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

HSI has adopted a Code of Ethics and Staff Dealing Policies and Procedures that governs employee personal securities transactions ("Code of Ethics"), designates access persons, protects material nonpublic information, and requires employees to comply with all relevant securities laws. The Code of Ethics reflects our belief in the absolute necessity to conduct business at the highest ethical and professional levels. HSI requires all personnel to report their personal securities accounts to the Compliance Department and requires pre-approval of personal trades in accordance with HSI's policies and procedures. Firm personnel are required to submit an annual acknowledgement and certification attesting to their compliance and reporting requirements as well as compliance with all other aspects of our Code of Ethics. The Code of Ethics encourages internal reporting and protects employees who report violations from retaliation. Any violations of the Code of Ethics must be reported to the Chief Compliance Officer or other designated personnel. A copy of HSI's Code of Ethics will be furnished upon request.

HSI and its employees may buy or sell securities for its or their own account, including the same securities that it recommends to clients, and the same or different times as client trades on those securities, in accordance with the Code of Ethics.

Employees of HSI, or its advisory affiliates, may hold the same or similar securities in their personal accounts, as clients may hold in their own portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. HSI has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

### **REVIEW OF ACCOUNTS; REPORTS TO CLIENTS**

The Program's investment tools are intended for clients to use to review the models periodically and better understand their holdings and performance.

Annually, HSI will contact clients electronically to access the Wealth Track client portal to review their financial profile to determine if the client's profile remains current and accurate and that the performance of the account

is consistent with the client's selected asset allocation model.

The monthly or quarterly statements provided by Pershing (or a designee) detailing current holdings and Account activity are provided for the client's Account.

### **Custody and Reporting**

HSI, or another financial intermediary, serves as custodian for accounts. Currently, Pershing® LLC ("Pershing") acts as the custodian for the Program. Pershing is located at One Pershing Plaza, Jersey City, New Jersey 07399. HSI through Pershing will furnish clients Account statements showing all investments held for the Account and a record of each transaction effected for the Account. Monthly statements will be generated for any month in which transactions occur. Should activity not occur in any given month throughout the quarter, a quarterly statement will be furnished. Managed Account clients receive custodial statements directly from Pershing. Clients also receive on regular basis custodial statements directly from Pershing. Client will only be able to receive electronically generated statements.

HSI will provide daily comparative performance information that will be available on the website.

HSI will credit and reinvest the Account with dividends and interest paid on securities held in the Account and with principal paid on sold, called or matured securities, and other investments.

HSI from time to time comes into possession of the client assets. As such, on an annual basis, HSI must ensure that the requirements of the Custody Rule are met (e.g., the performance of a surprise examination by an independent public accountant).

### **CLIENT REFERRALS AND OTHER COMPENSATION**

HSI does not pay referral fees to non-HSI persons for the referral of their clients to our Firm.

**Gifts, Gratuities, Entertainment and Non-Monetary Compensation:** From time to time, HSBC or its employees will, as is generally consistent with customary industry practice and in accordance with HSBC's policies and procedures, receive nonmonetary compensation (other than cash or cash equivalents), such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals, entertainment (e.g., tickets to sporting events) and access to certain industry related conferences from individuals or institutions with whom they transact business or with whom they may engage in business dealings on behalf of clients. In addition to the receipt of gifts by HSBC or its employees, HSBC or its employees may also engage in providing such gifts, meals and entertainment which may also generate a conflict of interest, to the extent they create an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of HSI. The giving and receipt of gifts and other benefits are subject to limitations under internal HSI policies and procedures.

**Product Provider Payments and Conferences:** From time to time, HSI (and its affiliates) receive marketing and training support payments, conference subsidies, and other types of financial compensation and incentives from mutual fund companies and other product providers, broker-dealers and other vendors to support the sale of their products and services to our clients, including our ERISA plan clients. Note that the level of vendor support or other payments is not dependent on or related to the level of assets invested in or with the products or services of the particular vendor, but the receipt of these payments presents HSI with a conflict of interest in recommending these parties' services and products to clients. HSI deals with that conflict through disclosure in this Brochure.

**FINANCIAL INFORMATION**

HSI does not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year. There are no financial commitments to likely impair our ability to meet contractual obligations to our clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

**ADDITIONAL INFORMATION**

**Assets under Management**

The Program has approximately \$106 thousand dollars in discretionary assets under management as of December 31, 2020.



**HSBC Securities (USA) Inc.  
Form ADV Part 2B  
Brochure Supplement**

452 Fifth Avenue  
New York, NY 10018  
Telephone: 800-662-3343  
Website [WWW.US.HSBC.COM](http://WWW.US.HSBC.COM)

**July 2021**

This Brochure Supplement provides information about the following persons that supplements the HSI (USA) Inc. Form ADV Part 2A and Appendix 1 Brochure. If you have any questions about the contents of this brochure, please direct your written inquiry to the address listed above, or call Wealth Services Desk at 800-662-3343. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the supervised person(s) listed with an asterisk (\*) below is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may be found on the Financial Industry Regulatory Authority (FINRA) website [www.finra.org/brokercheck](http://www.finra.org/brokercheck)

Daniel Anniello\*  
Jason Henderson\*  
Jeffrey L. Kraebel\*

Kevin Mullaney\*  
Mark A. Pittsey\*

**Daniel Anniello**

**Item 2: Education, Background and Business Experience**

Daniel Anniello serves as National Sales Director since January 1, 2018. Mr. Anniello also served as Senior Vice President of Global Wealth Development for HSBC Securities (USA) Inc. since 2013.

Mr. Anniello also served as Senior Vice President of Global Wealth Development for HSBC Securities (USA) Inc. from August 2013 to January 2018.

Mr. Anniello served as Head of Retail Distribution for HSBC Global Asset Management (USA) Inc. from July 2010 to August 2013.

Mr. Anniello holds a Bachelor's Degree in General Business from Pace University.

Mr. Anniello was born in 1971.

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Anniello that is applicable to this item.

**Item 4: Other Business Activities**

Mr. Anniello is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

**Item 5: Additional Compensation**

Mr. Anniello does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

**Item 6: Supervision**

Mark A. Pittsey, Director, Executive Vice President and Head of Wealth for HSBC Securities (USA) Inc. and Director of HSBC Markets (USA) Inc. is responsible for and has supervisory oversight of Mr. Anniello. Mr. Pittsey can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

**Jason Henderson**

**Item 2: Education, Background and Business Experience**

Jason Henderson, born in 1970, holds a Bachelor of Commerce degree from Queen's University in Kingston, Ontario Canada.

Jason Henderson was appointed Director, Chairman of the Board, President and Chief Executive Officer of HSBC Securities (USA) Inc., effective as of October 17, 2020. Mr. Henderson is also the Executive Vice President, Head of Global Markets, North America, with HSBC USA Inc. and HSBC Bank USA, N.A.

Previously, Mr. Henderson was responsible for the management of the Global Banking and Markets business for HSBC Bank Canada. He also oversaw the Global Liquidity and Cash Management operations. He was an Executive Director for HSBC Bank Canada from February 2015 until his appointment in New York in January.

Mr. Henderson first joined HSBC in 2006 in New York, where he was Head of Currency and Commodity Derivatives for the Americas. Before joining HSBC, he spent 13 years with another Canadian financial institution and held positions in the US, Singapore and UK.

With over 25 years in Capital Markets and Banking, Mr. Henderson brings a broad range of skills and experience in both international and domestic markets. Mr. Henderson is a Chartered Financial Analyst.

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Henderson that is applicable to this item.

**Item 4: Other Business Activities**

Mr. Henderson is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

**Item 5: Additional Compensation**

Mr. Henderson does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

**Item 6: Supervision**

Michael M. Roberts, President and Chief Executive Officer of HSBC North America Holdings and HSBC Bank USA, N.A. is responsible for and has supervisory oversight of Mr. Henderson. Mr. Roberts can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.



**Jeffrey Kraebel**

**Item 2: Education, Background and Business Experience**

Jeffrey Kraebel is a Senior Vice President and Head of Products and Services for HSBC Securities (USA) Inc. since 2012. He has served as Chief Administration Officer for HSBC Securities (USA) Inc. from July 2009 to November 2012. He also served as a Sales Director for HSBC Securities (USA) Inc. from December 2007 to May 2009. Mr. Kraebel served as a Regional Sales Manager for HSBC Securities (USA) Inc. from February 2005 to December 2007.

Mr. Kraebel previously held various management roles including Divisional Manager for The Dreyfus Corporation from 1989 to 2005.

Mr. Kraebel holds a Bachelor of Science in Business Administration from Monmouth College.

Mr. Kraebel was born in 1965.

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Kraebel that is applicable to this item.

**Item 4: Other Business Activities**

Mr. Kraebel is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

**Item 5: Additional Compensation**

Mr. Kraebel does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

**Item 6: Supervision**

Mark A. Pittsey, Director, Executive Vice President and Head of Wealth for HSBC Securities (USA) Inc. and Director of HSBC Markets (USA) Inc. is responsible for and has supervisory oversight of Mr. Kraebel. Mr. Pittsey can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

**Kevin Mullaney**

**Item 2: Education, Background and Business Experience**

Kevin Mullaney serves as Senior Manager Business Development for HSBC Securities (USA) Inc. Mr. Mullaney joined HSBC Securities (USA) Inc. in 2005.

Mr. Mullaney previously worked as a Registered Representative for Quick & Reilly, Inc. between September 1995 and October 2004.

Mr. Mullaney holds a Bachelor of Science Degree in Finance from Providence College.

Mr. Mullaney was born in 1969.

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Mullaney that is applicable to this item.

**Item 4: Other Business Activities**

Mr. Mullaney is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

**Item 5: Additional Compensation**

Mr. Mullaney does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

**Item 6: Supervision**

Jeffrey Kraebel, Senior Vice President and Head of Wealth Products, is responsible for and has supervisory oversight of Mr. Mullaney. Mr. Kraebel can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.

**Mark A. Pittsey**

**Item 2: Education, Background and Business Experience**

Mark A. Pittsey was appointed Director, Executive Vice President and Head of Wealth of HSBC Securities (USA) Inc. on October 2, 2020. He was also appointed Director of HSBC Markets (USA) Inc. effective October 2, 2020.

Prior to his current role, Mr. Pittsey served as Managing Director and Market Head for the Central and Western Regions. He began his career with Wells Fargo Private Bank in 1992, became a Regional Manager for the Bay Area Region at Deutsche Bank Private Bank in 2007 and joined HSBC in 2010.

Mr. Pittsey has a Bachelor's degree in Speech Communication from California State University, Long Beach.

Mr. Pittsey was born in 1965.

**Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information about Mr. Pittsey that is applicable to this item.

**Item 4: Other Business Activities**

Mr. Pittsey is not engaged in any investment-related business or occupation other than his duties at HSBC Securities (USA) Inc.

**Item 5: Additional Compensation**

Mr. Pittsey does not receive additional compensation for advisory services outside of HSBC Securities (USA) Inc.

**Item 6: Supervision**

Jason Henderson, Director, Chairman of the Board, President and Chief Executive Officer of HSI, is responsible for and has supervisory oversight of Mr. Pittsey. Mr. Henderson can be contacted at 212-525-5000.

Additionally, HSBC Securities (USA) Inc. has implemented written policies and procedures to monitor the advisory activities of the firm and its supervised persons. All associated persons are required to adhere to these policies and procedures to help ensure adherence to applicable federal and state securities laws. HSBC Securities (USA) Inc.'s Compliance Department has created various internal controls to track each policy and confirm the procedures are followed. HSBC Securities (USA) Inc. has also adopted a code of ethics and related supervisory controls that governs all covered persons.