Snowball Coupon Notes Linked to the S&P 500® Index

- Automatically callable if the closing level of the Index on any Call Observation Date, occurring approximately one, two, three, four and five years after the pricing date, is at or above 90% of the Starting Value.

- In the event of an automatic call, the amount payable per unit will be:
  - [$10.65 to $10.75] if called on the first Call Observation Date
  - [$11.30 to $11.50] if called on the second Call Observation Date
  - [$11.95 to $12.25] if called on the third Call Observation Date
  - [$12.60 to $13.00] if called on the fourth Call Observation Date
  - [$13.25 to $13.75] if called on the final Call Observation Date

- If not called on the first four Call Observation Dates, a maturity of approximately five years

- If not called, 1-to-1 downside exposure to decreases in the Index, with up to 100.00% of the principal amount at risk

- All payments are subject to the credit risk of HSBC Bank USA, National Association

- No interest payments

- In addition to the agent’s commission set forth below, the notes include a hedging-related charge of $0.05 per unit. See “Supplement to the Plan of Distribution—Role of MLPF&S and BofAS”

- No listing on any securities exchange

The notes are being issued by HSBC Bank USA, National Association (“HSBC”). Investing in the notes involves a number of risks. There are important differences between the notes and a conventional debt security, including different investment risks and costs. See “Risk Factors” beginning on page TS-6 of this term sheet and beginning on page PS-9 of product supplement EQUITY CYN-1. The notes will initially be offered and sold in reliance on an exemption from registration under the United States Securities Act of 1933 (the “Securities Act”), provided by Section 3(a)(2) thereof. The notes will not be, and are not required to be, registered with the Office of the Comptroller of the Currency (the “OCC”) or with the Securities and Exchange Commission (the “SEC”) under the Securities Act. Accordingly, the notes are being offered only to “accredited investors” within the meaning of Rule 501 under the Securities Act and in compliance with an exemption from the registration requirements of the OCC under 12 C.F.R. Part 16.6, and each owner of a beneficial interest in a note will be required to hold such beneficial interest in a minimum principal amount specified herein.

The estimated initial value of the notes on the pricing date is expected to be between $8.72 and $9.72 per unit, which will be less than the initial issue price listed below. The market value of the notes at any time will reflect many factors and cannot be predicted with accuracy. See “Summary” on page TS-2 and “Risk Factors” beginning on page TS-6 of this term sheet for additional information.

None of the SEC, any state securities commission or the OCC has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this document or the accompanying product supplement and offering circular. Any representation to the contrary is a criminal offense.

<table>
<thead>
<tr>
<th>Per Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial issue price(1)</td>
<td>$ 10.00</td>
</tr>
<tr>
<td>Agent’s commission(1)</td>
<td>$ 0.15</td>
</tr>
<tr>
<td>Proceeds, before expenses, to HSBC</td>
<td>$ 9.85</td>
</tr>
</tbody>
</table>

(1) See “Supplement to the Plan of Distribution” below.

The notes:

- Are Not FDIC Insured
- Are Not Bank Guaranteed
- May Lose Value
**Terms of the Notes**

**Issuer:** HSBC

**Principal Amount:** $10.00 per unit

**Term:** Approximately five years, if not called on the first four Call Observation Dates

**Market Measure:** The S&P 500® Index (Bloomberg symbol: “SPX”), a price return index

**Call Feature:** Autocallable Notes

**Coupon Feature:** Snowball Coupon Payments

**Call Payment:** 90% of the Starting Value

**Call Payment:** With respect to each Call Payment Date, the principal amount plus the applicable Snowball Coupon Payment. The amount of each Snowball Coupon Payment per unit will be:

- [[$0.65 to $0.75]] if called on the first Call Observation Date;
- [[$1.30 to $1.50]] if called on the second Call Observation Date;
- [[$1.95 to $2.25]] if called on the third Call Observation Date; and
- [[$2.60 to $3.00]] if called on the fourth Call Observation Date; and
- [[$3.25 to $3.75]] if called on the final Call Observation Date, each of which represent a return of [6.50% to 7.50%] of the principal amount per annum.

The actual Snowball Coupon Payments will be determined on the pricing date.

**Threshold Value:** 100% of the Starting Value

**Starting Value:** The closing level of the Index on the pricing date

**Ending Value:** The Observation Value on the final Call Observation Date

**Observation Value:** The closing level of the Index on the relevant Call Observation Date.

**Call Observation Dates:** On or about August, 2021, August, 2022, August, 2023, August, 2024, and August, 2025 (the final Call Observation Date), approximately one, two, three, four and five years after the pricing date.

The scheduled Call Observation Dates are subject to postponement in the event of Market Disruption Events, as described beginning on page PS-30 of product supplement EQUITY CYN-1.

**Maturity Valuation Period:** The final Call Observation Date, subject to postponement in the event of Market Disruption Events, as described on page PS-33 of product supplement EQUITY CYN-1.

**Call Payment Dates:** Approximately the fifth business day following the applicable Call Observation Date, subject to postponement as described beginning on page PS-30 of product supplement EQUITY CYN-1; provided however, that the Call Payment Date related to the final Call Observation Date will be the maturity date.

**Fees Charged:** The initial issue price of the notes includes the agent’s commission of $0.15 per unit as listed on the cover page and an additional charge of $0.05 per unit more fully described on page TS-11.

**Calculation Agent:** BofA Securities, Inc. (“BofAS”) and HSBC, acting jointly.

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**Payment Determination**

**Automatic Call Provision:**

Is the Observation Value on any Call Observation Date equal to or greater than the Call Value?

- **Yes**
  - The notes will be called on that Call Observation Date and you will receive per unit the applicable Call Payment, which is equal to: $10 + the applicable Snowball Coupon Payment

- **No**
  - The notes will not be called. See “Redemption Amount Determination” below.

**Redemption Amount Determination:**

Notwithstanding anything to the contrary in the accompanying product supplement, the Redemption Amount will be determined as set forth in this term sheet.

If the notes are not called, you will receive the Redemption Amount per unit on the maturity date, determined as follows:

\[
\text{Redemption Amount} = 10 - \left[ 10 \times \frac{\text{Threshold Value} - \text{Ending Value}}{\text{Starting Value}} \right]
\]

You will lose more than 10%, and possibly all, of the principal amount if the notes are not called.
The terms and risks of the notes are contained in this term sheet and the documents listed below (together, the “Note Prospectus”). The documents may be obtained from BofAS by calling 1-800-294-1322:

- Product Supplement EQUITY CYN-1 dated May 13, 2020:
- Offering Circular dated October 25, 2019:

Before you invest, you should read the Note Prospectus, including this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. You should carefully consider, among other things, the matters set forth under “Risk Factors” in the section indicated on the cover of this term sheet. The notes involve risks not associated with conventional debt securities. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement EQUITY CYN-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to “we,” “us,” “our,” or similar references are to HSBC.

Investor Considerations

You may wish to consider an investment in the notes if:

- You anticipate that the Observation Value of the Index on at least one of the Call Observation Dates will be equal to or greater than the Call Value and, in that case, you accept an early exit from your investment.
- You accept that the return on the notes will be limited to the return represented by the applicable Snowball Coupon Payment even if the percentage change in the level of the Index is significantly greater than such return.
- You are willing to lose more than 10%, and possibly all, of the principal amount if the notes are not called.
- You are willing to forgo the interest payments that are paid on traditional interest bearing debt securities.
- You are willing to forgo dividends or other benefits of owning the stocks included in the Index.
- You are willing to accept that a secondary market is not expected to develop for the notes, and understand that the market prices for the notes, if any, may be less than the principal amount and will be affected by various factors, including our actual and perceived creditworthiness, our internal funding rate and the fees charged, as described on page TS-11.
- You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Call Payment or the Redemption Amount.

We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

The notes may not be an appropriate investment for you if:

- You anticipate that the Observation Value of the Index will be less than the Call Value on each Call Observation Date.
- You wish to make an investment that cannot be automatically called prior to maturity.
- You seek an uncapped return on your investment.
- You seek principal repayment or preservation of capital.
- You seek interest payments or other current income on your investment.
- You want to receive dividends or other distributions paid on the stocks included in the Index.
- You seek an investment for which there will be a liquid secondary market.
- You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes.
Examples of Hypothetical Payments

The following examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes. They illustrate the calculation of the Call Payment or Redemption Amount, as applicable, based on the hypothetical terms set forth below. The actual amount you receive and the resulting return will depend on the actual Starting Value, Call Value and Observation Values of the Index, the actual Snowball Coupon Payments, and term of your investment. The following examples do not take into account any tax consequences from investing in the notes. These examples are based on:

1) a Starting Value of 100.00 for the Index;
2) a Call Value of 90.00 for the Index;
3) a Threshold Value of 100.00 for the Index;
4) an expected term of the notes of approximately five years, if the notes are not called on the first four Call Observation Dates;
5) a Snowball Coupon Payment of $0.70 if the notes are called on the first Call Observation Date; $1.40 if called on the second Call Observation Date; $2.10 if called on the third Call Observation Date; $2.80 if called on the fourth Call Observation Date; and $3.50 if called on the final Call Observation Date (the midpoint of the applicable Snowball Coupon Payment ranges); and
6) the Call Observation Dates occurring approximately one, two, three, four and five years after the pricing date.

The hypothetical Starting Value of 100.00 for the Index used in these examples has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value of the Index. For recent actual levels of the Index, see “The Index” section below. The Index is a price return index and as such the levels of the Index will not include any income generated by dividends paid on the stocks included in the Index, which you would otherwise be entitled to receive if you invested in those stocks directly. In addition, all payments on the notes are subject to issuer credit risk.

Notes Are Called on a Call Observation Date

The notes will be called at $10.00 plus the applicable Snowball Coupon Payment if the Observation Value of the Index on one of the Call Observation Dates is equal to or greater than the Call Value. After the notes are called, they will no longer remain outstanding and there will not be any further payments on the notes.

**Example 1**
- The Observation Value of the Index on the first Call Observation Date is 110.00. Therefore, the notes will be called at $10.00 plus the Snowball Coupon Payment of $0.70 = $10.70 per unit.

**Example 2**
- The Observation Value of the Index on the first Call Observation Date is below the Call Value, but the Observation Value of the Index on the second Call Observation Date is 95.00. Therefore, the notes will be called at $10.00 plus the Snowball Coupon Payment of $1.40 = $11.40 per unit.

**Example 3**
- The Observation Values of the Index on the first two Call Observation Dates are below the Call Value, but the Observation Value of the Index on the third Call Observation Date is 105.00. Therefore, the notes will be called at $10.00 plus the Snowball Coupon Payment of $2.10 = $12.10 per unit.

**Example 4**
- The Observation Values of the Index on the first three Call Observation Dates are below the Call Value, but the Observation Value of the Index on the fourth Call Observation Date is 100.00. Therefore, the notes will be called at $10.00 plus the Snowball Coupon Payment of $2.80 = $12.80 per unit.

**Example 5**
- The Observation Values of the Index on the first four Call Observation Dates are below the Call Value, but the Observation Value of the Index on the fifth and final Call Observation Date is 90.00. Therefore, the notes will be called at $10.00 plus the Snowball Coupon Payment of $3.50 = $13.50 per unit.

Notes Are Not Called on Any Call Observation Date

**Example 6**
- The notes are not called on any Call Observation Date. The Redemption Amount will be less, and possibly significantly less, than the principal amount. For example, if the Ending Value of the Index is 50.00, the Redemption Amount per unit will be:

$$10 - \left[10 \times \frac{100 - 50}{100}\right] = 5.00$$
## Summary of the Hypothetical Examples

<table>
<thead>
<tr>
<th></th>
<th>Notes Are Called on a Call Observation Date</th>
<th>Notes Are Not Called on Any Call Observation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Example 1</td>
<td>Example 2</td>
</tr>
<tr>
<td>Starting Value of the Index</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Call Value of the Index</td>
<td>90.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Threshold Value of the Index</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Observation Value of the Index on the First Call Observation Date</td>
<td>110.00</td>
<td>80.00</td>
</tr>
<tr>
<td>Observation Value of the Index on the Second Call Observation Date</td>
<td>N/A</td>
<td>95.00</td>
</tr>
<tr>
<td>Observation Value of the Index on the Third Call Observation Date</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Observation Value of the Index on the Fourth Call Observation Date</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Observation Value of the Index on the Final Call Observation Date</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Return of the Index</td>
<td>10.00%</td>
<td>-5.00%</td>
</tr>
<tr>
<td>Return of the Notes</td>
<td>7.00%</td>
<td>14.00%</td>
</tr>
<tr>
<td>Call Payment / Redemption Amount per Unit</td>
<td>$10.70</td>
<td>$11.40</td>
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</table>
Risk Factors

We urge you to read the section "Risk Factors" in the accompanying product supplement and offering circular. Investing in the notes is not equivalent to investing directly in the stocks included in the Index. You should understand the risks of investing in the notes and should reach an investment decision only after careful consideration, with your advisers, with respect to the notes in light of your particular financial and other circumstances and the information set forth in this term sheet and the accompanying product supplement and offering circular.

- If the notes are not called, you will lose more than 10%, and possibly all, of the principal amount depending on the performance of the Index.
- Your investment return is limited to the return represented by the applicable Snowball Coupon Payment and may be less than a comparable investment directly in the stocks included in the Index.
- If the notes are called, you will be subject to reinvestment risk.
- Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.
- Payments on the notes are subject to our credit risk, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes. If we become insolvent or are unable to pay our obligations, you may lose your entire investment.
- The estimated initial value of the notes will be less than the initial issue price and may differ from the market value of the notes in the secondary market, if any. We will determine the estimated initial value 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. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect. Different pricing models and assumptions could provide valuations for the notes that are different from our estimated initial value. The estimated initial value will reflect our internal funding rate we use to issue market-linked notes, as well as the mid-market value of the hedging arrangements related to the notes (which may include call options, put options or other derivatives).
- Our internal funding rate for the issuance of these notes is lower than the rate we would use when we issue conventional fixed or floating rate debt securities. This is one of the factors that may result in the market value of the notes being less than their estimated initial value. 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 notes may be lower if we were based on the levels at which our fixed or floating rate debt securities trade in the secondary market. If the notes are called, you will be subject to reinvestment risk.
- The price of your notes in the secondary market, if any, immediately after the pricing date will be less than the initial issue price. The initial issue price takes into account certain costs, principally the agent's commission, the hedging costs described on page TS-11 and the costs associated with issuing the notes. The costs associated with issuing the notes will be used or retained by us or one of our affiliates. If you were to sell your notes in the secondary market, if any, the price you would receive for your notes may be less than the price you paid for them.
- The estimated initial value does not represent a minimum price at which we, MLPF&S, BofAS or any of our respective affiliates would be willing to purchase your notes in the secondary market (if any exists) at any time. The price of your notes in the secondary market, if any, at any time after issuance will vary based on many factors, including the level of the Index and changes in market conditions, and cannot be predicted with accuracy. The notes are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the notes to maturity. Any sale of the notes prior to maturity could result in a loss to you.
- The notes are subject to transfer restrictions and are not registered securities. The notes are exempt from the registration requirements of the Securities Act under Section 3(a)(2) thereof. The notes are being offered and sold only to investors that are "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act and in compliance with an exemption from the registration requirements of the OCC under 12 C.F.R. Part 16.6. The notes may not be reoffered, resold, pledged or otherwise transferred except to accredited investors in accordance with the foregoing. Each beneficial owner of a global note will be required to hold such beneficial interest in a principal amount that is equal to or greater than the required minimum amount per order as set forth herein. You may transfer the notes only in whole units and in a minimum amount of 25,000 units. You may not hold less than 25,000 units if you wish to hold any notes after the transfer.
- A trading market is not expected to develop for the notes. None of us, MLPF&S or BofAS is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.
- Our business, hedging and trading activities, and those of MLPF&S, BofAS and our respective affiliates (including trades in shares of companies included in the Index), and any hedging and trading activities we, MLPF&S, BofAS or our respective affiliates engage in for our clients’ accounts, may affect the market value and return of the notes and may create conflicts of interest with you.
- The Index Sponsor may adjust the Index in a way that affects its level, and has no obligation to consider your interests.
As a noteholder, you will have no rights of a holder of the securities represented by the Index, and you will not be entitled to receive securities, dividends or other distributions by issuers of those securities.

While we, MLPF&S, BofAS or our respective affiliates may from time to time own securities of companies included in the Index, except to the extent that the common stock of Bank of America Corporation (the parent company of MLPF&S and BofAS) is included in the Index, we, MLPF&S, BofAS and our respective affiliates do not control any company included in the Index, and have not verified any disclosure made by any other company.

There may be potential conflicts of interest involving the calculation agents, one of which is us and one of which is BofAS. We have the right to appoint and remove the calculation agents.

The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes. See “Summary Tax Consequences” below and “Certain U.S. Federal Income Tax Considerations” beginning on page PS-46 of product supplement EQUITY CYN-1.
The Index

We have derived all information contained in this term sheet regarding the Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available sources. That information reflects the policies of and is subject to change by S&P Dow Jones Indices LLC (“S&P” or the “Index Sponsor”). The Index Sponsor is under no obligation to continue to publish, and may discontinue or suspend the publication of the Index at any time. The consequences of the Index Sponsor discontinuing publication of the Index are discussed in the section entitled “Description of the Notes—Discontinuance of an Index” beginning on page PS-35 of product supplement EQUITY CYN-1. None of us, the calculation agents, MLPF&S or BofAS accepts any responsibility for the calculation, maintenance or publication of the Index or any successor index.

General

The Index is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the Index, discussed below in further detail, is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943.

The Index does not reflect the payment of dividends on the stocks included in the Index and therefore the payment on the notes will not produce the same return you would receive if you were able to purchase such underlying stocks.

Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company’s common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. Eleven main industry groups comprise the Index: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate and Utilities. Changes in the Index are reported daily in the financial pages of many major newspapers, on Bloomberg Professional® service under the symbol “SPX” and on the S&P website.

Information contained in the S&P website is not incorporated by reference in, and should not be considered a part of, this document. As of the close of business on September 21, 2018, S&P and MSCI, Inc. updated the Global Industry Classification Sector (“GICS”) structure. Among other things, the update broadened the Telecommunications Services sector and renamed the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in the Advertising industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The GICS structure changes were effective for the Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

Computation of the Index

Prior to March 2005, the Market Value of a component stock was calculated as the product of the market price per share and the total number of outstanding shares of the component stock. In March 2004, S&P announced that it would transition the Index to float adjusted market capitalization weights. The transition began in March 2005 and was completed in September 2005. S&P’s criteria for selecting stock for the Index were not changed by the shift to float adjustment. However, the adjustment affects each company’s weight in the Index (i.e., its Market Value). Currently, S&P calculates the Index based on the total float-adjusted market capitalization of each component stock, where each stock’s weight in the Index is proportional to its float-adjusted Market Value.

Under the float adjustment, the share counts used in calculating the Index reflect only those shares that are available to investors, not all of a company’s outstanding shares. The float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies.

All shareholdings representing more than 5% of a stock’s outstanding shares, other than holdings by “block owners,” are removed from the float for purposes of calculating the Index. Generally, these “control shareholders” will include officers and directors, private equity, venture capital and special equity firms, other publicly traded companies that hold shares for control, strategic partners, holders of restricted shares, ESOPs, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (other than government retirement/pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by block owners, such as depositary banks, pension funds, mutual funds and ETF providers, 401(k) plans of the company, government retirement/pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations and savings and investment plans, will ordinarily be considered part of the float. Treasury stock, stock options, equity participation units, warrants, preferred stock, convertible stock, and rights are not part of the float. Shares of a U.S. company traded in Canada as “exchangeable shares” are normally part of the float unless those shares form a control block. All multiple share class companies that have listed share class lines will be adjusted for.
For each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares by the total shares outstanding. Ongoing maintenance of the Index includes monitoring and completing the adjustments for additions and deletions of the constituent companies, share changes, stock splits, stock dividends and stock price adjustments due to company restructurings or spin-offs.

Continuity in the level of the Index is maintained by adjusting the Divisor for all changes in the Index constituents' share capital after the base date. Some corporate actions, such as stock splits and stock dividends do not require Divisor adjustments because following a stock split or stock dividend, both the stock price and number of shares outstanding are adjusted by S&P so that there is no change in the Market Value of the component stock. Corporate actions (such as stock splits, stock dividends, non-zero price spin-offs and rights offerings) are applied after the close of trading on the day before the ex-date.

Changes in a company's shares outstanding and IWF due to its acquisition of another public company are made as soon as reasonably possible. At S&P's discretion, de minimis merger and acquisition share changes are accumulated and implemented with the quarterly share rebalancing.

All other changes of less than 5% are accumulated and made quarterly on the third Friday of March, June, September, and December.

Changes in a company's total shares outstanding of 5% or more due to public offerings are made as soon as reasonably possible. Other changes of 5% or more (for example, due to tender offers, Dutch auctions, voluntary exchange offers, company stock repurchases, private placements, acquisitions of private companies or non-index companies that do not trade on a major exchange, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are generally announced on Fridays for implementation after the close of trading the following Friday (one week later). If a 5% or more share change causes a company's IWF to change by five percentage points or more, the IWF is updated at the same time as the share change. IWF changes resulting from partial tender offers are considered on a case-by-case basis.
The following graph shows the daily historical performance of the Index in the period from January 1, 2010 through August 17, 2020. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On August 17, 2020, the closing level of the Index was 3,381.99.

**Historical Performance of the Index**

This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the notes may be. Any historical upward or downward trend in the level of the Index during any period set forth above is not an indication that the level of the Index is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the levels of the Index.

**License Agreement**

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Supplement to the Plan of Distribution

We may deliver the notes against payment therefor in New York, New York on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the notes occurs more than two business days from the pricing date, purchasers who wish to trade the notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 25,000 units. If you place an order to purchase the notes, you are consenting to MLPF&S and/or one of its affiliates acting as a principal in effecting the transaction for your account.

MLPF&S will purchase the notes from BofAS for resale, and will receive a selling concession in connection with the sale of the notes in an amount up to the full amount of agent’s commission set forth on the cover of this term sheet.

MLPF&S and BofAS may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these will include MLPF&S’s and BofAS’s trading commissions and mark-ups or mark-downs. MLPF&S and BofAS may act as principal or agent in these market-making transactions; however, neither is obligated to engage in any such transactions. At their discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S and BofAS may offer to buy the notes in the secondary market at a price that may exceed the estimated initial value of the notes. Any price offered by MLPF&S or BofAS for the notes will be based on then-prevailing market conditions and other considerations, including the performance of the Index, the remaining term of the notes, and the issuer’s creditworthiness. However, neither we nor any of our affiliates are obligated to purchase your notes at any price, or at any time, and we cannot assure you that we, MLPF&S, BofAS or any of our respective affiliates will purchase your notes at a price that equals or exceeds the estimated initial value of the notes.

The value of the notes shown on your account statement provided by MLPF&S will be based on BofAS’s estimate of the value of the notes if BofAS or one of its affiliates were to make a market in the notes, which it is not obligated to do. This estimate will be based upon the price that BofAS may pay for the notes in light of then-prevailing market conditions, and other considerations, as mentioned above, and will include transaction costs. At certain times, this price may be higher than or lower than the estimated initial value of the notes.

The distribution of the Note Prospectus in connection with these offers or sales will be solely for the purpose of providing investors with the description of the terms of the notes that was made available to investors in connection with their initial offering. Secondary market investors should not, and will not be authorized to, rely on the Note Prospectus for information regarding HSBC or for any purpose other than that described in the immediately preceding sentence.

Role of MLPF&S and BofAS

BofAS will participate as selling agent in the distribution of the notes. Under our distribution agreement with BofAS, BofAS will purchase the notes from us as principal at the initial issue price indicated on the cover of this term sheet, less the indicated agent’s commission.

Payments on the notes, including the amount you receive at maturity or upon an automatic call, will be calculated based on the $10 per unit principal amount and will depend on the performance of the Index. In order to meet these payment obligations, at the time we issue the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with BofAS or one of its affiliates. The terms of these hedging arrangements are determined by BofAS seeking bids from market participants, which could include one of our affiliates and MLPF&S, BofAS and their affiliates. These hedging arrangements take into account a number of factors, including the issuer’s creditworthiness, interest rate movements, the volatility of the Index, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes depend in part on the terms of the hedging arrangements.

BofAS has advised us that the hedging arrangements will include a hedging-related charge of approximately $0.05 per unit, reflecting an estimated profit to be credited to BofAS from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by BofAS or any third party hedge providers.

For further information, see “Risk Factors—General Risks Relating to the Notes” beginning on page PS-9 and “Use of Proceeds” on page PS-25 of product supplement EQUITY CYN-1.
Summary Tax Consequences
You should consider the U.S. federal income tax consequences of an investment in the notes, including the following:

- There is no statutory, judicial, or administrative authority directly addressing the characterization of the notes.

- You agree with us (in the absence of an administrative determination, or judicial ruling to the contrary) to characterize and treat the notes for all tax purposes as pre-paid executory contracts with respect to the Index that requires you to pay us at inception an amount equal to the purchase price of the notes and that entitles you to receive at maturity or upon earlier redemption an amount in cash linked to the level of the Index.

- Under this characterization and tax treatment of the notes, a U.S. Holder (as defined in the accompanying offering circular) generally will recognize capital gain or loss upon receipt of a cash payment at maturity or upon a sale, exchange, redemption, retirement or other disposition of the notes. This capital gain or loss generally will be long-term capital gain or loss if you held the notes for more than one year, and otherwise will be short-term capital gain or loss. The deductibility of capital losses is subject to limitations.

- No assurance can be given that the IRS or any court will agree with this characterization and tax treatment.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion under the section entitled “Certain U.S. Federal Income Tax Considerations” beginning on page PS-46 of product supplement EQUITY CYN-1.
Callable Yield Notes Linked to One or More Equity Indices or Exchange Traded Funds

- The notes are senior global bank notes issued by HSBC Bank USA, National Association, McLean, Virginia (“HSBC” or the “Issuer”), acting through its principal office in Buffalo, New York, its principal office in New York City or one of its offshore branches. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of HSBC.

- The return on the notes will be based on the performance of an underlying “Market Measure,” which will be an equity index (an “Index”), an exchange traded fund (an “ETF” or “Underlying Fund”), a basket of the foregoing or the worst-performing of any of the foregoing.

- The notes will either be callable by the Issuer prior to maturity (“Issuer Callable Notes”) or automatically callable prior to maturity (“Autocallable Notes”). If the notes are called, the “Call Payment” will be paid on the applicable “Call Payment Date” (each as defined in “Summary—Call Feature”) and the notes will cease to be outstanding.

- The notes will pay coupons on either a contingent or fixed basis.

- The notes do not guarantee the return of principal at maturity. If the notes are not called, at maturity, you will receive a cash payment per unit (the “Redemption Amount”), which will be calculated based on the performance of the Market Measure. You will be exposed to any negative performance of the Market Measure on a 1-to-1 basis unless the notes provide for a “Buffer” or “Barrier” (as further described in “Summary”), in which case you will be afforded limited protection against the downside performance of the Market Measure. Such Buffer or Barrier will be indicated by a Threshold Value, which will be a percentage of the Starting Value (as defined in “Summary”). At maturity, if the Ending Value (as defined in “Summary”) is less than the Starting Value or, in the case of notes with a Buffer or Barrier, the Threshold Value, you will lose all or a significant portion of the principal amount of your notes. If the Ending Value is greater than or equal to the Starting Value (or, in the case of notes with a Buffer or Barrier, the Threshold Value), in addition to any final coupon payment, if payable, you will receive the principal amount per unit.

- This product supplement describes the general terms of the notes, the risk factors to consider before investing, the general manner in which they may be offered and sold, and other relevant information.

- For each offering of the notes we will provide you with a pricing supplement (which we refer to as a “term sheet”) that will describe the specific terms of that offering, including the specific Market Measure, the relevant Call Feature, Coupon Feature and Threshold Value, as applicable, and certain related risk factors. The term sheet will identify, if applicable, any additions or changes to the terms specified in this product supplement.

- The notes will be issued in denominations of whole units. Unless otherwise set forth in the applicable term sheet, each unit will have a principal amount of $10.00. Unless otherwise set forth in the applicable term sheet, the minimum number of units that you must purchase is 25,000 units.

- Unless otherwise specified in the applicable term sheet, the notes will not be listed on a securities exchange or quotation system.

- BofA Securities, Inc. (“BofAS”) and one or more of its affiliates may act as our agents to offer the notes, and BofAS will act in a principal capacity in such role.

The notes offered hereunder are not deposit liabilities of a bank, are not insured by the Federal Deposit Insurance Corporation (the “FDIC”) or any other governmental agency of the United States, or any other jurisdiction, and carry investment risks, including possible loss of the amount invested due to the credit risk of HSBC. The notes are not obligations of the Issuer’s parent, HSBC USA Inc. Potential purchasers of the notes should consider the information in “Risk Factors” beginning on page PS-9 of this product supplement and page 11 of the accompanying offering circular. You may lose all or a significant portion of your investment in the notes.

The notes will initially be offered and sold in reliance on an exemption from registration under the United States Securities Act of 1933 (the “Securities Act”), provided by Section 3(a)(2) thereof. The notes will not be, and are not required to be, registered with the Office of the Comptroller of the Currency (the “OCC”) or with the Securities and Exchange Commission (the “SEC”) under the Securities Act. Accordingly, the notes are being offered only to “accredited investors” within the meaning of Rule 501 under the Securities Act and in compliance with an exemption from the registration requirements of the OCC under 12 C.F.R. Part 16.6, and each owner of a beneficial interest in a note will be required to hold such beneficial interest in a minimum principal amount specified herein.

None of the SEC, any state securities commission or the OCC has approved or disapproved of these securities or passed upon the accuracy or the adequacy of this product supplement or the accompanying offering circular. Any representation to the contrary is a criminal offense.

BofA Securities
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The information in this “Summary” section is qualified in its entirety by the more detailed explanation set forth elsewhere in this product supplement and the accompanying offering circular, as well as the applicable term sheet. Neither we nor BofAS have authorized any other person to provide you with any information different from the information set forth in these documents. If anyone provides you with different or inconsistent information about the notes, you should not rely on it.

**Key Terms:**

**General:** The notes are senior global bank notes issued by HSBC, and are not guaranteed or insured by the FDIC, and are not, either directly or indirectly, an obligation of any third party. **As further described in the accompanying offering circular, the notes will rank on par equally with all of the other unsecured and unsubordinated debt obligations of HSBC.** Any payment to be made on the notes, including any return of principal, depends on HSBC's credit risk and the ability of HSBC to satisfy its obligations as they become due.

The return on the notes will be based on the performance of a Market Measure and there is no guaranteed return of principal at maturity. Therefore, you may lose all or a significant portion of your investment if the value of the Market Measure decreases from the Starting Value, or the Threshold Value, if applicable, to the Ending Value.

Each issue of the notes will mature on the date set forth in the applicable term sheet. If applicable, the notes may be called prior to maturity. In addition, the notes will pay coupons on either a contingent or fixed basis.

**Market Measure:**

The Market Measure may consist of one or more of the following:

- U.S. broad-based Indices;
- U.S. sector or style-based Indices;
- non-U.S. or global Indices;
- Underlying Funds; or
- any combination of the above.

The Market Measure may consist of a group, or “Basket,” of the foregoing. We refer to each Index or Underlying Fund included in any Basket as a “Basket Component.” If the Market Measure to which your notes are linked includes a Basket, the Basket Components will be set forth in the applicable term sheet.

The Market Measure may also consist of the “Worst-Performing” of two or more of any of the following types of components: Indices, ETFs and Baskets (the “Worst-Performing Market Measure”). The Worst-Performing Market Measure as of any Coupon Observation Date or Call Observation Date, or at maturity, as applicable, will be the Index, ETF or Basket with the lowest Observation Value or Ending Value, as applicable, as compared to its Starting Value. If your notes are linked to the Worst-Performing Market Measure, references in this product supplemental to “Market Measure” should be read as references to the applicable Worst-Performing Market Measure, and references to Starting Value, Observation Value and Ending Value should be read as references to the same term with respect to the Worst-Performing Market Measure.
Performance:

Index, ETF or Basket from the Starting Value to the Observation Value on such Coupon Observation Date or Call Observation Date, as applicable. The performance of an Index, ETF or Basket at maturity will be measured according to the percentage change of such Index, ETF or Basket from the Starting Value to the Ending Value. This measure of Index, ETF or Basket performance, whether on a Coupon Observation Date, Call Observation Date or at maturity, is referred to as “Market Measure Return”.

The following formula will be used to calculate the Market Measure Return of an Index, ETF or Basket at maturity:

\[
\text{Market Measure Return} = \left( \frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}} \right)
\]

Unless otherwise specified in the applicable term sheet:

In the case of an Index, the “Starting Value” will be the closing level of the Index on the date when the notes are priced for initial sale to investors (the “pricing date”).

In the case of an Underlying Fund, the “Starting Value” will be the Closing Market Price (as defined under “Description of the Notes—The Starting Value, the Observation Value and the Ending Value”) of the Underlying Fund on the pricing date.

In the case of a Basket, the Starting Value will be equal to 100. See “Description of the Notes—Baskets.”

In the case of an Index, the “Observation Value” will be the closing level of the Index on the relevant Coupon Observation Date or Call Observation Date (each as defined below).

In the case of an Underlying Fund, the “Observation Value” will equal the Closing Market Price of the Underlying Fund times the Price Multiplier (defined below) on the relevant Coupon Observation Date or Call Observation Date.

In the case of a Basket, the Observation Value will be determined as described in “Description of the Notes—Baskets—Observation Value or Ending Value of a Basket.”

In the case of an Index, the “Ending Value” will equal the average of the closing levels of the Index on each calculation day during the Maturity Valuation Period.

In the case of an Underlying Fund, the “Ending Value” will equal the average of the Closing Market Prices of the Underlying Fund times the Price Multiplier on each calculation day during the Maturity Valuation Period.

In the case of a Basket, the Ending Value will be determined as described in “Description of the Notes—Baskets—Observation Value or Ending Value of a Basket.”

If a Market Disruption Event (as defined below) occurs and is continuing on a scheduled Coupon Observation Date, Call Observation Date or calculation day or if such day is a non-Market Measure Business Day, the calculation agent will determine the Observation Value or Ending Value, as applicable, as set forth in the section “Description of the Notes—The Starting Value, the Observation Value and the Ending Value” and “—Baskets—Observation Value or Ending Value of the Basket.” For the avoidance of doubt, if your notes are linked to more than one Index or ETF, the occurrence of a Market Disruption Event or non-Market Measure Business Day as to any Index or ETF will not impact any other Index or ETF that is not so affected.

Maturity Valuation:

The period consisting of one or more calculation days shortly before the maturity date. The timing and length of the period will be set forth in the applicable term sheet.
**Period:**

**Price Multiplier:** Unless otherwise set forth in the term sheet, the “Price Multiplier” for each Underlying Fund will be 1, and will be subject to adjustment for certain events relating to an Underlying Fund described below under “Description of the Notes—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds.”

**Call Feature:** The applicable term sheet will indicate the Call Feature applicable to the notes. The following is a summary of the Call Features we may offer on the notes:

- **Issuer Callable Notes:** Notes which are callable by the Issuer in whole prior to maturity. To call the notes, the Issuer will give notice to the Paying Agent at least five business days but not more than 60 calendar days before the applicable Call Payment Date (as defined in “Description of the Notes—Call Feature”). If the notes are called, the Call Payment (as defined in “Description of the Notes—Call Feature”) will be paid on the applicable Call Payment Date and the notes will cease to be outstanding. Issuer Callable Notes will pay Contingent Coupon Payments, Contingent Coupon Payments (with Memory) or Fixed Coupon Payments (each as defined below) during their term. The Issuer Callable Notes may be Buffered Notes or Barrier Notes.

- **Autocallable Notes:** Notes which will be automatically called in whole prior to maturity if the Observation Value of the Market Measure is greater than or equal to its Call Value on any Call Observation Date (each as defined in “Description of the Notes—Call Feature”). If the notes are called, the Call Payment will be paid on the applicable Call Payment Date and the notes will cease to be outstanding. Autocallable Notes will pay Contingent Coupon Payments, Contingent Coupon Payments (with Memory), Snowball Coupon Payments (as defined below) or Fixed Coupon Payments during their term. The Autocallable Notes may be Buffered Notes or Barrier Notes.

**Coupon Feature:** The applicable term sheet will indicate the Coupon Feature applicable to the notes. The following is a summary of the Coupon Features we may offer on the notes:

- **Contingent Coupon Payments:** Contingent Coupon Payments are coupons which are payable if the Observation Value of the Market Measure on the applicable Coupon Observation Date is greater than or equal to its **Coupon Barrier**, which will be a percentage of the Starting Value of the Market Measure. If a Contingent Coupon Payment is payable, it will be paid on the related Coupon Payment Date. The amount of each Contingent Coupon Payment will be specified in the applicable term sheet.

- **Contingent Coupon Payments (with Memory):** Contingent Coupon Payments (with Memory) are coupons which are payable if the Observation Value of the Market Measure on the applicable Coupon Observation Date is greater than or equal to its Coupon Barrier. If a Contingent Coupon Payment is payable, it will be paid on the related Coupon Payment Date. If any Contingent Coupon Payment is not payable on a Coupon Payment Date because the Observation Value of the Market Measure on the applicable Coupon Observation Date is less than its Coupon Barrier, such missed Contingent Coupon Payment(s) will be payable on the next subsequent Coupon Payment Date that a Contingent Coupon Payment is payable with respect to such date, if any. The amount of the Contingent Coupon Payment (with Memory) applicable to a single Coupon Payment Date will be specified in the applicable term sheet.

- **Snowball Coupon Payments:** Snowball Coupon Payments are coupons which are payable only if the notes are automatically called. If a Snowball Coupon Payment is payable, it will be paid on the related Call Payment Date as part of
the Call Payment. The amount of each Snowball Coupon Payment will be specified in the applicable term sheet.

- **Fixed Coupon Payments**: Fixed Coupon Payments are coupons which are payable regardless of the performance of the Market Measure. Fixed Coupon Payments will be paid on each Coupon Payment Date. The amount of each Fixed Coupon Payment will be specified in the applicable term sheet.

We refer to Contingent Coupon Payments, Contingent Coupon Payments (with Memory), Snowball Coupon Payments and Fixed Coupon Payments together as **“Coupons”**.

**Buffer:**

The applicable term sheet may indicate that a **“Buffer”** is applicable to the notes, which will provide limited protection against the downside performance of the Market Measure. The extent of the Buffer will be indicated by the **Threshold Value**, which will be a percentage of the Starting Value of the Market Measure. We refer to notes with a Buffer as **“Buffered Notes”**.

**Barrier:**

The applicable term sheet may indicate that a **“Barrier”** is applicable to the notes, which will provide limited protection against the downside performance of the Market Measure. The extent of the Barrier will be indicated by the Threshold Value. We refer to notes with a Barrier as **“Barrier Notes”**.

**Redemption Amount at Maturity:**

If the notes are not called, at maturity, in addition to any final Coupon, if payable, you will receive a Redemption Amount that is based on the performance of the Market Measure. **Any payments due on the notes, including any repayment of principal, are subject to our credit risk as issuer of the notes. The Redemption Amount will never be less than zero.**

The Redemption Amount will be as follows, unless the applicable term sheet indicates the notes are Buffered Notes or Barrier Notes

```
Is the Ending Value greater than or equal to the Starting Value?

Yes
You will receive the principal amount per unit

No
You will receive per unit:

\[
\text{Principal Amount} - \left[ \text{Principal Amount} \times \left( \frac{\text{Starting Value} - \text{Ending Value}}{\text{Starting Value}} \right) \right]
\]

You will lose some or all of the principal amount of the notes if the Ending Value is less than the Starting Value. Even with any Coupons, the return on the notes could be negative.
For Buffered Notes, the Redemption Amount will be calculated as follows:

```
Is the Ending Value greater than or equal to the Threshold Value?
```

- Yes → You will receive the principal amount per unit
- No → You will receive per unit:

\[
\text{Principal Amount} - \left[ \text{Principal Amount} \times \left( \frac{\text{Threshold Value} - \text{Ending Value}}{\text{Starting Value}} \right) \right] \times \text{Buffer Rate}
\]

The “Buffer Rate” will either be 1 or equal the quotient of the Starting Value divided by the Threshold Value, and will be specified in the applicable term sheet.

You will lose all or a significant portion of the principal amount of the notes if the Ending Value is less than the Threshold Value. Even with any Coupons, the return on the notes could be negative.

For Barrier Notes, the Redemption Amount will be calculated as follows:

```
Is the Ending Value greater than or equal to the Threshold Value?
```

- Yes → You will receive the principal amount per unit
- No → You will receive per unit:

\[
\text{Principal Amount} - \left[ \text{Principal Amount} \times \left( \frac{\text{Starting Value} - \text{Ending Value}}{\text{Starting Value}} \right) \right]
\]

You will lose all or a significant portion of the principal amount of the notes if the Ending Value is less than the Threshold Value. Even with any Coupons, the return on the notes could be negative.

**Calculation Agent:**

The calculation agent will make all determinations associated with the notes. Unless otherwise set forth in the applicable term sheet, we or one or more of our affiliates, acting independently or jointly with BofAS, will act as the calculation agent, or we may appoint BofAS or one of its affiliates to act as calculation agent for the notes. See the section entitled “Description of the Notes—Role of the Calculation Agent.”

**Agents:**

BofAS and one or more of its affiliates will act as our agents, in a principal capacity, in connection with each offering of the notes and will receive an agent’s commission based on the number of units of the notes sold. None of the agents is your fiduciary or advisor solely as a result of the making of any offering of the notes, and you should not rely upon this product supplement, the term sheet, or the accompanying offering.
circular as investment advice or a recommendation to purchase the notes.

**Listing:** Unless otherwise specified in the applicable term sheet, the notes will not be listed on a securities exchange or quotation system.

This product supplement relates only to the notes and does not relate to any Index or Underlying Fund described in any term sheet. You should read carefully the entire offering circular and product supplement, together with the applicable term sheet, to understand fully the terms of your notes, as well as the tax and other considerations important to you in making a decision about whether to invest in any notes. In particular, you should review carefully the sections in this product supplement and the accompanying offering circular entitled “Risk Factors,” which highlight a number of risks of an investment in the notes, to determine whether an investment in the notes is appropriate for you. If information in this product supplement is inconsistent with the offering circular, this product supplement will supersede that document. However, if information in any term sheet is inconsistent with this product supplement, that term sheet will supersede this product supplement.

None of us, the agents or our respective affiliates is making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. This product supplement and the accompanying offering circular are not an offer to sell the notes to anyone and are not soliciting an offer to buy the notes from anyone in any jurisdiction where the offer or sale is not permitted.

Certain capitalized terms used and not defined in this product supplement have the meanings ascribed to them in the offering circular. Unless otherwise indicated or unless the context requires otherwise, all references in this product supplement to “we,” “us,” “our,” or similar references are to HSBC.

You are urged to consult with your own attorneys and business and tax advisors before making a decision to purchase any notes.
RISK FACTORS

You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. You should understand the risks of investing in the notes and should reach an investment decision only after careful consideration with your advisors with respect to the notes in light of your particular financial and other circumstances and the information set forth in the relevant term sheet, this product supplement and the accompanying offering circular.

General Risks Relating to the Notes

Your investment may result in a loss; there is no guaranteed return of principal. There is no fixed principal repayment amount on the notes at maturity. The return on the notes will be based on the performance of a Market Measure and therefore, you may lose all or a significant portion of your investment if the value of the Market Measure decreases from the Starting Value to the Ending Value or, in the case of Buffer Notes or Barrier Notes, the value of the Market Measure decreases from the Starting Value to an Ending Value that is below the Threshold Value. Even with any Coupons, the return on the notes could be negative.

Your return on the notes may be less than the yield on a conventional fixed or floating rate debt security of comparable maturity. Any return that you receive on the notes may be less than the yield on a conventional debt security with the same maturity date. As a result, your investment in the notes may not reflect the full opportunity cost to you when you consider factors, such as inflation, that affect the time value of money. Any Coupon payable on the notes may be less than the yield on a conventional debt security of comparable maturity.

Your investment return will be limited to the return represented by the Coupons, if any, and may be less than a comparable investment directly in the Market Measure or any of its underlying assets. Your investment return will be limited to the return represented by the Coupons, if any, paid over the term of the notes. You will not receive a payment on the notes greater than the principal amount plus any Coupons, regardless of the appreciation of the Market Measure. In contrast, a direct investment in the Market Measure (or any securities, commodities or other assets represented by the Market Measure) would allow you to receive the full benefit of any appreciation in the value of the Market Measure (or those underlying assets).

In addition, unless otherwise set forth in the applicable term sheet and in “Description of the Notes—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds” of this product supplement, the Observation Value or the Ending Value will not reflect the value of dividends paid, or distributions made, on the Market Measure or any of its underlying assets, or any other rights associated with the Market Measure or those underlying assets. Thus, any return on the notes will not reflect the return you would realize if you actually owned the Market Measure or any of its underlying assets.

You may not receive any Coupons. Unless your notes provide a Coupon Feature with Fixed Coupon Payments, you will not necessarily receive any Coupons on the notes. For example, if the Coupon Feature for your notes is Contingent Coupon Payments or Contingent Coupon Payments (with Memory) and the Observation Value is less than the Coupon Barrier on each Coupon Observation Date, you will not receive any coupon payments over the term of the notes. Similarly, if the Coupon Feature for your notes is Snowball Coupon Payments and
the notes are not automatically called prior to maturity, you will not receive any coupon payments over the term of the notes. In these cases, you will not receive a positive return on the notes.

**Reinvestment Risk.** If the notes are called, the term of the notes will be short. In such a case, your ability to receive any Coupons over the term of the notes will be limited. There is no guarantee that you would be able to reinvest the proceeds from an investment in the notes at a comparable return for a similar level of risk in the event the notes are called prior to maturity.

**Payments on the notes are subject to our credit risk, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes.** The notes are senior unsecured debt obligations of the Issuer, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying offering circular, the notes will rank on par with all of the other unsecured and unsubordinated debt obligations of HSBC. Any payment to be made on the notes, including any return of principal at maturity, depends on the ability of HSBC to satisfy its obligations as they become due. As a result, the actual and perceived creditworthiness of HSBC may affect the market value of the notes and, in the event HSBC were to default on its obligations, you may not receive the amounts owed to you under the terms of the notes. Because your return on the notes depends upon factors in addition to HSBC’s ability to pay its obligations, such as the value of the applicable Market Measure, an improvement in HSBC’s credit ratings will not reduce the other investment risks related to the notes.

**The estimated initial value of the notes will be less than the initial issue price and may differ from the market value of the notes in the secondary market, if any.** We will determine the estimated initial value of the notes, which will be set forth in the applicable term sheet, 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. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect. Different pricing models and assumptions could provide valuations for the notes that are different from our estimated initial value. The estimated initial value will reflect our internal funding rate, which is the borrowing rate we pay to issue market-linked notes, as well as the mid-market value of the hedging arrangements related to the notes (which may include call options, put options or other derivatives).

**Our internal funding rate for the issuance of these notes is lower than the rate we would use when we issue conventional fixed or floating rate debt securities.** This is one of the factors that may result in the market value of the notes being less than their estimated initial value. 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 notes may be lower if it were based on the levels 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 notes to be more favorable to you.

**The price of your notes in the secondary market, if any, immediately after the pricing date will be less than the initial issue price.** The initial issue price takes into account certain costs, principally the agent’s commission, the expected hedging costs described in the applicable term sheet, and the costs associated with issuing the notes. The costs associated with issuing the notes will be used or retained by us or one of our affiliates. If you were to sell your notes in the secondary market, if any, the price you would receive for your notes may be less than the price you paid for them.
The estimated initial value does not represent a minimum price at which we, BofAS or any of our respective affiliates would be willing to purchase your notes in the secondary market (if any exists) at any time. The price of your notes in the secondary market, if any, at any time after issuance will vary based on many factors, including the value of the Market Measure and changes in market conditions, and cannot be predicted with accuracy. The notes are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the notes to maturity. Any sale of the notes prior to maturity could result in a loss to you.

The notes are subject to transfer restrictions and are not registered securities. The notes are exempt from the registration requirements of the Securities Act under Section 3(a)(2) thereof. The notes are being offered and sold only to investors that are “accredited investors” within the meaning of Rule 501 of Regulation D under the Securities Act and in compliance with an exemption from the registration requirements of the OCC under 12 C.F.R. Part 16.6. The notes may not be reoffered, resold, pledged or otherwise transferred except to accredited investors in accordance with the foregoing. Each beneficial owner of a global note will be required to hold such beneficial interest in a principal amount that is equal to or greater than the required minimum amount per order as set forth herein. You may transfer the notes only in whole units and in a minimum amount of 25,000 units. You may not hold less than 25,000 units if you wish to hold any notes after the transfer.

We cannot assure you that there will be a trading market for your notes. If a secondary market exists, we cannot predict how the notes will trade, or whether that market will be liquid or illiquid. The development of a trading market for the notes will depend on various factors, including our financial performance and changes in the value of the Market Measure. The number of potential buyers of your notes in any secondary market may be limited. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.

We anticipate that one or more of the agents or their affiliates will act as a market-maker for the notes, but none of them is required to do so and may cease to do so at any time. Any price at which an agent or its affiliates may bid for, offer, purchase, or sell any notes may be higher or lower than the applicable initial issue price, and that price may differ from the values determined by pricing models that it may use, whether as a result of dealer discounts, mark-ups, or other transaction costs. These bids, offers, or transactions may adversely affect the prices, if any, at which the notes might otherwise trade in the market. In addition, if at any time any entity were to cease acting as a market-maker for any issue of the notes, it is likely that there would be significantly less liquidity in that secondary market. In such a case, the price at which those notes could be sold likely would be lower than if an active market existed.

Unless otherwise stated in the term sheet, we will not list the notes on any securities exchange or quotation system. Even if an application were made to list your notes, we cannot assure you that the application will be approved or that your notes will be listed and, if listed, that they will remain listed for their entire term. The listing of the notes on any securities exchange or quotation system will not necessarily ensure that a trading market will develop, and if a trading market does develop, that there will be liquidity in the trading market.

Payments on the notes will not reflect changes in the value of the Market Measure other than on the Coupon Observation Dates, the Call Observation Dates or during the Maturity Valuation Period. Changes in the value of the Market Measure during the term of the notes other than on the Coupon Observation Dates, the Call Observation Dates or during the Maturity Valuation Period will not be reflected in the determinations with respect to Coupons or whether the notes will be automatically called or in the calculation of the Redemption Amount. To make these determinations and calculations, the calculation agent will refer only to the value of the Market Measure on the Coupon Observation Dates, the Call
Observations Dates or the calculation days during the Maturity Valuation Period. As a result, even if the value of the Market Measure has increased at certain times during the term of the notes, you will not receive any Contingent Coupon Payments or Contingent Coupon Payments (with Memory) if the Observation Value on each Coupon Observation Date is less than its Coupon Barrier, your notes will not be called if the Observation Value on each Call Observation Date is less than its Call Value, and you will receive a Redemption Amount that is less than the principal amount if the Ending Value is less than the Starting Value (or, in the case of Buffer Notes or Barrier Notes, the Threshold Value). In addition, if the Maturity Valuation Period for the notes consists of two or more scheduled calculation days, the Ending Value may be less than the value of the Market Measure on any particular calculation day.

A higher coupon rate or lower Coupon Barrier or Threshold Value is generally associated with a Market Measure with greater expected volatility and therefore can indicate a greater risk of loss. “Volatility” refers to the frequency and magnitude of changes in the value of the Market Measure. The greater the expected volatility with respect to the Market Measure on the pricing date, the higher the expectation as of the pricing date that the value of the Market Measure on the relevant Coupon Observation Dates, the Call Observation Dates or the calculation day during the Maturity Valuation Period could close below the Starting Value, the Call Value, the Coupon Barrier or the Threshold Value, as applicable, indicating a higher expected risk of loss on the notes. This greater expected risk will generally be reflected in a higher coupon rate than the yield payable on our conventional debt securities with a similar maturity, or in more favorable terms (such as a higher coupon rate or lower Coupon Barrier or Threshold Value) than for similar securities linked to the performance of a Market Measure with a lower expected volatility as of the pricing date. You should therefore understand that a relatively higher coupon rate may indicate an increased risk of loss. Further, a relatively lower Coupon Barrier or Threshold Value may not necessarily indicate that the notes have a greater likelihood of payments of Contingent Coupon Payments during the term of the notes or repayment of principal at maturity. The volatility of the Market Measure can change significantly over the term of the notes. The value of the Market Measure for your notes could fall sharply, which could adversely affect the return on the notes.

If your notes are linked to a Basket, changes in the values of one or more of the Basket Components may be offset by changes in the values of one or more of the other Basket Components. The Market Measure of your notes may include a Basket. In such a case, changes in the values of one or more of the Basket Components may not correlate with changes in the values of one or more of the other Basket Components. The values of one or more Basket Components may increase, while the values of one or more of the other Basket Components may decrease or not increase as much. Therefore, in calculating the value of the Basket at any time, increases in the value of one Basket Component may be moderated or wholly offset by decreases or lesser increases in the values of one or more of the other Basket Components. If the weightings of the applicable Basket Components are not equal, adverse changes in the values of the Basket Components which are more heavily weighted could have a greater impact upon the value of the Basket and, consequently, the return on your notes.

If your notes are linked to the Worst-Performing of two or more Indices, ETFs or Baskets, the notes will be subject to the risks of each Index, ETF or Basket, not a basket composed of the foregoing, and will be negatively affected if the value of any Index, ETF or Basket decreases below its Starting Value, Call Value, Coupon Barrier or Threshold Value, as applicable, even if the value of any other Index, ETF or Basket does not. If your notes are linked to the Worst-Performing of two or more Indices, ETFs or Baskets (the “Worst-Performing Notes”), you will be subject to the risks associated with each Index, ETF or Basket. The notes will not be linked to a basket composed of the Indices, ETFs or Baskets, where the depreciation in the value of one Index, ETF or Basket could be offset to some extent by the appreciation in the value of the other Index, ETF or Basket. In this case, the individual performance of each Index, ETF or Basket would not be combined, and the depreciation in the
value of one Index, ETF or Basket would not be offset by any appreciation in the value of the other Index, ETF or Basket. For example, for notes where the Coupon Feature is Contingent Coupon Payments, even if the Observation Value of an Index, ETF or Basket is at or above its Coupon Barrier on a Coupon Observation Date, you will not receive a Contingent Coupon Payment with respect to that Coupon Observation Date if the Observation Value of another Index, ETF or Basket is below its Coupon Barrier on that day. In addition, even if the Ending Value of an Index, ETF or Basket is at or above its Starting Value, you will lose a portion of your principal if the Ending Value of another Index, ETF or Basket is below its Starting Value (or, in the case of Buffered Notes or Barrier Notes, its Threshold Value). The same analysis is true with respect to all determinations to be made for the Worst-Performing Notes.

**If your notes are Worst-Performing Notes, you will not benefit in any way from the performance of the better performing Index, ETF or Basket.** If your notes are Worst-Performing Notes, the return on the notes will depend solely on the performance of the Worst-Performing Index, ETF or Basket, and you will not benefit in any way from the performance of the better performing Index, ETF or Basket. The notes may underperform a similar investment in each of the Indices, ETFs or Baskets or a similar alternative investment linked to a basket composed of the Indices, ETFs or Baskets. In either such case, the performance of the better performing Index, ETF or Basket would be blended with the performance of the Worst-Performing Index, ETF or Basket, resulting in a potentially better return than what you would receive on the notes.

If your notes are Worst-Performing Notes, it is more likely that you will not receive a positive return on the notes and will lose some or all of your investment. With two Indices, ETFs or Baskets, it is more likely that the value of one Index, ETF or Basket will close below its Starting Value, Call Value, Coupon Barrier or Threshold Value, as applicable, on each relevant date during the term of the notes than if the notes were linked to only one of the Indices, ETFs or Baskets. In this case, you would not receive a positive return on the notes, would lose some or all of your investment and would not benefit from the return of the other Index, ETF or Basket.

**If your notes are Worst-Performing Notes, you will be subject to risks relating to the relationship between the Indices, ETFs or Baskets.** By investing in Worst-Performing Notes, you assume the risk that the Indices, ETFs or Baskets may not exhibit a positive correlation (i.e., a tendency for their values to increase or decrease at similar times and by similar magnitudes). The less correlated the Indices, ETFs or Baskets, the more likely it is that the value of one Index, ETF or Basket will close below its Starting Value, Call Value, Coupon Barrier or Threshold Value, as applicable, on each relevant date during the term of the notes. In this case, you would not receive a positive return on the notes, would lose some or all of your investment, and the performance of the better performing Index, ETF or Basket would not be relevant to your return on the notes. It is impossible to predict what the relationship between the Indices, ETFs or Baskets will be over the term of the notes.

**Exchange rate movements may adversely impact the value of the notes.** If any security or commodity represented by a Market Measure is traded in a currency other than U.S. dollars and, for purposes of calculating the value of the Market Measure, is converted into U.S. dollars, then the value of the Market Measure may depend in part on the relevant exchange rates. If the value of the U.S. dollar strengthens against the currencies of those underlying assets, the value of the applicable Market Measure may be adversely affected. In that case, the Observation Value may not be greater than or equal to the Coupon Barrier or the Call Value on any Coupon Observation Date or Call Observation Date, and the Ending Value may not be greater than or equal to the Starting Value or the Threshold Value, if applicable. Therefore, a Coupon may not be payable for the relevant Coupon Payment Date, your notes may not be called and the Redemption Amount may be less than the principal amount. Exchange rate movements may be particularly impacted by existing and expected rates of
inflation and interest rate levels; political, civil or military unrest; the balance of payments between countries; and the extent of governmental surpluses or deficits in the relevant countries and the United States. All of these factors are in turn sensitive to the monetary, fiscal, and trade policies pursued by the governments of those countries and the United States and other countries important to international trade and finance.

If you attempt to sell the notes prior to maturity, their market value, if any, will be affected by various factors that interrelate in complex ways, and their market value may be less than the principal amount. The notes are not designed to be short-term trading instruments. The limited protection against the risk of losses provided by the Threshold Value, if applicable, will only apply if you hold the notes to maturity. You have no right to have your notes redeemed at your option prior to maturity. If you wish to liquidate your investment in the notes prior to maturity, your only option would be to sell them. At that time, there may be an illiquid market for your notes or no market at all. Even if you were able to sell your notes, there are many factors outside of our control that may affect their market value, some of which, but not all, are stated below. These factors may interact with each other in complex and unpredictable ways, and the impact of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe a specific factor’s expected impact on the market value of the notes, assuming all other conditions remain constant.

- **Value of the Market Measure.** We anticipate that the market value of the notes prior to maturity generally will depend to a significant extent on the value of the Market Measure. In general, it is expected that the market value of the notes will decrease as the value of the Market Measure decreases. However, as the value of the Market Measure increases, the market value of the notes may decrease or may not increase at the same rate. If you sell your notes when the value of the Market Measure is less than, or not sufficiently above, the applicable Starting Value, then you may receive less than the principal amount of your notes.

In addition, we do not expect that the notes will trade in any secondary market at a price that is greater than the sum of the principal amount and the value of any expected remaining Coupons.

- **Volatility of the Market Measure.** Volatility is the term used to describe the size and frequency of market fluctuations. The volatility of the Market Measure during the term of the notes may vary. In addition, an unsettled international environment and related uncertainties may result in greater market volatility, which may continue over the term of the notes. Increases or decreases in the volatility of the Market Measure may have an adverse impact on the market value of the notes. Even if the value of the Market Measure increases after the applicable pricing date, if you are able to sell your notes before their maturity date, you may receive substantially less than the amount that would be payable upon a call or at maturity based on that value because of the anticipation that the value of the Market Measure will continue to fluctuate until the notes are called or the Ending Value is determined.

- **Economic and Other Conditions Generally.** The general economic conditions of the capital markets in the United States, as well as geopolitical conditions and other financial, political, regulatory, and judicial events and related uncertainties that affect stock markets generally, may adversely affect the value of the Market Measure and the market value of the notes. If the Market Measure includes one or more Underlying Funds or Indices that represent securities, commodities or other assets traded in one or more non-U.S. markets (a “non-U.S. Market Measure”), the value of your notes may also be adversely affected by similar events in the markets of the relevant foreign countries.

- **Interest Rates.** We expect that changes in interest rates will affect the market value of
the notes. In general, if U.S. interest rates increase, we expect that the market value of the notes will decrease. In general, we expect that the longer the amount of time that remains until maturity, the more significant the impact of these changes will be on the value of the notes. In the case of non-U.S. Market Measures, the level of interest rates in the relevant foreign countries may also affect their economies and, in turn, the value of the non-U.S. Market Measure, and, thus, the market value of the notes may be adversely affected.

• **Dividend Yields.** In general, if the cumulative dividend yields on the securities included in the Market Measure increase, we anticipate that the market value of the notes will decrease.

• **Exchange Rate Movements and Volatility.** If the Market Measure of your notes includes any non-U.S. Market Measures, changes in, and the volatility of, the exchange rates between the U.S. dollar and the relevant non-U.S. currency or currencies could have an adverse impact on the value of your notes, and the payments on the notes may depend in part on the relevant exchange rates. In addition, the correlation between the relevant exchange rate and any applicable non-U.S. Market Measure reflects the extent to which a percentage change in that exchange rate corresponds to a percentage change in the applicable non-U.S. Market Measure, and changes in these correlations may have an adverse impact on the value of your notes.

• **Our Financial Condition and Creditworthiness.** Our perceived creditworthiness, including any increases in the spread between the yield on our securities and the yield on U.S. Treasury securities (the “credit spread”) and any actual or anticipated decreases in our credit ratings, may adversely affect the market value of the notes. In general, we expect the longer the amount of time that remains until maturity, the more significant the impact will be on the value of the notes. However, a decrease in our credit spreads or an improvement in our credit ratings will not necessarily increase the market value of the notes.

• **Time to Maturity or the Next Call Observation Date.** There may be a disparity between the market value of the notes prior to maturity or prior to a Call Observation Date and their value at maturity or as of the next Call Observation Date. This disparity is often called a time “value,” “premium,” or “discount,” and reflects expectations concerning the value of the Market Measure prior to the maturity date. As the time to maturity or the next Call Observation Date decreases, this disparity may decrease, such that the value of the notes will approach the expected Redemption Amount to be paid at maturity or the Call Payment to be paid at the next Call Payment Date.

**Trading and hedging activities by us, the agents, and our respective affiliates may affect your return on the notes and their market value.** We, the agents, and our respective affiliates may buy or sell the Market Measure, any of its underlying assets, futures, options contracts or exchange-traded instruments on the Market Measure or any of its underlying assets, or other listed or over-the-counter derivative instruments whose value is derived from the Market Measure or any of its underlying assets. We, the agents, and our respective affiliates may execute such purchases or sales for our own or their own accounts, for business reasons, or in connection with hedging our obligations under the notes. These transactions could adversely affect the value of a Market Measure in a manner that could be adverse to your investment in the notes. On or before the applicable pricing date, any purchases or sales by us, the agents, and our respective affiliates, or others on our or their behalf (including those for the purpose of hedging some or all of our anticipated exposure in connection with the notes) may increase the value of the Market Measure. Consequently, the values of that Market Measure may decrease subsequent to the pricing date of an issue of the notes, which may adversely affect the market value of the notes.
We, the agents, or one or more of our respective affiliates may also engage in hedging activities that could increase the value of the Market Measure on the applicable pricing date. In addition, these activities may decrease the market value of your notes prior to maturity, including on each Coupon Observation Date and Call Observation Date and during the Maturity Valuation Period, and may adversely affect the payments on the notes. We, the agents, or one or more of our respective affiliates may purchase or otherwise acquire a long or short position in the notes and may hold or resell the notes. For example, the agents may enter into these transactions in connection with any market making activities in which they engage. We cannot assure you that these activities will not adversely affect the value of the Market Measure, the market value of your notes prior to maturity, or the payments on the notes.

Our trading, hedging and other business activities, and those of the agents or one or more of our respective affiliates, may create conflicts of interest with you. We, the agents, or one or more of our respective affiliates may engage in trading activities related to the Market Measure and any underlying assets that are not for your account or on your behalf. We, the agents, or one or more of our respective affiliates also may issue or underwrite other financial instruments with returns based upon the applicable Market Measure. These trading and other business activities may present a conflict of interest between your interest in the notes and the interests we, the agents and our respective affiliates may have in our proprietary accounts, in facilitating transactions, including block trades, for our or their other customers, and in accounts under our or their management. These trading and other business activities, if they influence the value of the Market Measure or secondary trading in your notes, could be adverse to your interests as a beneficial owner of the notes.

We, the agents, and our respective affiliates expect to enter into arrangements or adjust or close out existing transactions to hedge our obligations under the notes. We, the agents, or our respective affiliates also may enter into hedging transactions relating to other securities or instruments that we or they issue, some of which may have returns calculated in a manner related to that of a particular issue of the notes. We may enter into such hedging arrangements with one or more of our subsidiaries or affiliates, or with one or more of the agents or their affiliates. Such a party may enter into additional hedging transactions with other parties relating to the notes and the applicable Market Measure. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but could also result in a loss. We, the agents, and our respective affiliates will price these hedging transactions with the intent to realize a profit, regardless of whether the value of the notes increases or decreases, whether the notes will be automatically called, or whether the Redemption Amount on the notes is more or less than the principal amount of the notes. Any profit in connection with such hedging activities will be in addition to any other compensation that we, the agents, and our respective affiliates receive for the sale of the notes, which creates an additional incentive to sell the notes to you.

There may be potential conflicts of interest involving the calculation agent. We may appoint and remove the calculation agent. We or one of our affiliates may be the calculation agent or act as joint calculation agent for the notes and, as such, will determine the Starting Value, the Price Multiplier, the Observation Value, the Ending Value, whether the Coupons are payable, whether the notes will be called and the Redemption Amount. Under some circumstances, these duties could result in a conflict of interest between our status as issuer and our responsibilities as calculation agent. These conflicts could occur, for instance, in connection with the calculation agent’s determination as to whether a Market Disruption Event has occurred, or in connection with judgments that the calculation agent would be required to make if the publication of a Market Measure is discontinued or certain events occur with respect to any Underlying Fund. See the sections entitled “Description of the Notes—Market Disruption Events,” “—Adjustments to an Index,” “—Discontinuance of an Index” and “—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds.”
calculation agent will be required to carry out its duties in good faith and using its reasonable judgment. However, because we may serve as the calculation agent, potential conflicts of interest could arise. None of us, the agents, or any of our respective affiliates will have any obligation to consider your interests as a holder of the notes in taking any action that might affect the value of the notes.

In addition, we may appoint BofAS or one of its affiliates to act as the calculation agent or as joint calculation agent for the notes. As the calculation agent or joint calculation agent, BofAS or one of its affiliates will have discretion in making various determinations that affect your notes. The exercise of this discretion by the calculation agent could adversely affect the value of your notes and may present the calculation agent with a conflict of interest of the kind described under “—Trading and hedging activities by us, the agents, and our respective affiliates may affect your return on the notes and their market value” and “—Our trading, hedging and other business activities, and those of the agents or one or more of our respective affiliates, may create conflicts of interest with you” above.

The notes are not insured or guaranteed by any governmental agency of the United States or any other jurisdiction. The notes are not deposit liabilities of a bank and are not insured or guaranteed by the FDIC or any other governmental agency or program of the United States or any other jurisdiction. An investment in the notes is subject to the credit risk of HSBC, and in the event that HSBC is unable to pay its obligations as they become due, you may not receive the full payments due on the notes.

The U.S. federal income tax consequences of an investment in the notes are uncertain, and may be adverse to a holder of the notes. No statutory, judicial, or administrative authority directly addresses the characterization of the notes or securities similar to the notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the notes are not certain. Under the terms of the notes, you will have agreed with us to treat the notes as income-bearing pre-paid executory contracts or as pre-paid executory contracts, as described under “Certain U.S. Federal Income Tax Considerations.” If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative characterization for the notes, the timing and character of gain or loss with respect to the notes may differ. No ruling will be requested from the IRS with respect to the notes and no assurance can be given that the IRS will agree with the statements made in the section entitled “Certain U.S. Federal Income Tax Considerations.”

YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISOR REGARDING ALL ASPECTS OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF INVESTING IN THE NOTES.

Risks Relating to the Market Measures

No sponsor, publisher, or investment advisor of an Underlying Fund or an Index (each a “Market Measure Publisher”) will have any obligations relating to the notes. No Market Measure Publisher will have any financial or legal obligation with respect to the notes or the amounts to be paid to you, including any obligation to take our needs or the needs of noteholders into consideration for any reason, including taking any actions that might affect the value of the Market Measure or the value of the notes. No Market Measure Publisher will receive any of the proceeds from any offering of the notes, and no Market Measure Publisher will be responsible for, or participate in, the offering of the notes. No Market Measure Publisher will be responsible for, or participate in, the determination or calculation of the amount receivable by holders of the notes.

Neither we nor any agent has made any independent investigation as to the completeness or accuracy of publicly available information regarding any Market Measure or as
to the future performance of any Market Measure. Any prospective purchaser of the notes should undertake such independent investigation of any Market Measure as in its judgment is appropriate to make an informed decision with respect to an investment in the notes.

You must rely on your own evaluation of the merits of an investment linked to the applicable Market Measure. In the ordinary course of business, we, the agents, and our respective affiliates may have expressed views on expected movements in a Market Measure, any underlying asset or any Index underlying an Underlying Fund (an “Underlying Index”), and may do so in the future. These views or reports may be communicated to our clients and clients of these entities. However, these views are subject to change from time to time. Moreover, other professionals who deal in markets relating to a Market Measure may at any time have significantly different views from our views and the views of these entities. For these reasons, you are encouraged to derive information concerning a Market Measure from multiple sources, and you should not rely on our views or the views expressed by these entities.

As a noteholder, you will have no rights to receive the Market Measure or any of its underlying assets, and you will not be entitled to receive securities, dividends or other distributions by the Market Measure or the issuers of the securities represented by the Market Measure. The notes are our debt securities. They are not equity instruments, shares of stock, or securities of any other issuer. Investing in the notes will not make you a holder of the Market Measure or any of its underlying assets. You will not have any voting rights, any rights to receive dividends or other distributions, any rights against a Market Measure Publisher, or any other rights with respect to the Market Measure or any of its underlying assets. As a result, the return on your notes may not reflect the return you would realize if you actually owned the Market Measure or any of its underlying assets and received the dividends paid or other distributions made in connection with them. Additionally, the values of Indices and equity-based Underlying Funds reflect only the prices of the securities included in those Indices or Underlying Funds and do not take into consideration the value of dividends paid on those securities. Your notes will be paid in cash and you have no right to receive the Market Measure or any of its underlying assets.

If the Market Measure to which your notes are linked includes equity securities traded on foreign exchanges, your return may be affected by factors affecting international securities markets. The value of securities traded outside of the U.S. may be adversely affected by a variety of factors relating to the relevant securities markets. Factors which could affect those markets, and therefore the return on your notes, include:

- **Market Liquidity and Volatility.** The relevant foreign securities markets may be less liquid and/or more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets.

- **Political, Economic, and Other Factors.** The prices and performance of securities of companies in foreign countries may be affected by political, economic, financial, and social factors in those regions. Direct or indirect government intervention to stabilize a particular securities market and cross-shareholdings in companies in the relevant foreign markets may affect prices and the volume of trading in those markets. In addition, recent or future changes in government, economic, and fiscal policies in the relevant jurisdictions, the possible imposition of, or changes in, currency exchange laws, or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could adversely affect the relevant securities markets. The relevant foreign economies may differ from the U.S. economy in economic factors such as growth of gross national product, rate of inflation, capital reinvestment, resources, and self-sufficiency.
In particular, many emerging nations are undergoing rapid change, involving the restructuring of economic, political, financial and legal systems. Regulatory and tax environments may be subject to change without review or appeal, and many emerging markets suffer from underdevelopment of capital markets and tax systems. In addition, in some of these nations, issuers of the relevant securities face the threat of expropriation of their assets, and/or nationalization of their businesses. The economic and financial data about some of these countries may be unreliable.

- **Publicly Available Information.** There is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the SEC. In addition, accounting, auditing, and financial reporting standards and requirements in foreign countries differ from those applicable to U.S. reporting companies.

**Unless otherwise set forth in the applicable term sheet, we and the agents do not control any company included in any Market Measure and have not verified any disclosure made by any other company.** We, the agents, or our respective affiliates currently, or in the future, may engage in business with companies included in a Market Measure, and we, the agents, or our respective affiliates may from time to time own securities of companies included in a Market Measure. However, none of us, the agents, or any of our respective affiliates has the ability to control the actions of any of these companies or has undertaken any independent review of, or made any due diligence inquiry with respect to, any of these companies, unless (and only to the extent that) the securities of us, the agents, or our respective affiliates are represented by that Market Measure. In addition, unless otherwise set forth in the applicable term sheet, none of us, the agents, or any of our respective affiliates is responsible for the calculation of any Index or Underlying Fund, or any Underlying Index. Unless otherwise specified therein, any information in the term sheet regarding the Market Measure is derived from publicly available information. You should make your own investigation into the Market Measure.

Unless otherwise set forth in the applicable term sheet, none of the Market Measure Publishers, their affiliates, or any companies included in the Market Measure will be involved in any offering of the notes or will have any obligation of any sort with respect to the notes. As a result, none of those companies will have any obligation to take your interests as holders of the notes into consideration for any reason, including taking any corporate actions that might adversely affect the value of the securities represented by the Market Measure or the value of the notes.

**Our business activities and those of the agents relating to the companies represented by a Market Measure or the notes may create conflicts of interest with you.** We, the agents, and our respective affiliates, at the time of any offering of the notes or in the future, may engage in business with the companies represented by the Market Measure, including making loans to, equity investments in, or providing investment banking, asset management, or other services to those companies, their affiliates, and their competitors. In connection with these activities, any of these entities may receive information about those companies that we will not divulge to you or other third parties. We, the agents, and our respective affiliates have published, and in the future may publish, research reports on one or more of these companies. The agents may also publish research reports relating to our or our affiliates’ securities, including the notes. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding your notes. Any of these activities may adversely affect the value of the Market Measure and, consequently, the market value of your notes. None of us, the agents, or our respective affiliates makes any representation to any purchasers of the notes regarding any matters whatsoever relating to the issuers of the securities included in a Market Measure. Any prospective purchaser of the notes should undertake an independent investigation of the
companies included in the Market Measure to a level that, in its judgment, is appropriate to make an informed decision regarding an investment in the notes. The composition of the Market Measure does not reflect any investment recommendations from us, the agents, or our respective affiliates.

The respective publishers of the applicable Indices may adjust those Indices in a way that affects their levels, and these publishers have no obligation to consider your interests. Unless otherwise specified in the term sheet, we, the agent and our respective affiliates have no affiliation with the publisher of each Index to which your notes are linked (each, an “Index Publisher”). Consequently, we have no control of the actions of any Index Publisher. The Index Publisher can add, delete, or substitute the components included in that Index or make other methodological changes that could change its level. A new security included in an Index may perform significantly better or worse than the replaced security, and the performance will impact the level of the applicable Index. Additionally, an Index Publisher may alter, discontinue, or suspend calculation or dissemination of an Index. Any of these actions could adversely affect the value of your notes. The Index Publishers will have no obligation to consider your interests in calculating or revising any Index.

Additional Risks Relating to Underlying Funds

There are liquidity and management risks associated with an Underlying Fund. Although shares of an Underlying Fund will be listed for trading on a securities exchange and a number of similar products have been traded on various exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of that Underlying Fund or that there will be liquidity in the trading market.

Underlying Funds are subject to management risk, which is the risk that the investment adviser’s investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

The respective Market Measure Publisher may adjust the Underlying Fund or the Underlying Index in a way that affects its value, and they have no obligation to consider your interests. A Market Measure Publisher can change the investment policies of the applicable Underlying Fund or the policies concerning the calculation of the applicable Underlying Fund’s net asset value, or add, delete, or substitute the underlying assets held by the Underlying Fund or the components included in an Underlying Index, as the case may be, or make other methodological changes that could change the value of that Underlying Fund or Underlying Index. Additionally, a Market Measure Publisher may alter, discontinue, or suspend calculation or dissemination of the price of its Underlying Fund, the net asset value of its Underlying Fund, or the level of its Underlying Index, as the case may be. Any of these actions could adversely affect the value of your notes. This could also result in the early redemption of your notes. See “Description of the Notes—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds—Discontinuance of or Material Change to an Underlying Fund.” The Market Measure Publishers will have no obligation to consider your interests in calculating or revising any Underlying Fund or Underlying Index.

Risks associated with the applicable Underlying Index, or underlying assets of an Underlying Fund, will affect the price of that Underlying Fund and hence, the value of the notes. An Underlying Fund is a fund which may hold a variety of underlying assets, including stocks, bonds, commodities or derivative instruments, and which performance may be designed to track the performance of an Underlying Index. While the notes are linked to an Underlying Fund and not to its underlying assets or Underlying Index, risks associated with its underlying assets or Underlying Index will affect the share price of that Underlying Fund and hence the value of the notes. Some of the risks that relate to an Underlying Index include
those discussed below in this product supplement in relation to equity based- and commodity-based Underlying Funds, which you should review before investing in the notes.

The performance of an Underlying Fund may not correlate with the performance of its Underlying Index as well as the net asset value per share of the Underlying Fund, especially during periods of market volatility. If an Underlying Fund is designed to track the performance of an Underlying Index, the performance of the Underlying Fund and that of its Underlying Index generally will vary due to, for example, transaction costs, management fees, certain corporate actions, and timing variances. Moreover, it is also possible that the performance of an Underlying Fund may not fully replicate or may, in certain circumstances, diverge significantly from the performance of its Underlying Index. This could be due to, for example, the Underlying Fund not holding all or substantially all of the underlying assets included in the Underlying Index and/or holding assets that are not included in the Underlying Index, the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments held by the Underlying Fund, differences in trading hours between the Underlying Fund (or the underlying assets held by the Underlying Fund) and the Underlying Index, or due to other circumstances. This variation in performance is called the “tracking error,” and, at times, the tracking error may be significant.

In addition, because the shares of an Underlying Fund are traded on a securities exchange and are subject to market supply and investor demand, the market price of one share of the Underlying Fund may differ from its net asset value per share; shares of the Underlying Fund may trade at, above, or below its net asset value per share.

During periods of market volatility, securities held by an Underlying Fund may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the Underlying Fund and the liquidity of the Underlying Fund may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the Underlying Fund. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the Underlying Fund. As a result, under these circumstances, the market value of shares of the Underlying Fund may vary substantially from the net asset value per share of the Underlying Fund.

For the foregoing reasons, the performance of an Underlying Fund may not match the performance of its Underlying Index over the same period. Because of this variance, the return on the notes to the extent dependent on the performance of the Underlying Fund may not be the same as an investment directly in the securities, commodities, or other assets included in the Underlying Index or the same as a debt security with a return linked to the performance of the Underlying Index.

If an Underlying Fund holds underlying assets traded on foreign exchanges, time zone differences may create discrepancies between the values of those underlying assets and the value of the notes. As a result of the time zone difference, if applicable, between the cities where the underlying assets held by an Underlying Fund trade and the cities in which shares of that Underlying Fund are traded, there may be discrepancies between the values of the relevant underlying assets and the trading prices of that Underlying Fund. In addition, there may be periods when the foreign exchange markets are closed for trading (for example during holidays in a country other than the United States) that may result in the values of the relevant non-U.S. underlying assets remaining unchanged for multiple Market Measure Business Days in the locations where the notes (or any related Underlying Fund) trade. Conversely, there may be periods in which the foreign exchange markets are open, but the securities markets in which the notes (or any related Underlying Fund) trade are closed.
The payment on the notes will not be adjusted for all events that could affect an Underlying Fund. The Price Multiplier(s), each Observation Value, the Ending Value, the amount payable on the notes, and other terms of the notes may be adjusted for the specified events affecting any Underlying Fund, as described in the section entitled “Description of the Notes—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds.” However, these adjustments do not cover all events that could affect the market price of an Underlying Fund. The occurrence of any event that does not require the calculation agent to adjust the applicable Price Multiplier or the amount paid to you at maturity or upon a call may adversely affect the Closing Market Price of any Underlying Fund, each Observation Value, the Ending Value and the amount payable upon a call or at maturity, and, as a result, the market value of the notes.

Risks Relating to Equity-Based Underlying Funds

If an Underlying Fund holds equity securities traded on foreign exchanges, your return may be affected by factors affecting international securities markets. The value of securities traded outside of the U.S. may be adversely affected by a variety of factors relating to the relevant securities markets. Factors which could affect those markets, and therefore the return on your notes, include:

- **Market Volatility.** The relevant foreign securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets.

- **Political, Economic, and Other Factors.** The prices and performance of securities of companies in foreign countries may be affected by political, economic, financial, and social factors in those regions. Direct or indirect government intervention to stabilize a particular securities market and cross-shareholdings in companies in the relevant foreign markets may affect prices and the volume of trading in those markets. In addition, recent or future changes in government, economic, and fiscal policies in the relevant jurisdictions, the possible imposition of, or changes in, currency exchange laws, or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could negatively affect the relevant securities markets. The relevant foreign economies may differ from the U.S. economy in economic factors such as growth of gross national product, rate of inflation, capital reinvestment, resources, and self-sufficiency.

In particular, many emerging nations are undergoing rapid change, involving the restructuring of economic, political, financial and legal systems. Regulatory and tax environments may be subject to change without review or appeal, and many emerging markets suffer from underdevelopment of capital markets and tax systems. In addition, in some of these nations, issuers of the relevant securities face the threat of expropriation of their assets, and/or nationalization of their businesses. The economic and financial data about some of these countries may be unreliable.

- **Publicly Available Information.** There is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the SEC. In addition, accounting, auditing, and financial reporting standards and requirements in foreign countries differ from those applicable to U.S. reporting companies.
Risks Relating to Commodity-Based Underlying Funds

The prices of commodities held by an Underlying Fund may change unpredictably, affecting the value of your notes in unforeseeable ways. Trading in commodities and futures contracts is speculative and can be extremely volatile. Their market prices may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; trends in agriculture; trade, fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease, pestilence and technological developments; changes in interest rates, whether through governmental action or market movements; currency exchange rates; volatility from speculative activities; the development, availability and/or decrease in price of substitutes; monetary and other governmental policies, action and inaction; macroeconomic or geopolitical and military events, including political instability in some oil-producing countries or other countries in which the production of particular commodities may be concentrated; and natural or nuclear disasters. These factors may affect the value of an Underlying Fund in varying ways, and different factors may cause the levels and volatilities of commodity prices to move in inconsistent directions at inconsistent rates. Additionally, certain Underlying Funds may be concentrated in only a few, or even a single industry (e.g., energy). These Underlying Funds are likely to be more volatile than those that hold a broad base of commodities.

If the liquidity of the components of any Underlying Fund is limited, the value of the notes may be adversely affected. Commodities and derivatives contracts on commodities may be difficult to buy or sell, particularly during adverse market conditions. Reduced liquidity would likely have an adverse effect on the value of any such Underlying Fund and, therefore, on the return, if any, on your notes. Limited liquidity relating to the components of an Underlying Fund may also result in the Market Measure Publisher being unable to determine the value of its Underlying Fund using its normal means. The resulting discretion by the Market Measure Publisher of an Underlying Fund in determining the value could adversely affect the value of the notes.

Suspension or disruptions of market trading in the applicable commodities and related futures contracts may adversely affect the value of your notes. The commodity markets are subject to disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators, and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits,” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. Any such disruption, or any other force majeure (such as an act of God, fire, flood, severe weather conditions, act of governmental authority, labor difficulty, etc.) could have an adverse effect on the value of or trading in shares of an Underlying Fund and therefore, the value of the notes.

Legal and regulatory changes could adversely affect the return on and value of your notes. The value of the commodities held by an Underlying Fund could be adversely affected by new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those related to taxes and duties on commodities and futures contracts) by one or more governments, courts, or other official bodies.

In the U.S., the regulation of commodity transactions is subject to ongoing modification by governmental and judicial action. For example, the U.S. Commodity Futures Trading Commission (“CFTC”) has interpreted the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), which was enacted in July 2010, to require the CFTC to impose
limits on the size of positions that can be held by market participants in futures contracts and OTC derivatives on certain physical commodities. The CFTC’s rules providing for such position limits have been, and may in the future be, subject to litigation challenging their validity, the potential final outcome of which cannot be known at this time. While the ultimate scope and effect of any final and implemented position limit rules are not yet known, these limits will likely restrict the ability of many market participants to trade in the commodities markets to the same extent as they have in the past, including affecting their ability to enter into or maintain hedge positions in the applicable commodity or futures contracts. These rules and various other legislative and regulatory requirements may, among other things, reduce liquidity, increase market volatility, and increase costs in these markets. These consequences could adversely affect an Underlying Fund and the value of your notes.

In addition, other governmental or regulatory bodies (such as the European Commission) have proposed or may propose in the future legislation or regulations containing restrictions similar to those contemplated by Dodd-Frank, or other legislation or regulations containing other restrictions that could adversely impact the liquidity of and increase costs of participating in the commodities markets. If such legislation or regulations are adopted or other legislation or regulations are adopted in the future, they could have an adverse effect on the value of the applicable Underlying Fund and your notes.

The notes will not be regulated by the CFTC. The notes will not be interests in a commodity pool nor will they be regulated by the CFTC as a commodity pool. Further, we will not be registered with the CFTC as a commodity pool operator. The notes will not constitute investments by you or by us on your behalf in futures contracts traded on regulated futures exchanges, which may only be transacted through a person registered with the CFTC as a “futures commission merchant” (FCM). We are not registered with the CFTC as an FCM, and you will not benefit from the CFTC’s or any other non-U.S. regulatory authority’s regulatory protections for persons who trade in futures contracts or who invest in regulated commodity pools.

An Underlying Fund may include commodities or futures contracts traded on foreign exchanges that are less regulated than U.S. markets and may involve different and greater risks than trading on U.S. exchanges. An Underlying Fund may own commodities or futures contracts that trade on exchanges located outside the U.S. The regulations of the CFTC do not apply to trading on foreign exchanges, and trading on foreign exchanges may involve different and greater risks than trading on U.S. exchanges. Certain foreign markets may be more susceptible to disruption than U.S. exchanges due to the lack of a government-regulated clearinghouse system. Trading on foreign exchanges also involves certain other risks that are not applicable to trading on U.S. exchanges. Those risks include: (a) exchange rate risk relative to the U.S. dollar; (b) exchange controls; (c) expropriation; (d) burdensome or confiscatory taxation; and (e) moratoriums, and political or diplomatic events. It may also be more costly and difficult for participants in those markets to enforce the laws or regulations of a foreign country or exchange, and it is possible that the foreign country or exchange may not have laws or regulations which adequately protect the rights and interests of investors in the relevant commodities or contracts. These factors could reduce the value of the applicable Underlying Fund and the value of your notes.

Other Risk Factors Relating to the Applicable Market Measure

The applicable term sheet may set forth additional risk factors as to the Market Measure that you should review prior to purchasing the notes.
USE OF PROCEEDS

We will use the net proceeds we receive from each sale of the notes for the purposes described in the accompanying offering circular under “Use of Proceeds.” In addition, we expect that we or our affiliates may use a portion of the net proceeds to hedge our obligations under the notes.
DESCRIPTION OF THE NOTES

General

The following description of the notes supplements and, to the extent it is inconsistent with, supersedes the description of the general terms and provisions of the notes and debt securities set forth under the headings “Description of Notes” in the offering circular. These documents should be read in connection with the applicable term sheet.

The maturity date of the notes and the aggregate principal amount of each issue of the notes will be stated in the applicable term sheet. If any scheduled Coupon Payment Date, Call Payment Date or the scheduled maturity date is not a business day, we will make the required payment on the next business day, and no interest will accrue as a result of such delay.

Unless otherwise specified in the applicable term sheet, a “business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York.

The notes do not guarantee the return of principal at maturity. The notes will be payable only in U.S. dollars. Prior to the maturity date, the notes are not repayable at the option of any holder. The notes are not subject to any sinking fund.

We will issue the notes in denominations of whole units. Unless otherwise set forth in the applicable term sheet, each unit will have a principal amount of $10.00. Unless otherwise set forth in the applicable term sheet, the minimum number of units that you must purchase is 25,000 units. The CUSIP number for each issue of the notes will be set forth in the applicable term sheet. You may transfer the notes only in whole units and in a minimum amount of 25,000 units. You may not hold less than 25,000 units if you wish to hold any notes after the transfer.

Call Feature

The applicable term sheet will indicate the Call Feature applicable to the notes. The following is a summary of the Call Features we may offer on the notes.

Issuer Callable Notes

Notes which are callable by the Issuer in whole prior to maturity. To call the notes, the Issuer will give notice to the Paying Agent at least five business days but not more than 60 calendar days before the applicable Call Payment Date. If the notes are called, the Call Payment will be paid on the applicable Call Payment Date and the notes will cease to be outstanding.

With respect to the notes:

The “Call Value” will be specified in the applicable term sheet and will be a percentage of the Starting Value of the Market Measure.
Unless otherwise specified in the applicable term sheet, the “Call Payment” will equal the principal amount plus any Coupon otherwise due on the applicable Call Payment Date.

The “Call Observation Dates” will be specified in the applicable term sheet, subject to postponement if a Market Disruption Event or non-Market Measure Business Day occurs.

The “Call Payment Dates” will be specified in the applicable term sheet.

**Coupon Feature**

The applicable term sheet will indicate the Coupon Feature applicable to the notes. The following is a summary of the Coupon Features we may offer on the notes:

**Contingent Coupon Payments**

Contingent Coupon Payments are coupons which are payable if the Observation Value of the Market Measure on the applicable Coupon Observation Date is greater than or equal to its Coupon Barrier. If a Contingent Coupon Payment is payable, it will be paid on the related Coupon Payment Date. The amount of each Contingent Coupon Payment will be specified in the applicable term sheet.

**Contingent Coupon Payments (with Memory)**

Contingent Coupon Payments (with Memory) are coupons which are payable if the Observation Value of the Market Measure on the applicable Coupon Observation Date is greater than or equal to its Coupon Barrier. If a Contingent Coupon Payment is payable, it will be paid on the related Coupon Payment Date. If any Contingent Coupon Payment is not payable on a Coupon Payment Date because the Observation Value of the Market Measure on the applicable Coupon Observation Date is less than its Coupon Barrier, such missed Contingent Coupon Payment(s) will be payable on the next subsequent Coupon Payment Date that a Contingent Coupon Payment is payable with respect to such date, if any. The amount of the Contingent Coupon Payment (with Memory) applicable to a single Coupon Payment Date will be specified in the applicable term sheet.

The Contingent Coupon Payment (with Memory) payable on any Coupon Payment Date will be calculated according to the following formula:

(i) the product of the Contingent Coupon Payment (with Memory) applicable to a single Coupon Payment Date times the number of Coupon Payment Dates that have occurred up to the relevant Coupon Payment Date (inclusive of the relevant Coupon Payment Date) minus (ii) the sum of all Contingent Coupon Payments (with Memory) previously paid.

**Snowball Coupon Payments**

Snowball Coupon Payments are coupons which are payable only if the notes are automatically called. If a Snowball Coupon Payment is payable, it will be paid on the related Call Payment Date as part of the Call Payment. The amount of each Snowball Coupon Payment will be specified in the applicable term sheet.

With respect to the notes:

The “Coupon Barrier” will be specified in the applicable term sheet and will be a percentage of the Starting Value of the Market Measure.
The “Coupon Observation Dates” will be specified in the applicable term sheet, subject to postponement if a Market Disruption Event or non-Market Measure Business Day occurs.

The “Coupon Payment Dates” will be specified in the applicable term sheet.

Unless otherwise specified in the applicable term sheet, for so long as the notes are held in book-entry form only, we will pay any Coupons to the persons in whose names the notes are registered at the close of business one business day prior to the relevant Coupon Payment Date.

Notwithstanding the foregoing, the final Coupon and the Call Payment or the Redemption Amount, as applicable, will be paid to the person in whose names the notes are registered on the applicable Call Payment Date or the maturity date.

**Payment at Maturity**

If the notes are not called, at maturity, subject to our credit risk as issuer of the notes, in addition to any final Coupon, if payable, you will receive a Redemption Amount that is based on the performance of the Market Measure, denominated in U.S. dollars. The Redemption Amount will never be less than zero, and will be calculated as follows:

\[
\text{Principal Amount} - \left[ \text{Principal Amount} \times \left( \frac{\text{Starting Value} - \text{Ending Value}}{\text{Starting Value}} \right) \right]
\]

You will receive per unit:

- **Yes**: You will receive the principal amount per unit
- **No**: You will lose some or all of the principal amount of the notes if the Ending Value is less than the Starting Value. Even with any Coupons, the return on the notes could be negative.

The applicable term sheet may indicate that a “Buffer” or “Barrier” is applicable to the notes, each of which will provide limited protection against the downside performance of the Market Measure. The extent of the Buffer or the Barrier will be indicated by the **Threshold Value**, which will be a percentage of the Starting Value of the Market Measure. We refer to notes with a Buffer as “Buffered Notes” and notes with a Barrier as “Barrier Notes”.

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For Buffered Notes, the Redemption Amount will be calculated as follows:

Is the Ending Value greater than or equal to the Threshold Value?

Yes → You will receive the principal amount per unit

No → You will receive per unit:

Principal Amount × \left[ \frac{\text{Threshold Value} - \text{Ending Value}}{\text{Starting Value}} \right] × \text{Buffer Rate}

The “Buffer Rate” will either be 1 or equal the quotient of the Starting Value divided by the Threshold Value, and will be specified in the applicable term sheet. You will lose all or a significant portion of the principal amount of the notes if the Ending Value is less than the Threshold Value. Even with any Coupons, the return on the notes could be negative.

For Barrier Notes, the Redemption Amount will be calculated as follows:

Is the Ending Value greater than or equal to the Threshold Value?

Yes → You will receive the principal amount per unit

No → You will receive per unit:

Principal Amount × \left( \frac{\text{Starting Value} - \text{Ending Value}}{\text{Starting Value}} \right)

You will lose all or a significant portion of the principal amount of the notes if the Ending Value is less than the Threshold Value. Even with any Coupons, the return on the notes could be negative.

Each term sheet will provide examples of Redemption Amounts based on a range of hypothetical Ending Values.

The term sheet will set forth information as to the applicable Market Measure, including information as to the historical values of the Market Measure. However, historical values of the Market Measure are not indicative of its future performance or the performance of your notes.
An investment in the notes does not entitle you to any ownership interest in the Market Measure or any of its underlying assets, including any voting rights, dividends paid, or other distributions made, or any other rights with respect to the Market Measure or its underlying assets.

**The Starting Value, the Observation Value and the Ending Value**

**Starting Value**

In the case of an Index, unless otherwise specified in the term sheet, the “Starting Value” will be the closing level of the Index on the pricing date.

In the case of an Underlying Fund, unless otherwise specified in the term sheet, the “Starting Value” will be the Closing Market Price of the Underlying Fund on the pricing date.

In the case of a Basket, the Starting Value will be equal to 100. See “—Baskets.”

**Observation Value**

In the case of an Index, unless otherwise specified in the term sheet, the “Observation Value” will be the closing level of the Index on the relevant Coupon Observation Date or Call Observation Date.

In the case of an Underlying Fund, unless otherwise specified in the term sheet, the “Observation Value” will equal the Closing Market Price of the Underlying Fund times the Price Multiplier on the relevant Coupon Observation Date or Call Observation Date.

In the case of a Basket, the Observation Value will be determined as described in “—Baskets.”

The “Worst-Performing Market Measure” as of any Coupon Observation Date or Call Observation Date will be the Index, ETF or Basket with the lowest Observation Value as compared to its Starting Value.

If a scheduled Coupon Observation Date (other than the final Coupon Observation Date) or Call Observation Date (other than the final Call Observation Date for notes in which the Coupon Feature is Snowball Coupon Payments) is determined by the calculation agent not to be a Market Measure Business Day (as defined below) by reason of an extraordinary event, occurrence, declaration or otherwise, or, if there is a Market Disruption Event on that day, the applicable Coupon Observation Date or Call Observation Date will be the immediately succeeding Market Measure Business Day during which no Market Disruption Event occurs or is continuing; provided that the Observation Value will not be determined on a date later than the fifth scheduled Market Measure Business Day after the scheduled Coupon Observation Date or Call Observation Date, and if such date is not a Market Measure Business Day, or if there is a Market Disruption Event on that date, the calculation agent will determine (or, if not determinable, estimate) the Observation Value in a manner which the calculation agent considers commercially reasonable under the circumstances on that fifth scheduled Market Measure Business Day.

If, due to a Market Disruption Event or otherwise, a scheduled Coupon Observation Date (other than the final Coupon Observation Date) or Call Observation Date (other than the final Call Observation Date for notes in which the Coupon Feature is Snowball Coupon Payments) is postponed, the applicable Coupon Payment Date or Call Payment Date, as
applicable, will be approximately the fifth business day following the Coupon Observation Date or Call Observation Date as postponed, unless otherwise specified in the applicable term sheet.

Notwithstanding the foregoing, if a scheduled Coupon Observation Date or Call Observation Date overlaps with a calculation day during the Maturity Valuation Period and is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration or otherwise, or, if there is a Market Disruption Event on that day, such Coupon Observation Date or Call Observation Date will be postponed, and the closing level or Closing Market Price of the applicable Index or ETF for such Coupon Observation Date or Call Observation Date will be determined, in accordance with the same procedures for such overlapped calculation day during the Maturity Valuation Period as described under “—Ending Value” below.

For the avoidance of doubt, if your notes are linked to more than one Index or ETF, the occurrence of a Market Disruption Event or non-Market Measure Business Day as to any Index or ETF will not impact any other Index or ETF that is not so affected.

**Ending Value**

In the case of an Index, unless otherwise specified in the term sheet, the “Ending Value” will equal the average of the closing levels of the Index determined on each calculation day during the Maturity Valuation Period.

In the case of an Underlying Fund, the “Ending Value” will equal the average of the Closing Market Prices of the Underlying Fund times the Price Multiplier on each calculation day during the Maturity Valuation Period.

The Worst-Performing Market Measure at maturity will be the Index, ETF or Basket with the lowest Market Measure Return.

The following formula will be used to calculate the Market Measure Return of an Index, ETF or Basket at maturity:

\[
\text{Market Measure Return} = \left(\frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}}\right)
\]

The “Closing Market Price” for one share of an Underlying Fund (or one unit of any other security for which a Closing Market Price must be determined) on any Market Measure Business Day means any of the following:

- if the Underlying Fund (or such other security) is listed or admitted to trading on a national securities exchange, the last reported sale price, regular way (or, in the case of The Nasdaq Stock Market, the official closing price), of the principal trading session on that day on the principal U.S. securities exchange registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on which the Underlying Fund (or such other security) is listed or admitted to trading;

- if the Underlying Fund (or such other security) is not listed or admitted to trading on any national securities exchange but is included in the Over-The-Counter Bulletin Board (the “OTC Bulletin Board”), the last reported sale price of the principal trading session on the OTC Bulletin Board on that day;

- if the closing price of the Underlying Fund (or such other security) cannot be determined as set forth in the two bullet points above, and the Underlying Fund (or such other security) is listed or admitted to trading on a non-U.S. securities exchange
or market, the last reported sale price, regular way, of the principal trading session on that day on the primary non-U.S. securities exchange or market on which the Underlying Fund (or such other security) is listed or admitted to trading (converted to U.S. dollars using such exchange rate as the calculation agent, in its sole discretion, determines to be commercially reasonable); or

• if the Closing Market Price cannot be determined as set forth in the prior bullets, the mean, as determined by the calculation agent, of the bid prices for the Underlying Fund (or such other security) obtained from as many dealers in that security (which may include us, BofAS and/or any of our respective affiliates), but not exceeding three, as will make the bid prices available to the calculation agent. If no such bid price can be obtained, the Closing Market Price will be determined (or, if not determinable, estimated) by the calculation agent in its sole discretion in a commercially reasonable manner.

The initial “Price Multiplier” for each Underlying Fund will be 1, unless otherwise set forth in the applicable term sheet. The Price Multiplier for each Underlying Fund will be subject to adjustment for certain events relating to that Underlying Fund described below under “—Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds.”

The “Maturity Valuation Period” means the period consisting of one or more calculation days shortly before the maturity date. The timing and length of the period will be set forth in the applicable term sheet.

A “calculation day” means any Market Measure Business Day during the Maturity Valuation Period on which a Market Disruption Event has not occurred.

Unless otherwise specified in the applicable term sheet, as to any Index, a “Market Measure Business Day” means a day on which (1) the New York Stock Exchange (the “NYSE”) and The Nasdaq Stock Market, or their successors, are open for trading and (2) the Index(es) (or any successor) is calculated and published. As to any Underlying Fund, a “Market Measure Business Day” means a day on which the securities exchange on which that Underlying Fund has its primary listing is open for trading.

Notes with a Maturity Valuation Period which Consists of Two or More Scheduled Calculation Days. If the Maturity Valuation Period for the notes consists of two or more scheduled calculation days and, with respect to an Index or ETF, (i) a Market Disruption Event occurs on a scheduled calculation day during the Maturity Valuation Period or (ii) any scheduled calculation day is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration, or otherwise (any such day in either (i) or (ii) being a “non-calculation day”), the closing level or Closing Market Price, as applicable, of the Index or ETF on the next calculation day that occurs during the Maturity Valuation Period. For example, if the first and second scheduled calculation days during the Maturity Valuation Period are non-calculation days, then the closing level or Closing Market Price, as applicable, of the Index or ETF on the next calculation day will also be the closing level or Closing Market Price, as applicable, of the Index or ETF on the first and second scheduled calculation days during the Maturity Valuation Period. If no further calculation days occur after a non-calculation day, or if every scheduled calculation day after that non-calculation day is also a non-calculation day, then the closing level or Closing Market Price, as applicable, of the Index or ETF for that non-calculation day and each following non-calculation day, if any (or for all the scheduled calculation days during the Maturity Valuation Period, if applicable), will be determined (or, if not determinable, estimated) by the calculation agent in a commercially reasonable manner on the final scheduled calculation day during the Maturity Valuation Period, regardless of the occurrence of
a Market Disruption Event or non-Market Measure Business Day on that final scheduled calculation day.

In the case of a Basket, the Ending Value of the Basket will be determined as described in “—Baskets.”

For the avoidance of doubt, if your notes are linked to more than one Index or ETF, the occurrence of a Market Disruption Event or non-Market Measure Business Day as to any Index or ETF will not impact any other Index or ETF that is not so affected.

Notes with a Maturity Valuation Period which Consists of Only One Scheduled Calculation Day. If the Maturity Valuation Period for the notes consists of only one scheduled calculation day and, with respect to an Index or ETF, the scheduled calculation day is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration or otherwise, or, if there is a Market Disruption Event on that day, the calculation day will be the immediately succeeding Market Measure Business Day during which no Market Disruption Event occurs or is continuing; provided that the Ending Value will be determined (or, if not determinable, estimated) by the calculation agent in a manner which the calculation agent considers commercially reasonable under the circumstances on a date no later than the second scheduled Market Measure Business Day prior to the maturity date, regardless of the occurrence of a Market Disruption Event or non-Market Measure Business Day on that second scheduled Market Measure Business Day.

In the case of a Basket, the Ending Value of the Basket will be determined as described in “—Baskets.”

For the avoidance of doubt, if your notes are linked to more than one Index or ETF, the occurrence of a Market Disruption Event or non-Market Measure Business Day as to any Index or ETF will not impact any other Index or ETF that is not so affected.

Market Disruption Events

As to any Index, a “Market Disruption Event” means one or more of the following events, as determined by the calculation agent in its sole discretion:

(A) the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange where the securities included in an Index trade (without taking into account any extended or after-hours trading session), in 20% or more of the securities which then comprise the Index or any successor index; and

(B) the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the Index (without taking into account any extended or after-hours trading session), whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in options contracts or futures contracts related to the Index, or any successor index.

For the purpose of determining whether a Market Disruption Event has occurred:

(1) a limitation on the hours in a Market Measure Business Day and/or number of days of trading will not constitute a Market Disruption Event if it results from an
announced change in the regular business hours of the relevant exchange;

(2) a decision to permanently discontinue trading in the relevant futures or options contracts related to the Index, or any successor index, will not constitute a Market Disruption Event;

(3) a suspension in trading in a futures or options contract on the Index, or any successor index, by a major securities market by reason of (a) a price change violating limits set by that securities market, (b) an imbalance of orders relating to those contracts, or (c) a disparity in bid and ask quotes relating to those contracts will constitute a suspension of or material limitation on trading in futures or options contracts related to the Index;

(4) a suspension of or material limitation on trading on the relevant exchange will not include any time when that exchange is closed for trading under ordinary circumstances; and

(5) if applicable to Indices with component securities listed on the NYSE, for the purpose of clause (A) above, any limitations on trading during significant market fluctuations under NYSE Rule 80B, or any applicable rule or regulation enacted or promulgated by the NYSE or any other self-regulatory organization or the SEC of similar scope as determined by the calculation agent, will be considered “material.”

As to any Underlying Fund, a Market Disruption Event means one or more of the following events, as determined by the calculation agent in its sole discretion:

(A) the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, of the shares of the Underlying Fund (or the successor underlying fund, as defined below) on the primary exchange where such shares trade, as determined by the calculation agent (without taking into account any extended or after-hours trading session);

(B) the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the shares of the Underlying Fund (or the successor underlying fund) as determined by the calculation agent (without taking into account any extended or after-hours trading session), in options contracts or futures contracts related to the shares of the Underlying Fund;

(C) with respect to an Underlying Fund that holds equity securities, the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange where component stocks of the relevant Underlying Index (or the successor underlying index, as defined below) trade, as determined by the calculation agent (without taking into account any extended or after-hours trading session), in 20% or more of the stocks which then comprise the Underlying Index or any successor underlying index; and

(D) the suspension of or material limitation on trading, in each case, for more than two consecutive hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the relevant Underlying Index (or the successor underlying index) as determined by the calculation agent (without taking into account any extended or after-hours trading session), in options contracts or futures contracts related to the Underlying Index or any successor underlying index;
For the purpose of determining whether a Market Disruption Event has occurred:

(1) a limitation on the hours in a Market Measure Business Day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;

(2) a decision to permanently discontinue trading in the shares of the Underlying Fund (or successor underlying fund) or the relevant futures or options contracts relating to such shares or the relevant Underlying Index (or any successor underlying index) will not constitute a Market Disruption Event;

(3) a suspension in trading in a futures or options contract on the shares of the Underlying Fund (or successor underlying fund) or the relevant Underlying Index (or any successor underlying index), by a major securities market by reason of (a) a price change violating limits set by that securities market, (b) an imbalance of orders relating to those contracts, or (c) a disparity in bid and ask quotes relating to those contracts, will each constitute a suspension of or material limitation on trading in futures or options contracts relating to the Underlying Fund;

(4) subject to paragraph (3) above, a suspension of or material limitation on trading on the relevant exchange will not include any time when that exchange is closed for trading under ordinary circumstances; and

(5) if applicable to an Underlying Fund or an Underlying Index with component stocks listed on the NYSE, for the purpose of clauses (A) and (C) above, any limitations on trading during significant market fluctuations under NYSE Rule 80B, or any applicable rule or regulation enacted or promulgated by the NYSE or any other self-regulatory organization or the SEC of similar scope as determined by the calculation agent, will be considered “material.”

The applicable term sheet will identify, if applicable, any additions or changes to the Market Disruption Events for an Underlying Fund, including a commodity-based Underlying Fund.

Adjustments to an Index

After the applicable pricing date, an Index Publisher may make a material change in the method of calculating an Index or in another way that changes the Index such that it does not, in the opinion of the calculation agent, fairly represent the level of the Index had those changes or modifications not been made. In this case, the calculation agent will, at the close of business in New York, New York, on each date that the closing level is to be calculated, make adjustments to the Index. Those adjustments will be made in good faith as necessary to arrive at a calculation of a level of the Index as if those changes or modifications had not been made, and calculate the closing level of the Index, as so adjusted.

Discontinuance of an Index

After the pricing date, an Index Publisher may discontinue publication of an Index to which an issue of the notes is linked. The Index Publisher or another entity may then publish a substitute index that the calculation agent determines, in its sole discretion, to be comparable to the original Index (a “successor index”). If this occurs, the calculation agent will substitute the successor index as calculated by the relevant Index Publisher or any other entity and calculate the Observation Values and the Ending Value as described under “—The Starting Value, the Observation Value and the Ending Value” or “—Baskets,” as applicable. If the calculation agent selects a successor index, the calculation agent will give written notice of the selection to the Paying Agent, to us, and to the holders of the notes.
If an Index Publisher discontinues publication of the Index before a Call Observation Date or the end of the Maturity Valuation Period and the calculation agent does not select a successor index, then on each day that would have been a Coupon Observation Date, Call Observation Date or calculation day, as applicable, until the earlier to occur of:

- the occurrence of a call of the notes (whether by the Issuer or automatically)
- the determination of the Ending Value; and
- a determination by the calculation agent that a successor index is available,

the calculation agent will compute a substitute level for the Index in accordance with the procedures last used to calculate the Index before any discontinuance as if that day were a Coupon Observation Date, Call Observation Date or calculation day, as applicable. The calculation agent will make available to holders of the notes information regarding those levels by means of Bloomberg L.P., Thomson Reuters, a website, or any other means selected by the calculation agent in its reasonable discretion.

If a successor index is selected or the calculation agent calculates a level as a substitute as to any Index, the successor index or level will be used as a substitute for all purposes, including for the purpose of determining whether a Market Disruption Event exists.

Notwithstanding these alternative arrangements, any modification or discontinuance of the publication of any Index to which your notes are linked may adversely affect trading in the notes.

**Anti-Dilution and Discontinuance Adjustments Relating to Underlying Funds**

As to any Underlying Fund, the calculation agent, in its sole discretion, may adjust the Price Multiplier (and as a result, the Observation Values or Ending Value), and any other terms of the notes (such as the Starting Value), if an event described below occurs after the pricing date and on or before the final calculation day during the Maturity Valuation Period and if the calculation agent determines that such an event has a diluting or concentrative effect on the theoretical value of the shares of the applicable Underlying Fund or successor underlying fund.

The Price Multiplier resulting from any of the adjustments specified below will be rounded to the eighth decimal place with five one-billionths being rounded upward. No adjustments to the Price Multiplier will be required unless the adjustment would require a change of at least 0.1% in the Price Multiplier then in effect. Any adjustment that would require a change of less than 0.1% in the Price Multiplier which is not applied at the time of the event may be reflected at the time of any subsequent adjustment that would require a change of the Price Multiplier. The required adjustments specified below do not cover all events that could affect an Underlying Fund.

No adjustments to the Price Multiplier for any Underlying Fund or any other terms of the notes will be required other than those specified below. However, the calculation agent may, at its sole discretion, make additional adjustments or adjustments that differ from those described herein to the Price Multiplier or any other terms of the notes to reflect changes to an Underlying Fund if the calculation agent determines in good faith that the adjustment is appropriate to ensure an equitable result.

The calculation agent will be solely responsible for the determination of any adjustments to the Price Multiplier for any Underlying Fund or any other terms of the notes and of any related determinations with respect to any distributions of stock, other securities or
other property or assets, including cash, in connection with any event described below; its
determinations and calculations will be conclusive absent a determination of a manifest error.

No adjustments are required to be made for certain other events, such as offerings of
equity securities by the Underlying Fund for cash or in connection with the occurrence of a
partial tender or exchange offer for shares of the Underlying Fund by the Underlying Fund.

Following an event that results in an adjustment to the Price Multiplier for any
Underlying Fund or any of the other terms of the notes, the calculation agent may (but is not
required to) provide holders of the notes with information about that adjustment as it deems
appropriate, depending on the nature of the adjustment. Upon written request by any holder
of the notes, the calculation agent will provide that holder with information about such
adjustment.

**Anti-Dilution Adjustments**

The calculation agent, in its sole discretion and as it deems reasonable, may adjust the
Price Multiplier for any Underlying Fund and other terms of the notes, and hence the
Observation Values or Ending Value, as a result of certain events related to an Underlying
Fund, which include, but are not limited to, the following:

**Share Splits and Reverse Share Splits.** If an Underlying Fund is subject to a share split
or reverse share split, then once such split has become effective, the Price Multiplier for that
Underlying Fund will be adjusted such that the new Price Multiplier will equal the product of:

- the prior Price Multiplier; and
- the number of shares that a holder of one share of the Underlying Fund before the
effective date of the share split or reverse share split would have owned immediately
  following the applicable effective date.

For example, a two-for-one share split would ordinarily change a Price Multiplier of one
into a Price Multiplier of two. In contrast, a one-for-two reverse share split would ordinarily
change a Price Multiplier of one into a Price Multiplier of one-half.

**Share Dividends.** If an Underlying Fund is subject to (i) a share dividend (i.e., an
issuance of additional shares of Underlying Fund) or (ii) a distribution of additional shares of
the Underlying Fund as a result of the triggering of any provision of the organizational
documents of the Underlying Fund or otherwise that is given ratably to all holders of the
Underlying Fund, then, once the dividend has become effective and the Underlying Fund is
trading ex-dividend, the Price Multiplier for that Underlying Fund will be adjusted on the ex-
dividend date such that the new Price Multiplier will equal the prior Price Multiplier plus the
product of:

- the prior Price Multiplier; and
- the number of additional shares issued in the share dividend with respect to one
  share of the Underlying Fund;

provided that no adjustment will be made for a share dividend for which the number of shares
of the Underlying Fund paid or distributed is based on a fixed cash equivalent value, unless
such distribution is an Extraordinary Dividend (as defined below).

For example, a share dividend of one new share for each share held would ordinarily
change a Price Multiplier of one into a Price Multiplier of two.
Extraordinary Dividends. There will be no adjustments to the Price Multiplier of an Underlying Fund to reflect any cash dividends or cash distributions paid with respect to that Underlying Fund other than Extraordinary Dividends, as described below, and distributions described under the sections entitled “—Other Distributions” and “—Reorganization Events” below.

An “Extraordinary Dividend” means, with respect to a cash dividend or other distribution with respect to an Underlying Fund, a dividend or other distribution that the calculation agent determines, in its sole discretion, is not declared or otherwise made according to the relevant Underlying Fund’s then existing policy or practice of paying such dividends on a quarterly or other regular basis. If an Extraordinary Dividend occurs, the Price Multiplier for that Underlying Fund will be adjusted on the ex-dividend date so that the new Price Multiplier will equal the product of:

- the prior Price Multiplier; and
- a fraction, the numerator of which is the Closing Market Price per share of the Underlying Fund on the Market Measure Business Day preceding the ex-dividend date and the denominator of which is the amount by which the Closing Market Price per share of the Underlying Fund on that preceding Market Measure Business Day exceeds the Extraordinary Dividend Amount.

The “Extraordinary Dividend Amount” with respect to an Extraordinary Dividend will equal:

- in the case of cash dividends or other distributions that are paid as regular dividends, the amount per share of the applicable Underlying Fund of that Extraordinary Dividend minus the amount per share of the immediately preceding non-Extraordinary Dividend for that share; or
- in the case of cash dividends or other distributions that are not paid as regular dividends, the amount per share of the applicable Underlying Fund of that Extraordinary Dividend.

To the extent an Extraordinary Dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent, whose determination will be conclusive. A distribution on the applicable Underlying Fund described under the sections entitled “—Other Distributions” and “—Reorganization Events” below that also constitutes an Extraordinary Dividend will only cause an adjustment under those respective sections.

Other Distributions. If an Underlying Fund, after the pricing date, declares or makes a distribution to all holders of the shares of the applicable Underlying Fund of any class of its securities (other than shares of the applicable Underlying Fund), evidences of its indebtedness or other non-cash assets, including, but not limited to, transferable rights and warrants, then, in each of these cases, once the distribution has become effective and the shares are trading ex-dividend, the Price Multiplier for such Underlying Fund will be adjusted such that the new Price Multiplier will equal the product of:

- the prior Price Multiplier; and
- a fraction, the numerator of which will be the Current Market Price per share of the applicable Underlying Fund, and the denominator of which will be the Current Market Price per share of the applicable Underlying Fund, less the fair market value, as determined by the calculation agent, as of the time the adjustment is effected of the portion of the capital stock, evidences of indebtedness, rights or
warrants, or other non-cash assets so distributed or issued applicable to one share of the applicable Underlying Fund.

The “Current Market Price” of any Underlying Fund means the arithmetic average of the Closing Market Prices of one share of such Underlying Fund for the five Market Measure Business Days prior to the Market Measure Business Day immediately preceding the ex-dividend date of the distribution requiring an adjustment to the Price Multiplier.

“Ex-dividend date” means the first Market Measure Business Day on which transactions in the shares of any Underlying Fund trade on the relevant exchange without the right to receive that cash dividend or other cash distribution.

The “fair market value” of any such distribution means the value of such distributions on the ex-dividend date for such distribution, as determined by the calculation agent. If such distribution consists of property traded on the ex-dividend date on a U.S. national securities exchange, the fair market value will equal the Closing Market Price of such distributed property on such ex-dividend date.

Reorganization Events

If after the pricing date and on or before the final calculation day during the Maturity Valuation Period as to any Underlying Fund, the Underlying Fund, or its successor, has been subject to a merger, combination, consolidation, or statutory exchange of securities with another exchange traded fund, and the Underlying Fund is not the surviving entity, then, on or after the date of such event, the calculation agent shall, in its sole discretion, make an adjustment to the Price Multiplier for such Underlying Fund or any other terms of the notes as the calculation agent, in its sole discretion, determines appropriate to account for the economic effect on the notes of that event (including adjustments to account for changes in volatility, expected dividends, stock loan rate, or liquidity relevant to the Underlying Fund or to the notes), and determine the effective date of that adjustment. If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent may deem the Underlying Fund to be de-listed, liquidated, discontinued, or otherwise terminated, the treatment of which is described below under “—Discontinuance or Material Change to an Underlying Fund.”

Discontinuance of or Material Change to an Underlying Fund

If shares of an Underlying Fund are de-listed from its primary securities exchange (or any other relevant exchange), liquidated, or otherwise terminated, the calculation agent will substitute an exchange traded fund that the calculation agent determines, in its sole discretion, is comparable to the discontinued Underlying Fund (that exchange traded fund being referred to herein as a “successor underlying fund”). In that event, the calculation agent will adjust the applicable Price Multiplier, as necessary, such that the successor underlying fund closely replicates the performance of the Underlying Fund.

If an Underlying Fund (or a successor underlying fund) is de-listed, liquidated, or otherwise terminated and the calculation agent determines that no adequate substitute for the Underlying Fund (or a successor underlying fund) is available, then the calculation agent will, in its sole discretion, calculate the Closing Market Price of that Underlying Fund (or a successor underlying fund) by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate that Underlying Fund (or a successor underlying fund). If the calculation agent determines that no such computation methodology will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the maturity date of the notes to be accelerated as described below.
If a successor underlying fund is selected or the calculation agent calculates the Closing Market Price by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the Underlying Fund (or a successor underlying fund), that successor underlying fund or substitute computation methodology, as applicable, will be substituted for the Underlying Fund (or that successor underlying fund) for all purposes of the notes.

If at any time:

- an Underlying Index (or the underlying index related to a successor underlying fund) is discontinued or ceases to be published and (i) the Market Measure Publisher of the Underlying Index or another entity does not publish a successor or substitute underlying index that the calculation agent determines, in its sole discretion, to be comparable to the Underlying Index (a “successor underlying index”) or (ii) the Market Measure Publisher of the Underlying Fund does not announce that the Underlying Fund will track the successor underlying index; or

- an Underlying Fund (or a successor underlying fund) in any way is modified (including, but not limited to, a material change in the investment policies, objectives or methodology of the Underlying Fund, or a material change to the related Underlying Index) so that the Underlying Fund does not, in the opinion of the calculation agent, fairly represent the price per share of that Underlying Fund (or that successor underlying fund) had those changes or modifications not been made;

then, from and after that time, the calculation agent will make those calculations and adjustments that, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a Closing Market Price of that Underlying Fund (or that successor underlying fund) as if those changes or modifications had not been made. The calculation agent also may determine that no adjustment is required. If the calculation agent determines that no such calculation or adjustment will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the maturity date of the notes to be accelerated as described below.

The calculation agent will be solely responsible for the method of calculating the Closing Market Price of the Underlying Fund (or any successor underlying fund) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error.

Notwithstanding these alternative arrangements, any modification or discontinuance of the Underlying Fund or the related Underlying Index may adversely affect trading in the notes.

If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent, in its discretion, may cause the notes to be accelerated to the fifth business day (the “date of acceleration”) following the date of that determination and the amount payable to you will be calculated as though the date of acceleration were the stated maturity date of the notes and as if the final calculation day during the Maturity Valuation Period were the fifth Market Measure Business day prior to the date of acceleration. In addition, the notes will not bear a default interest rate.

**Baskets**

If the Market Measure to which your notes are linked includes a Basket, the Basket Components and if necessary, the definition of Market Measure Business Day will be set forth
in the term sheet. We will assign each Basket Component a weighting (the “Initial Component Weight”) so that each Basket Component represents a percentage of the Starting Value of the Basket on the pricing date. The Basket Components may or may not have equal Initial Component Weights, as set forth in the term sheet.

**Determination of the Component Ratio for Each Basket Component**

The “Starting Value” of the Basket will be equal to 100. We will set a fixed factor (the “Component Ratio”) for each Basket Component on the pricing date, based upon the weighting of that Basket Component. The Component Ratio for each Basket Component will equal:

- the Initial Component Weight (expressed as a percentage) for that Basket Component, multiplied by 100; divided by
- the closing level or Closing Market Price, as applicable of that Basket Component on the pricing date.

Each Component Ratio will be rounded to eight decimal places.

The Component Ratios will be calculated in this way so that the Starting Value of the Basket will equal 100 on the pricing date. The Component Ratios will not be revised subsequent to their determination on the pricing date, except that the calculation agent may in its good faith judgment adjust the Component Ratio of any Basket Component in the event that Basket Component is materially changed or modified in a manner that does not, in the opinion of the calculation agent, fairly represent the value of that Basket Component had those material changes or modifications not been made.

The following table is for illustration purposes only, and does not reflect the actual composition, Initial Component Weights, or Component Ratios, which will be set forth in the term sheet.

**Example:** The hypothetical Basket Components are Underlying Fund ABC, Index XYZ, and Index RST, with their Initial Component Weights being 50.00%, 25.00% and 25.00%, respectively, on a hypothetical pricing date:

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<thead>
<tr>
<th>Basket Component</th>
<th>Initial Component Weight</th>
<th>Hypothetical Closing Level or Closing Market Price</th>
<th>Hypothetical Component Ratio</th>
<th>Initial Basket Value Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Fund ABC</td>
<td>50.00%</td>
<td>500.00</td>
<td>0.10000000</td>
<td>50.00</td>
</tr>
<tr>
<td>Index XYZ</td>
<td>25.00%</td>
<td>2,420.00</td>
<td>0.01033058</td>
<td>25.00</td>
</tr>
<tr>
<td>Index RST</td>
<td>25.00%</td>
<td>1,014.00</td>
<td>0.02465483</td>
<td>25.00</td>
</tr>
</tbody>
</table>

Starting Value: 100.00

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(1) This column sets forth the hypothetical closing level or Closing Market Price, as applicable, of each Basket Component on the hypothetical pricing date.
(2) The hypothetical Component Ratio for each Basket Component equals its Initial Component Weight (expressed as a percentage) multiplied by 100, and then divided by the hypothetical closing level or Closing Market Price, as applicable, of that Basket Component on the hypothetical pricing date, with the result rounded to eight decimal places.

Unless otherwise stated in the term sheet, if a Market Disruption Event occurs on the pricing date as to any Basket Component or the pricing date is determined by the calculation agent not to be a Market Measure Business Day for any Basket Component by reason of an extraordinary event, occurrence, declaration or otherwise, the calculation agent will establish the closing level or Closing Market Price, as applicable of that Basket Component (the “Basket Component Closing Level”), and thus its Component Ratio, based on the closing level or Closing Market Price, as applicable, of that Basket Component on the first Market Measure Business Day following the pricing date on which no Market Disruption Event occurs for that Basket Component. In the event that a Market Disruption Event or non-Market Measure Business Day occurs for that Basket Component on the pricing date and on each day to and including the second scheduled Market Measure Business Day following the pricing date, the calculation agent (not later than the close of business in New York, New York on the second scheduled Market Measure Business Day following the pricing date) will estimate the Basket Component Closing Level, and thus the applicable Component Ratio, in a manner that the calculation agent considers commercially reasonable. The final term sheet will provide the Basket Component Closing Level, a brief statement of the facts relating to the establishment of the Basket Component Closing Level (including the applicable Market Disruption Event(s)), and the applicable Component Ratio.

For purposes of determining whether a Market Disruption Event has occurred as to any Basket Component, “Market Disruption Event” will have the meaning stated above in “—Market Disruption Events.”

Observation Value or Ending Value of the Basket

The “Observation Value” of the Basket will be the value of the Basket on the applicable Coupon Observation Date or Call Observation Date.

The “Ending Value” of the Basket will equal the average of the values of the Basket on each calculation day during the Maturity Valuation Period.

The calculation agent will calculate the value of the Basket for an applicable day by summing the products of the closing levels or Closing Market Prices, as applicable, of each Basket Component on such day (multiplied by its Price Multiplier on such day, if applicable) and the Component Ratio for each Basket Component. The value of the Basket will vary based on the increase or decrease in the value of each Basket Component. Any increase in the value of a Basket Component (assuming no change in the value of the other Basket Component or Basket Components) will result in an increase in the value of the Basket. Conversely, any decrease in the value of a Basket Component (assuming no change in the value of the other Basket Component or Basket Components) will result in a decrease in the value of the Basket.

Unless otherwise specified in the term sheet, if, for any Basket Component (an “Affected Basket Component”), (i) a Market Disruption Event occurs on a scheduled Coupon Observation Date, Call Observation Date or calculation day during the Maturity Valuation Period or (ii) any such date is determined by the calculation agent not to be a Market Measure Business Day by reason of an extraordinary event, occurrence, declaration, or otherwise (any such day in either (i) or (ii) being a “non-calculation day”), the calculation agent will determine
the closing levels or Closing Market Prices, as applicable, of the Basket Components for that non-calculation day, and as a result, the Observation Values or Ending Value, as follows:

- The closing level or Closing Market Price, as applicable, of each Basket Component that is not an Affected Basket Component will be its closing level or Closing Market Price, as applicable, on such non-calculation day.

- The closing level or Closing Market Price, as applicable, of each Basket Component that is an Affected Basket Component for the applicable non-calculation day will be determined in the same manner as described in “—The Starting Value, the Observation Value and the Ending Value—Observation Value,” and “—The Starting Value, the Observation Value and the Ending Value—Ending Value,” as applicable, provided that references to “Observation Value” or “Ending Value” will be references to “closing level or Closing Market Price, as applicable, of the Basket Component.”

**Role of the Calculation Agent**

The calculation agent has the sole discretion to make all determinations regarding the notes as described in this product supplement, including determinations regarding the Starting Value, the Threshold Value and/or the Call Value, if applicable, the Observation Values, the Ending Value, the Price Multiplier, the Market Measure, the Redemption Amount, any Market Disruption Events, a successor index or successor underlying fund, Market Measure Business Days, business days, calculation days, non-calculation days, and determinations related to any adjustments to, or discontinuance of, any Index or Underlying Fund. Absent manifest error, all determinations of the calculation agent will be conclusive for all purposes and final and binding on you and us, without any liability on the part of the calculation agent.

We or one of our affiliates may act as the calculation agent, or we may appoint BofAS or one of its affiliates to act as the calculation agent for the notes. Alternatively, we and BofAS or one of its affiliates may act as joint calculation agents for the notes. When we refer to a “calculation agent” in this product supplement or in any term sheet, we are referring to the applicable calculation agent or joint calculation agents, as the case may be. We may change the calculation agent at any time without notifying you. The identity of the calculation agent will be set forth in the applicable term sheet.

**Same-Day Settlement and Payment**

The notes will be delivered in book-entry form only through The Depository Trust Company against payment by purchasers of the notes in immediately available funds. We will pay the amounts payable on the notes in immediately available funds so long as the notes are maintained in book-entry form.

**Events of Default and Acceleration**

Events of default are defined in the offering circular. If such an event occurs and is continuing, unless otherwise stated in the term sheet, the amount payable to a holder of the notes upon any acceleration permitted under the offering circular will be equal to the Redemption Amount described under the caption “—Payment at Maturity,” determined as if the date of acceleration were the maturity date of the notes and as if the final calculation day of the Maturity Valuation Period were the fifth Market Measure Business Day prior to the date of acceleration.
If the notes have become immediately due and payable following an event of default, you will not be entitled to any additional payments with respect to the notes. For more information, see “Description of Notes — Events of Default” in the offering circular.

If the notes are Autocallable Notes with Snowball Coupon Payments and an event of default occurs on or prior to the first scheduled calculation day during the Maturity Valuation Period, then the payment on the notes will be determined as described under the caption “— Call Feature,” as if the next scheduled Call Observation Date were the fifth Market Measure Business Day prior to the date of acceleration, provided that the applicable Observation Value as of that date is greater than or equal to the Call Value. In such a case, the calculation agent shall pro-rate the applicable Call Payment according to the period of time elapsed between the settlement date of the notes and the date of acceleration. For the avoidance of doubt, if the Observation Value of the Market Measure as of that date is less than the Call Value, the payment on the notes will be calculated as set forth in the prior paragraph.

Listing

Unless otherwise specified in the applicable term sheet, the notes will not be listed on a securities exchange or quotation system.
SUPPLEMENTAL PLAN OF DISTRIBUTION

BofAS and one or more of its affiliates may act as our agents for any offering of the notes. The agents may act on either a principal basis or an agency basis, as set forth in the applicable term sheet. Each agent will be a party to a distribution agreement with us.

Each agent will receive an agent’s commission that is a percentage of the aggregate principal amount of the notes sold through its efforts, which will be set forth in the applicable term sheet. You must have an account with the applicable agent in order to purchase the notes.

None of the agents is acting as your fiduciary or advisor solely as a result of the making of any offering of the notes, and you should not rely upon this product supplement, the term sheet, or the accompanying offering circular as investment advice or a recommendation to purchase any notes. You should make your own investment decision regarding the notes after consulting with your legal, tax, and other advisors.

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

BofAS and its affiliates may use this product supplement and the offering circular, together with the applicable term sheet, in market-making transactions for any notes after their initial sale solely for the purpose of providing investors with the description of the terms of the notes that were made available to investors in connection with the initial distribution of the notes. Secondary market investors should not, and will not be authorized to rely on these documents for information regarding HSBC or for any purpose other than that described in the immediately preceding sentence.
CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain U.S. federal income tax considerations of the acquisition, ownership, and disposition of the notes is based upon the Internal Revenue Code of 1986, as amended (the “Code”), regulations promulgated under the Code by the U.S. Treasury Department (“Treasury”) (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (“IRS”), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. The following discussion supplements, and to the extent inconsistent supersedes, the discussion under “Certain United States Federal Income Tax Considerations” in the accompanying offering circular and is not exhaustive of all possible tax considerations. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This summary does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder. If the tax consequences associated with the notes are different than those described below, they will be described in the applicable term sheet.

This summary is directed solely to U.S. Holders and Non-U.S. Holders (each as defined in the accompanying offering circular) that, except as otherwise specifically noted, will purchase the notes upon original issuance and will hold the notes as capital assets within the meaning of Section 1221 of the Code, which generally means property held for investment, and that are not excluded from the discussion under “Certain United States Federal Income Tax Considerations” in the accompanying offering circular.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

General

Although there is no statutory, judicial, or administrative authority directly addressing the characterization of the notes, we intend to treat (a) notes that provide Contingent Coupon Payments, Contingent Coupon Payments (with Memory), or Fixed Coupon Payments (together, the “Current Coupon Payments”) for all tax purposes as income-bearing pre-paid executory contracts with respect to the Market Measure, and (b) all other notes as pre-paid executory contracts, and under the terms of the notes, we and every investor in the notes agree, in the absence of an administrative determination or judicial ruling to the contrary, to treat the notes in accordance with such characterization. If the notes were not so treated, the tax consequences described below would be materially different.

This characterization of the notes is not binding on the IRS or the courts. No statutory, judicial, or administrative authority directly addresses the characterization of the notes or any similar instruments for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to their proper characterization and treatment. Due to the absence of authorities on point, significant aspects of the U.S. federal income tax consequences of an investment in the notes are not certain, and no assurance can be given that the IRS or any court will agree with the characterization and tax treatment described in this product supplement. Accordingly, you are urged to consult your tax advisor regarding all aspects of the U.S. federal income tax consequences of an investment in the notes, including possible alternative characterizations.
Unless otherwise stated, the following discussion is based on the characterization described above. The discussion in this section assumes that there is a significant possibility of a significant loss of principal on an investment in the notes.

We will not attempt to ascertain whether the issuer of any Market Measure component or any of the stocks included in any Market Measure component would be treated as a “passive foreign investment company” ("PFIC"), within the meaning of Section 1297 of the Code, or a United States real property holding corporation, within the meaning of Section 897(c) of the Code. If any Market Measure component or the issuer of one or more stocks included in any Market Measure component were so treated, certain adverse U.S. federal income tax consequences could possibly apply to a holder of the notes. You should refer to information filed with the SEC by the Market Measure components and issuers of the stocks included in any Market Measure component and consult your tax advisor regarding the possible consequences to you, if any, if any Market Measure component or the issuer of the stocks included in any Market Measure component is or becomes a PFIC or is or becomes a United States real property holding corporation.

U.S. Holders

Although the U.S. federal income tax treatment of any Current Coupon Payments is uncertain, we intend to take the position, and the following discussion assumes, that the Current Coupon Payments constitute taxable ordinary income to a U.S. Holder at the time received or accrued in accordance with the U.S. Holder’s regular method of accounting. By purchasing the note you agree, in the absence of an administrative determination or judicial ruling to the contrary to treat the Current Coupon Payments as described in the preceding sentence.

Upon receipt of a cash payment at maturity or upon a sale or exchange of the notes prior to maturity, subject to the discussion below regarding Section 1260 of the Code, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized (other than amounts representing accrued but unpaid Current Coupon Payments) and the U.S. Holder's tax basis in the notes. A U.S. Holder's tax basis in the notes will equal the amount paid by that holder to acquire them. This capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held the notes for more than one year. The deductibility of capital losses is subject to limitations.

Section 1260 of the Code. Section 1260 of the Code 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. If a Market Measure, or one or more of the entities included in, or owned by, a Market Measure, as the case may be, is treated as a “regulated investment company” (including an exchange-traded fund), “real estate investment trust,” partnership, trust, or PFIC for U.S. federal income tax purposes, or otherwise as a “pass-thru entity” for purposes of section 1260 of the Code (a “pass-thru entity”), it is possible that U.S. Holders will be subject to the “constructive ownership” rules of section 1260 of the Code. 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 “pass-thru entity” (such as shares of certain Market Measures (the “Underlying Shares”)). Under the “constructive ownership” rules, if an investment in the notes is treated as a “constructive ownership transaction,” any long-term capital gain recognized by a U.S. Holder in respect of the notes 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) of the U.S. Holder determined as if the U.S. Holder had acquired the Underlying Shares on the original issue date of the notes at fair market value and sold them at fair market value on the maturity date (if the
notes were held until the maturity date) or on the date of sale or exchange of the notes (if the notes were sold or exchanged prior to the maturity date) (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 notes (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 notes). Furthermore, unless otherwise established by clear and convincing evidence, the “net underlying long-term capital gain” is treated as zero.

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 notes 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 note will equal the excess of (i) any long-term capital gain recognized by the U.S. Holder in respect of such a note 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 the notes for an amount equal to the “issue price” of the notes and, upon the date of sale, exchange or maturity of the notes, 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 notes). Accordingly, it is possible that all or a portion of any gain on the sale or settlement of the notes 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.

Alternative Tax Treatments. Due to the absence of authorities that directly address the proper tax treatment of the notes, prospective investors are urged to consult their tax advisors regarding all possible alternative tax treatments of an investment in the notes. In particular, if the notes have a term that exceeds one year, the IRS could seek to subject the notes to the Treasury regulations governing contingent payment debt instruments. If the IRS were successful in that regard, the timing and character of income on the notes would be affected significantly. Among other things, a U.S. Holder would be required to accrue original issue discount every year at a “comparable yield” determined at the time of issuance. In addition, any gain realized by a U.S. Holder at maturity, or upon a sale or exchange, of the notes generally would be treated as ordinary income, and any loss realized at maturity would be treated as ordinary loss to the extent of the U.S. Holder’s prior accruals of original issue discount, and as capital loss thereafter. If the notes have a term of one year or less, a U.S. Holder who uses the accrual method of accounting generally should be required to accrue any original issue discount on the notes on a straight-line basis. At maturity, or upon a sale or exchange, a U.S. Holder using either a cash or accrual method of accounting generally should recognize taxable gain (all or a portion of which may be treated as ordinary income) or loss in an amount equal to the difference between the amount realized and such holder’s tax basis in the notes.

The IRS released Notice 2008-2 (“Notice”) which sought comments from the public on the taxation of financial instruments currently taxed as “prepaid forward contracts.” This Notice addresses instruments such as the notes. According to the Notice, the IRS and Treasury are considering whether a holder of an instrument such as the notes should be required to accrue ordinary income on a current basis, regardless of whether any payments are made prior to maturity. It is not possible to determine what guidance the IRS and Treasury will ultimately issue, if any. Any such future guidance may affect the amount, timing and character of income, gain, or loss in respect of the notes, possibly with retroactive effect.

The IRS and Treasury are also considering additional issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether
foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, whether Section 1260 of the Code generally applies or should generally apply to such instruments, and whether any of these determinations depend on the nature of the underlying asset.

In addition, proposed Treasury regulations require the accrual of income on a current basis for contingent payments made under certain notional principal contracts. The preamble to the regulations states that the “wait and see” method of accounting does not properly reflect the economic accrual of income on those contracts, and requires current accrual of income for some contracts already in existence. While the proposed regulations do not apply to prepaid forward contracts, the preamble to the proposed regulations expresses the view that similar timing issues exist in the case of prepaid forward contracts. If the IRS or Treasury publishes future guidance requiring current economic accrual for contingent payments on prepaid forward contracts, it is possible that you could be required to accrue income over the term of the notes.

Because of the absence of authority regarding the appropriate tax characterization of the notes, it is also possible that the IRS could seek to characterize the notes in a manner that results in tax consequences that are different from those described above. For example, the IRS could possibly assert that any gain or loss that a holder may recognize at maturity or upon the sale or exchange of the notes should be treated as ordinary gain or loss. It is possible that the IRS could assert that a U.S. Holder’s holding period in respect of the notes should end on the first calculation date during the Maturity Valuation Period, even though such holder will not receive any amounts in respect of the notes prior to the redemption or maturity of the notes. In such case, if the first calculation date during the Maturity Valuation Period is not in excess of one year from the original issue date, a U.S. Holder may be treated as having a holding period in respect of the notes equal to one year or less, in which case any gain or loss such holder recognizes at such time would be treated as short-term capital gain or loss.

If a Market Measure is or includes an index that periodically rebalances, it is possible that the notes could be treated as a series of pre-paid executory contracts, each of which matures on the next rebalancing date. If the notes were properly characterized in such a manner, a U.S. Holder would be treated as disposing of the notes on each rebalancing date in return for new the notes that mature on the next rebalancing date, and a U.S. Holder would accordingly likely recognize capital gain or loss on each rebalancing date equal to the difference between the holder’s tax basis in the notes (which would be adjusted to take into account any prior recognition of gain or loss) and the fair market value of the notes on such date.

**Non-U.S. Holders**

Because the U.S. federal income tax treatment of the notes (including the Current Coupon Payments) is uncertain, U.S. federal income tax at a 30% rate (or at a lower rate under an applicable income tax treaty) will be withheld on the entire amount of Current Coupon Payments made unless such payments are effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. (in which case, to avoid withholding, the Non-U.S. holder will be required to provide a Form W-8ECI), as discussed in more detail below. We will not pay any additional amounts in respect of such withholding. To claim benefits under an income tax treaty, a Non-U.S. Holder must obtain a taxpayer identification number and certify as to its eligibility under the appropriate treaty’s limitations on benefits article, if applicable. In addition, special rules may apply to claims for treaty benefits made by Non-U.S. Holders that are entities rather than individuals. The availability of a lower rate of withholding under an applicable income tax treaty will depend on whether such rate applies to the characterization of the payments under U.S. federal income tax laws. A Non-U.S. Holder that is eligible for a
reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

Except as provided below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain (not including for the avoidance of doubt any amounts representing accrued but unpaid Current Coupon Payments which would be subject to the rules discussed in the previous paragraph) from the sale or exchange of the notes or their settlement at maturity, provided that the Non-U.S. Holder complies with applicable certification requirements and that the payment is not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business. Notwithstanding the foregoing, gain from the sale or exchange of the notes or their settlement at maturity may be subject to U.S. federal income tax if that Non-U.S. Holder is a non-resident alien individual and is present in the U.S. for 183 days or more during the taxable year of the settlement at maturity, sale or exchange and certain other conditions are satisfied.

If a Non-U.S. Holder of the notes is engaged in the conduct of a trade or business within the U.S. and if the Current Coupon Payments and gain realized on the settlement at maturity, sale or exchange of the notes, is effectively connected with the conduct of such trade or business (and, if certain tax treaties apply, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S.), the Non-U.S. Holder generally will be subject to U.S. federal income tax on such amounts on a net income basis in the same manner as if it were a U.S. Holder. Such Non-U.S. Holders should read the material under the heading “—U.S. Holders,” for a description of the U.S. federal income tax consequences of acquiring, owning, and disposing of the notes. In addition, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a branch profits tax equal to 30% (or such lower rate provided by any applicable tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the U.S., subject to certain adjustments.

A “dividend equivalent” payment is treated as a dividend from sources within the United States and such payments generally would be subject to a 30% U.S. withholding tax if paid to a Non-U.S. Holder. Under Treasury regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, Internal Revenue Service guidance provides that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2023. Except as otherwise set forth in any applicable term sheet, we expect that the delta of the notes issued pursuant to this product supplement with respect to the Market Measure will not be one, and therefore, we expect that Non-U.S. Holders should not be subject to withholding on dividend equivalent payments, if any, under the notes. However, it is possible that the notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Market Measure or the notes, and following such occurrence the notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. Holders that enter, or have entered, into other transactions in respect of the Market Measure or the notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the Paying Agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

As discussed above, alternative characterizations of the notes for U.S. federal income tax purposes are possible. Should an alternative characterization, by reason of change or
clarification of the law, by regulation or otherwise, cause payments as to the notes to become subject to withholding tax, tax will be withheld at the applicable statutory rate. As discussed above, the IRS has indicated in the Notice that it is considering whether income in respect of instruments such as the notes should be subject to withholding tax. Prospective Non-U.S. Holders of the notes should consult their own tax advisors in this regard.

**U.S. Federal Estate Tax.** 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 notes 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 notes.

**Backup Withholding and Information Reporting**

Please see the discussion under “Certain United States Federal Income Tax Considerations—Information Reporting and Backup Withholding” in the accompanying offering circular for a description of the applicability of the backup withholding and information reporting rules to payments made on the notes.

**Foreign Account Tax Compliance Act**

Please see the discussion under “Certain United States Federal Income Tax Considerations—Foreign Account Tax Compliance Act” in the accompanying offering circular for a description of the applicability of FATCA to the notes.
ERISA AND RELATED CONSIDERATIONS

Each fiduciary of a pension, profit-sharing, or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

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

Under ERISA and various prohibited transaction class exemptions (“PTCEs”) issued by the U.S. Department of Labor, exemptive relief may be available for direct or indirect prohibited transactions resulting from the purchase, holding, or disposition of the notes. Those exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), and the exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions with a person that is a party in interest solely by reason of providing services to Plans or being an affiliate of such a service provider and in connection with the transaction the Plan is paying no more than, and is receiving no less than, adequate consideration (the “Service Provider Exemption”).

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

Further, any person acquiring or holding the notes on behalf of any Plan or Plan Asset Entity in reliance on the Service Provider Exemption shall be deemed to represent on behalf of itself and such plan that (x) the plan is paying no more than, and is receiving no less than, adequate consideration within the meaning of Section 408(b)(17) of ERISA in connection with the transaction or any redemption of the notes, (y) none of us, BofAS, or any other agent
directly or indirectly exercises any discretionary authority or control or renders investment advice or otherwise acts in a fiduciary capacity with respect to the assets of the plan within the meaning of ERISA and (z) in making the foregoing representations and warranties, such person has applied sound business principles in determining whether fair market value will be paid, and has made such determination acting in good faith.

None of us, BoFAS, the paying agent, the dealers or any other party to the transactions contemplated by this Product Supplement or any of their respective affiliated entities is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any the notes by any Benefit Plan Investor. The term “Benefit Plan Investor” includes: (a) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Part 4 of Title I of ERISA, (b) a plan subject to Section 4975 of the Code or (c) an entity whose underlying assets include “plan assets” by reason of any such employee benefit plan or plan's investment in the entity.

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

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

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

HSBC Bank USA, N.A.
U.S.$40,000,000,000
Global Bank Note Program
for the Issue of Senior and Subordinated Notes

In accordance with this Global Bank Note Program (the “Program”), HSBC Bank USA, National Association, McLean, Virginia (the “Bank”), acting through its principal office in Buffalo, New York, its principal office in New York City or one of its offshore branches, may from time to time issue and sell up to U.S.$40,000,000,000 aggregate principal amount (or the equivalent thereof in other currencies, calculated as described herein) at any time outstanding of its senior global bank notes with maturities of seven days or more from their respective dates of issue (the “Senior Notes”) and its subordinated global bank notes with maturities of five years and one day or more from their respective dates of issue (the “Subordinated Notes” and, together with the Senior Notes, the “Notes”), subject to statutory or regulatory limitations on maturity applicable to the currency in which the Notes are denominated; provided, however, that the aggregate principal amount of Notes with maturities greater than 270 days that may be issued hereunder cannot exceed U.S.$40,000,000,000 or the equivalent thereof in other currencies. The Notes may be subject to redemption at the option of the Bank or repayment at the option of the holder thereof, in each case, in whole or in part, prior to maturity, as set forth herein or in a final terms hereto (each, a “Final Terms”), a pricing supplement hereto (each, a “Pricing Supplement”) or a program supplement hereto (each, a “Program Supplement”). In addition, Notes may be redeemed, in whole but not in part, in the event of certain changes involving taxation. See “Description of Notes.” Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, with respect to a series of Notes, the Notes will not be listed on any securities exchange.

The Notes are not savings or deposit accounts of the Bank or obligations of the Bank’s parent, HSBC USA Inc. (“HSBC USA”), or any other affiliate of the Bank. Neither the Federal Deposit Insurance Corporation (the “FDIC”) nor any other government agency has insured the Notes. Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, with respect to a series of Notes, the Notes will be offered by the Dealers in any initial offering hereunder only (i) to “accredited investors” within the meaning of Rule 501 under the United States Securities Act of 1933 (the “Securities Act”) and in compliance with an exemption from the registration requirements of the Office of the Comptroller of the Currency (the “OCC”) under 12 C.F.R. Part 16.6, (ii) accredited investors within the meaning of Rule 501 under the Securities Act in reliance on Regulation D under the Securities Act and an exemption from the registration requirements of the OCC under 12 C.F.R. Part 16.7 or (iii) outside the United States in compliance with Regulation S (“Regulation S”) under the Securities Act. Each owner of a beneficial interest in a Note offered pursuant to clause (i) of the preceding sentence will be required to hold such beneficial interest in a minimum principal amount of U.S.$250,000 or the equivalent thereof in other currencies, calculated as described herein, and subject to any other statutory or regulatory minimums as described herein. Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered as described in clauses (i) or (ii) of the second preceding sentence will be offered to institutional investors that are accredited investors. Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold outside the United States will be subject to a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof (or its equivalent in other currencies), and to certain restrictions on transfer. See “Notice to U.S. Investors,” “Description of Notes—General,” “Plan of Distribution” and “Selling Restrictions.”

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE “RISK FACTORS” ON PAGE 11 FOR A DISCUSSION OF CERTAIN RISKS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES THAT MAY BE OFFERED HEREBY.

Conflict of Interest: HSBC Securities (USA) Inc. is an affiliate of the Bank. See “Plan of Distribution.”

The Bank and HSBC Securities (USA) Inc., the arranger and a Dealer with respect to the Program, are indirect subsidiaries of HSBC Holdings plc. As a result, the Bank is a “related issuer,” as such term is defined in National Instrument 33-105 Underwriting Conflicts, of such Dealer. Canadian investors should refer to “Selling Restrictions—Canada—Certain Relationships” for additional information.

The Senior Notes will rank pari passu with all other unsecured and unsubordinated indebtedness of the Bank, except obligations, including domestic deposits, that are subject to any priorities or preferences by law. In an insolvency of the Bank, the holders of Senior Notes could be treated differently from, and could receive a significantly lesser proportion of the claims evidenced by their Notes than, holders of domestic deposit obligations of the Bank.

The Subordinated Notes will be subordinated to the claims of depositors and general creditors of the Bank, including claims of holders of Senior Notes, to the extent described herein, will be ineligible as collateral to secure a loan from the Bank and will be unsecured. Payment of principal of the Subordinated Notes may be accelerated only in the case of the Bank’s insolvency or liquidation, and then, to the extent required under or pursuant to applicable capital regulations, only with the prior approval of the OCC. There is no right of acceleration in the case of a default in the payment of interest on the Subordinated Notes or in the performance of any other obligation of the Bank under the Subordinated Notes. The Bank may defer the payment of any installment of interest or principal on the Subordinated Notes in the manner described under “Description of the Notes—Ranking—Subordinated Notes.”

The Notes may be offered in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. The Dealers will purchase the Notes, as principal, from the Bank for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Dealer, or, if so specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, for resale at a fixed public offering price. If agreed by the Bank and the applicable Dealer, such Dealer may utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes. See “Plan of Distribution.”

THE NOTES HAVE NOT BEEN, AND ARE NOT REQUIRED TO BE, REGISTERED UNDER THE SECURITIES ACT. THE NOTES HAVE NOT BEEN APPROVED OR DISCLAIMED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”), ANY STATE SECURITIES COMMISSION OR THE OCC NOR HAS THE COMMISSION, ANY STATE SECURITIES COMMISSION OR THE OCC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

HSBC Securities (USA) Inc., or other affiliates of the Bank, may use this Offering Circular in connection with offers and sales related to market-making activities. HSBC Securities (USA) Inc. may act as principal or agent in such transactions. Such sales will be made at negotiated prices related to prevailing market prices at the time of sale.

The Notes are being offered on a continuing basis for sale by the Bank through the Dealers. The Bank also has reserved the right to sell Notes directly to investors on its own behalf and to appoint other Dealers and agents in addition to the Dealers. The Bank reserves the right to cancel or modify the offer made hereby without notice. The Bank or a Dealer, if it solicits the offer on an agency basis, may reject any offer to purchase Notes in whole or in part. See “Plan of Distribution.”

Notes issued under the Program may be rated or unrated. Where a Series of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger
HSBC

U.S. Dealer
HSBC Securities (USA) Inc.

October 25, 2019

International Dealer
HSBC Bank plc
This Offering Circular is to be read in conjunction with all documents that are incorporated herein by reference. See “Available Information and Documents Incorporated by Reference.” This Offering Circular should be read and construed on the basis that such documents are so incorporated and form a part hereof.

The Dealers have not independently verified the information contained in this Offering Circular or in any Program Supplement, Pricing Supplement or Final Terms hereto. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any Program Supplement, Pricing Supplement or Final Terms hereto or any other information provided by the Bank in connection with the Notes.

Neither this Offering Circular nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Bank or the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank and the Bank’s affiliates. Neither this Offering Circular nor any other information supplied in connection with the Notes constitutes an offer of or an invitation by or on behalf of the Bank or any Dealer to any person to subscribe for or purchase any of the Notes.

Notes offered pursuant to Regulation S have not been and will not be registered under the regulations of the OCC relating to securities offered by national banks and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to a U.S. person.

No action has been taken by the Bank or any of the Dealers that would permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction outside of the United States where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. Neither the Bank nor any of the Dealers represents that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption therefrom, or assumes any responsibility for facilitating any such distribution or offering. In particular, there are further restrictions on the distribution of this Offering Circular and the offer, stabilization or sale of the Notes in the United States, United Kingdom, Canada, Hong Kong, Italy, Japan and Singapore. See “Selling Restrictions.”

In this Offering Circular, references to “U.S.$” and “U.S. Dollars” are to United States dollars, references to “Euro” and “€” are to the currency of the European Economic and Monetary Union, references to “Yen” and “¥” are to Japanese yen and references to “Sterling” and “£” are to United Kingdom pounds sterling.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) (“Stabilizing Manager(s)”) in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; however, stabilization might not necessarily occur. Any stabilization action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of public disclosure of the terms of the offer of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms, Pricing Supplement or, as the case may be, Program Supplement in respect of any Notes may include a legend titled “MiFID II Product Governance” that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes are appropriate. In those cases, any person subsequently offering, selling or recommending such Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended “MiFID II”) will remain responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, any Dealer or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.
NOTICE TO U.S. INVESTORS

The Notes have not been, and are not required to be, registered with the Commission pursuant to the Securities Act. Qualification of an indenture under the Trust Indenture Act of 1939 is not required and no trust indenture has been entered into in connection with the Notes. The Notes are exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) of the Securities Act. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Notes are being offered and sold only (i) pursuant to the abbreviated securities registration procedure of the OCC set forth in Part 16.6 of the OCC’s securities offering regulations (12 C.F.R. Part 16.6) to “accredited investors” within the meaning of Rule 501(a) of Regulation D under the Securities Act (“accredited investors”), and each beneficial owner of a global note will be required to hold such beneficial interest in a principal amount of U.S.$250,000 (or the equivalent thereof in other currencies), (ii) pursuant to an exemption from registration provided by Part 16.7 of the OCC’s securities offering regulations (12 C.F.R. Part 16.7) to accredited investors in accordance with Regulation D under the Securities Act in minimum denominations to be specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, or (iii) outside the United States in compliance with Regulation S under the Securities Act. Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered as described in clauses (i) or (ii) of the preceding sentence will be offered to institutional investors that are accredited investors, within the meaning of Rule 501(a)(1), (2), (3), or (7) of Regulation D under the Securities Act (“institutional accredited investors”).

Each purchaser of Notes offered and sold pursuant to (i) above, in making its purchase, will be deemed to have represented and agreed with the Bank that it is an accredited investor or an institutional accredited investor, as applicable, that it is purchasing such Notes for its own account or the account of one or more other accredited investors or institutional accredited investors, as applicable, and that it, or each of such other accredited investors or institutional accredited investors, as applicable, owning a beneficial interest in such Notes, will hold a beneficial interest therein in a principal amount of not less than U.S.$250,000 (or the equivalent thereof in other currencies) at all times. Each purchaser of Notes offered and sold pursuant to (ii) above, in making its purchase, will be deemed to have represented and agreed with the Bank that it is an accredited investor or an institutional accredited investor, as applicable, and that it is purchasing such Notes for its own account or for the account or one or more other accredited investors or institutional accredited investors, as applicable. Each purchaser of Notes being sold pursuant to Regulation S, in making its purchase, will be deemed to have represented and agreed with the Bank that it is a non-U.S. person (as defined in Regulation S) and is acting in reliance upon Regulation S under the Securities Act. Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold outside the United States will be subject to a minimum denomination of €100,000, and integral multiples of €1,000 in excess thereof (or its equivalent in other currencies). See “Transfer Restrictions” for more information.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms, Pricing Supplement or, as the case may be, Program Supplement in respect of any Notes includes a legend titled “Prohibition of Sales to EEA Retail Investors,” then such Notes are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any EEA Retail Investor.

For these purposes: (a) “EEA Retail Investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”).

Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling such Notes or otherwise making them available to EEA Retail Investors has been prepared and, therefore, offering or selling such Notes or otherwise making them available to any EEA Retail Investor might be unlawful under the PRIIPs Regulation.

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the offering of Notes, including the merits and risks involved.
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Annex A—Form of Final Terms
Annex B—Form of Pricing Supplement

The Bank has not authorized anyone to provide you with information different from that contained in this Offering Circular. The distribution of this Offering Circular or the Notes in certain jurisdictions may be restricted by law. Persons who receive this Offering Circular should inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized. This Offering Circular does not constitute an offer by any person not qualified to make such offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation. See “Plan of Distribution.” The information contained in this Offering Circular is accurate only as of the date of this Offering Circular regardless of the time of delivery of this Offering Circular or any sale of the Notes.
CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

The Offering Circular and the additional information described under the heading “Available Information and Documents Incorporated by Reference” may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “will,” “should,” “would,” “could,” “appears,” “believe,” “intends,” “expects,” “estimates,” “targeted,” “plans,” “anticipates,” “goal,” and similar expressions are intended to identify forward-looking statements but should not be considered as the only means through which these statements may be made. These matters or statements will relate to our future financial condition, economic forecast, results of operations, plans, objectives, performance or business developments and will involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements.

All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond our control. Our actual future results may differ materially from those set forth in our forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those in the forward-looking statements:

• uncertainty concerning the future market and economic conditions in the United States and abroad, including but not limited to, changes in interest rates, energy prices and unemployment levels, a decline in housing prices, the availability of credit and liquidity, changes in consumer confidence and consumer spending and behavior, consumer perception as to the continuing availability of credit and price competition in the market segments we serve and the consequences of unexpected geopolitical events, such as trade disputes and the decision by the United Kingdom to exit the European Union;

• changes in laws and regulatory requirements;

• the potential impact of any legal, regulatory or policy changes affecting financial institutions and the global economy as a result of the current Administration in the United States;

• the ability to deliver on our regulatory priorities;

• capital and liquidity requirements under Basel guidance, the Federal Reserve Board’s (the “FRB’s”) Comprehensive Capital Analysis and Review program, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) stress testing including the U.S. FRB requirements for U.S. global systemically important banks and U.S. intermediate holding companies owned by non-U.S. global systemically important banks to issue total loss-absorbing capacity instruments;

• regulatory requirements in the United States and in non-U.S. jurisdictions to facilitate the future orderly resolution of large financial institutions;

• changes in central banks’ policies with respect to the provision or removal of liquidity support to financial markets;

• the ability of HSBC Holdings plc ("HSBC Holdings" and, together with its subsidiaries, the “HSBC Group”) and the Bank to fulfill the requirements imposed by applicable consent orders or guidance from regulators generally;

• the use of us as a conduit for illegal activities without our knowledge by third parties;

• the ability to successfully manage our risks;

• the possibility of the inadequacy of our data management and policies and processes;

• the financial condition of our clients and counterparties and our ability to manage counterparty risk;

• concentrations of credit and market risk;

• increases in our allowance for credit losses and changes in our assessment of our loan portfolios;

• the ability to implement our business strategies;

• the ability to successfully implement changes to our operational practices as needed and/or required from time to time;
• damage to our reputation;
• the ability to attract or retain key employees and customers;
• the effects of competition in the markets where we operate including increased competition from non-bank financial services companies, including securities firms;
• the effects of operational risks that are inherent in banking operations, including fraudulent and other criminal activities, breakdowns in processes or procedures and systems failure or non-availability;
• disruption in our operations from the external environment arising from events such as natural disasters, global pandemics, acts of war, terrorist attacks or essential utility outages;
• a failure in or a breach of our operation or security systems or infrastructure, or those of third party servicers or vendors, including as a result of cyberattacks;
• the ability of third party suppliers, outsourcing vendors, off-shored functions and our affiliates to provide adequate services;
• losses suffered due to the negligence, fraud or misconduct of our employees or the negligence, fraud or misconduct on the part of third parties;
• a failure in our internal controls;
• our ability to meet our funding requirements;
• adverse changes to our credit ratings;
• financial difficulties or credit downgrades of mortgage bond insurers;
• our ability to cross-sell our products to existing customers;
• changes in Financial Accounting Standards Board and International Accounting Standards Board accounting standards and their interpretation;
• heightened regulatory and government enforcement scrutiny of financial institutions, including in connection with product governance and sales practices, account opening and closing procedures, customer and employee complaints and sales compensation structures related to such practices;
• continued heightened regulatory scrutiny with respect to existing and future residential mortgage servicing and foreclosure practices, with particular focus on loss mitigation, foreclosure prevention and outsourcing;
• possible negative impact of regulatory investigations and legal proceedings related to alleged foreign exchange manipulation;
• changes in the methodology for determining benchmark rates and the implementation of alternative benchmark rates;
• heightened regulatory and government enforcement scrutiny of financial markets, with a particular focus on traded asset classes, including foreign exchange;
• the possibility of incorrect assumptions or estimates in our financial statements, including reserves related to litigation, deferred tax assets and the fair value of certain assets and liabilities;
• model limitations or failure;
• the possibility of incorrect interpretations, application of or changes in tax laws to which we and our clients are subject;
• additional financial contribution requirements to the HSBC North America Holdings Inc. pension plan;
• unexpected and/or increased expenses relating to, among other things, litigation and regulatory matters, remediation efforts, penalties and fines; and
• the other risk factors and uncertainties described under Item 1A, “Risk Factors” in HSBC USA’s Annual Report on Form 10-K for the year ended December 31, 2018.

Forward-looking statements are based on our current views and assumptions and speak only as of the date they are made. We undertake no obligation to update any forward-looking statement to reflect subsequent circumstances or events. You should, however, consider any additional disclosures of a forward-looking nature that arise after the date hereof as may be discussed in any of HSBC USA’s subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

AVAILABLE INFORMATION AND DOCUMENTS INCORPORATED BY REFERENCE

The Bank submits to the FDIC certain reports entitled “Consolidated Reports of Condition and Income for a Bank with domestic and Foreign Offices” (each, a “Call Report” and collectively, the “Call Reports”). Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of the period to which the Call Report relates. The Bank’s Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, and do not provide a complete range of financial disclosure about the Bank, the Call Reports nevertheless provide important information concerning the Bank’s financial condition. The publicly available portions of the Bank’s Call Reports, and any amendment or supplement thereto, for the quarterly periods in 2016, 2017 and 2018, the quarterly periods ended March 31, 2019 and June 30, 2019, and the quarterly periods subsequent to June 30, 2019 are incorporated herein by reference. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or applied agreed-upon procedures with respect to the Bank’s Call Reports. The publicly available portions of the Bank’s Call Reports are on file with, and publicly available at, the Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429. The FDIC also maintains a website at http://www.fdic.gov that contains the publicly available portions of the Bank’s Call Reports.

The Bank is a direct wholly owned subsidiary of HSBC USA, a Maryland corporation and a registered bank holding company. HSBC USA is subject to the informational requirements of the Securities Exchange Act of 1934 (the “Exchange Act”) and, in accordance therewith, files reports and other information with the Commission. All such reports and other information may be inspected and copied at the Commission’s public reference room located at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The Commission also maintains a website at http://www.sec.gov that contains reports and other information regarding registrants that file electronically with the Commission, including HSBC USA. The following documents filed by HSBC USA with the Commission are also incorporated herein by reference:

- Annual Report on Form 10-K for the year ended December 31, 2018;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019 and June 30, 2019;
- Current Reports on Form 8-K filed June 26, 2019 and July 8, 2019; and
- any filings of HSBC USA made with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Offering Circular and prior to the termination of the offering of Notes pursuant to the Program.

Any statement contained herein or in a document, all or the relevant portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any subsequent document, all or the relative portion of which is also incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Offering Circular.

We do not incorporate by reference herein any websites or any material included therein unless specified otherwise.

Each person to whom a copy of this Offering Circular is delivered may request a copy of any or all of the documents incorporated by reference herein, at no cost, by writing or telephoning at the following address: HSBC USA Inc., 452 Fifth Avenue, New York, NY 10018, Attention: Corporate Secretary, Telephone: (212) 525-5000.
SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAM AND THE NOTES

This summary must be read as an introduction to this Offering Circular. Any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. The following summary does not purport to be complete and is taken from, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in this Offering Circular, including the documents incorporated by reference herein. Terms defined under “Description of Notes” herein shall have the same meanings in this summary. This Offering Circular sets forth the general terms of the Notes; the applicable Program Supplement, if any, and the applicable Final Terms or Pricing Supplement will describe the particular terms of any issue of Notes and the extent to which, if any, any of the general terms or other information contained in this Offering Circular do not apply to particular Notes or have otherwise been supplemented or modified. If any terms described in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, are inconsistent with those herein, the terms described in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, will control.

Issuer: ........................................................................... HSBC Bank USA, National Association, acting through its principal office in Buffalo, New York, its principal office in New York City or one of its offshore branches, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Legal Entity Identifier (LEI) of the Issuer: .......... 1IE8VN30JCEQV1H4R804

Description: ................................................................... Global Bank Note Program for the issue of Senior Notes due seven days or more from the date of issue and Subordinated Notes due five years and one day or more from the date of issue.

Arranger: .................................................................... HSBC Securities (USA) Inc.

Dealers: ....................................................................... U.S. Dealer: HSBC Securities (USA) Inc.

International Dealer: HSBC Bank plc

The Bank may also sell Notes directly to investors on its own behalf and may appoint other dealers and agents in addition to the Dealers. Notes may be distributed on a syndicated basis, in which case the applicable Final Terms or Pricing Supplement will identify the dealers constituting the syndicate, or on a non-syndicated basis. HSBC Securities (USA) Inc. and HSBC Bank plc are affiliates of the Bank. See “Plan of Distribution.”

Issuing and Principal Paying Agent and Registrar: ........................................................................... HSBC Bank USA, National Association

London Issuing Agent, Paying Agent and Transfer Agent: ................................................................... HSBC Bank plc

Amount: ........................................................................... Up to U.S.$40,000,000,000 aggregate principal amount (or the equivalent thereof in other currencies, calculated as described herein) at any time outstanding; provided, however, that the aggregate principal amount of Notes with maturities greater than 270 days that may be issued hereunder cannot exceed U.S.$40,000,000,000 or the equivalent thereof in other currencies. The Bank may at any time increase the maximum aggregate principal amount of the Notes that may be outstanding at any time pursuant to the Program.

Ratings: ........................................................................... Notes issued under the Program may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Currencies: ...................................................................... Subject to applicable laws and regulations, such currencies as may be agreed between the Bank and the initial purchaser(s), as indicated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. An investment in Notes that are denominated in, or the payment of which is related to the value of, a currency other than the currency of the country in which a purchaser is resident or the currency in which a purchaser conducts
its business entails significant risks. See “Risk Factors—Risk Factors Related to the Market—Notes denominated in, or related to the value of, currency other than the currency of the country in which the purchaser is resident or conducts business carry risks associated with exchange rate, and exchange controls.”

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations restrictions or reporting requirements from time to time. See “Selling Restrictions.”

Unless permitted by then current laws, regulations and directives, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are received by the Bank in the United Kingdom and which have a maturity of less than one year will only be issued if (a) the redemption value of each such Note is not less than £100,000 as determined at the time of issuance or an amount of equivalent value denominated wholly or partly in a currency other than Sterling, (b) no part of any Note may be transferred unless the redemption value of that part is not less than £100,000, or such an equivalent amount, and (c) they are issued to a limited class of professional investors, unless the relevant Note(s) can be issued and sold without contravention of section 19 of the FSMA.

Redenomination: ..................................................

The applicable Final Terms, Pricing Supplement or Program Supplement, if any, may provide that Notes denominated in the currency of a country that subsequently participates in the European Economic and Monetary Union may be subject to redenomination of such Notes in Euro. In such event, the relevant provisions applicable to such redenomination will be contained in such Final Terms, Pricing Supplement or Program Supplement, if any.

Maturities: ..................................................

Any maturity seven days or more from the date of issue, as indicated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, except in the case of Subordinated Notes, which will have minimum maturities of five years and one day from the date of issue. Notes denominated in other currencies will have such other minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or equivalent body (however designated) or any laws or regulations applicable to the Bank or the currency in which the relevant Notes are denominated.

Issue Price: ..................................................

Notes may be issued on a fully paid or a partly paid basis and at an issue price that is equal to or at a discount to, or premium over, par, as indicated in the applicable Final Terms or Pricing Supplement.

Form of Notes and Clearance: ..................................

The Notes may be offered in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Depending on where the relevant Notes are offered, the Notes will clear through one or more of The Depository Trust Company (”DTC”), Euroclear Bank SA/NV (”Euroclear”), Clearstream Banking S.A., (”Clearstream, Luxembourg”) (each term shall include any successor thereto), and any other clearing system approved by the Bank and specified in the applicable Final Terms or Pricing Supplement.

Notes which are sold pursuant to an offering made in the United States only will be issued in global registered form and will clear through DTC. Such Notes will be represented by one or more DTC Global Notes deposited with the corporate trust department of the Bank as custodian for, and registered in the name of a nominee of, DTC. Notes represented by DTC Global Notes
Notes which are sold pursuant to an offering made outside the United States only will be issued in global registered form. Notes issued in global registered form may clear through one or more of Euroclear, Clearstream, Luxembourg and any other approved clearing system specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Such Notes will be represented by one or more Registered Global Notes deposited with HSBC Bank plc as common depositary for, and registered in the name of a nominee on behalf of, Euroclear, Clearstream, Luxembourg and any such other approved clearing system.

As described above, the Notes may be sold pursuant to an offering made outside the United States only to non-U.S. persons pursuant to Regulation S. In that event, the Notes will be represented initially by one or more Temporary Registered Global Notes which will be deposited on the Original Issue Date thereof with HSBC Bank plc as common depositary for Euroclear, Clearstream, Luxembourg and any other approved clearing system and which will be exchangeable for one or more Permanent Registered Global Notes not earlier than 40 days after the Original Issue Date thereof upon certification of non-U.S. beneficial ownership.

The Notes may be sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering, which Notes will be issued in global registered form and may clear through one or more of DTC, Euroclear and Clearstream, Luxembourg. Such Notes may be represented solely by one or more DTC Global Notes deposited with the corporate trust department of the Bank as custodian for, and registered in the name of a nominee of, DTC or, alternatively, by one or more DTC Global Notes so deposited and registered in respect of Notes sold in the United States, and a separate Registered Global Note deposited with HSBC Bank plc as common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg in respect of Notes sold outside the United States.

Ownership of beneficial interests in Registered Global Notes will be evidenced only by, and transfers thereof will be effected only through, records maintained by the clearing system through which such interests are held and its direct and indirect participants. Except as described under “Description of Notes—Form of Notes and Registration,” owners of beneficial interests in Registered Global Notes will not be entitled to receive physical delivery of Notes in definitive form. Any interest in a Temporary Registered Global Note or a Permanent Registered Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or such other approved clearing system through which such interest may be held.

Interest on Fixed Rate Notes having maturities of greater than one year will be payable in arrears on the date or dates specified in the applicable Final Terms, Pricing Supplement or the Program Supplement, if any. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on Fixed Rate Notes with maturities of one year or less will be payable only at maturity.

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on Fixed Rate Notes with maturities of greater than one year will be computed on the basis of a 360-day year of twelve 30-day months and interest on Fixed Rate Notes with maturities of
one year or less will be computed on the basis of the actual number of days elapsed divided by 360. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on all Fixed Rate Notes denominated other than in U.S. dollars will be computed using the “Actual/Actual (ISMA)” Fixed Day Count Convention.

Floating Rate Notes: ..................................................

Floating Rate Notes will bear interest determined by reference to either (i) an ISDA Rate or (ii) one or more of the CMT Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR, EURIBOR, the Prime Rate, the Treasury Rate or such other interest rate basis or bases or interest rate formula as may be set forth in the applicable Final Terms or applicable Pricing Supplement.

The applicable Final Terms or applicable Pricing Supplement will specify the basis for determining interest on the related Floating Rate Notes and the Spread and/or Spread Multiplier, if any, applicable thereto, the Maximum Interest Rate and/or Minimum Interest Rate, if any, and certain additional terms with respect thereto, including, if interest will be determined on the basis of a reference rate, whether such Notes are “Regular Floating Rate Notes,” “Floating Rate/Fixed Rate Notes” or “Inverse Floating Rate Notes.” Interest on Floating Rate Notes will be computed in the manner and payable on the dates described under “Description of Notes—Floating Rate Notes.”

Dual Currency Notes: .................................................

Payments (whether with respect to principal, premium, if any, or interest and whether at maturity or otherwise) with respect to Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Bank and the initial purchaser(s) may agree, as indicated in the applicable Final Terms or applicable Pricing Supplement.

Indexed Notes: ..........................................................

Payments (whether with respect to principal, premium, if any, or interest and whether at maturity or otherwise) with respect to Indexed Notes will be calculated by reference to such index and/or formula on which the Bank and the initial purchaser(s) may agree, as indicated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, which may include the price change or performance (on specific dates or periods) of an index based on the performance of financial assets, including but not limited to securities, baskets of securities, interest rates, indexes, options, futures, swaps, currencies, commodities, weather derivatives, credit derivatives, or any combination of the above, or any other financial asset not specified herein that the Bank and the initial purchaser(s) may select as a reference in order to determine the amount of principal, if any, interest, if any, or return, if any, payable on the Notes, from time to time.

Original Issue Discount Notes (including Zero Coupon Notes):............................

Original Issue Discount Notes may be offered and sold at a discount to their principal amount and may bear interest at a fixed or floating rate or may be Zero Coupon Notes, which bear no interest except in respect of overdue principal. See “Description of Notes—Original Issue Discount Notes (including Zero Coupon Notes).”

Other Notes: ...............................................................

The Bank may issue other types of Notes, the terms of which will be specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, and may include discount notes, premium notes, installment notes, amortizing notes, accreting notes, total return notes or other forms of notes.

Payments: ..............................................................

The Bank will be obligated to make payments of principal of, and premium, if any, and interest on the Notes in the currency in which such Notes are denominated. Any such amounts to be paid by the Bank in respect of DTC Global Notes denominated other than in U.S. Dollars will, unless otherwise
specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, be converted into U.S. Dollars for payment to the holders thereof as described under “Description of Notes—Payment of Principal, Premium and Interest.” Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, payments of principal of, and premium, if any, and interest on, any other Registered Global Notes and Temporary Registered Global Notes will be made in the currency in which such Notes are denominated.

Redemption and Repayment: ........................................

The applicable Final Terms, Pricing Supplement or Program Supplement, if any, will indicate whether the Notes of that Series will be subject to redemption at the option of the Bank (other than for tax reasons) or repayment at the option of the holder thereof prior to maturity. If no indication is made in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes of that Series will neither be subject to redemption at the option of the Bank (other than for tax reasons) nor repayment at the option of the holder thereof prior to maturity. In addition, Notes may be redeemed by the Bank, in whole but not in part, in the event of certain changes involving taxation.

To the extent then required under or pursuant to applicable capital regulations, Subordinated Notes may not be redeemed prior to maturity without the prior approval of the OCC. Unless otherwise indicated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Subordinated Notes may not be repaid at the option of the holder thereof prior to maturity.

Denomination of Notes: .............................................

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold to accredited investors in accordance with 12 C.F.R. 16.6 will be issued only in minimum denominations of U.S. $250,000 and integral multiples of U.S. $1,000 in excess thereof (or equivalent denominations in other currencies). Unless otherwise specified in the applicable Final Terms or Pricing Supplement, Notes sold to accredited investors in accordance with Regulation D under the Securities Act and 12 C.F.R. 16.7 will be issued in minimum denominations of $250,000 and integral multiples of U.S.$1,000 in excess thereof. Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered and sold to accredited investors as described in either of the two preceding sentences will be offered and sold only to institutional accredited investors. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold outside the United States will be subject to a minimum denomination of €100,000, and integral multiples of €1,000 in excess thereof (or its equivalent in other currencies). See “Description of Notes—General.” Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are received by the Bank in the United Kingdom and which have a maturity of less than one year may be subject to restrictions on their denomination and distribution. See “Maturities” and “Currencies” above.

As described in “Plan of Distribution,” HSBC Securities (USA) Inc. is an affiliate of the Bank and may act in a principal capacity in connection with the offer and sale of the Notes. Any such offering will be conducted in compliance with FINRA Rule 5121.

Further Issues: ..................................................

The Bank may from time to time, without notice to or the consent of the holders of any Series of Notes, create and issue further notes ranking pari passu with such Series of Notes and with identical terms in all respects (or in
all respects except for the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes) in order that such further notes may be consolidated and form a single Series with such outstanding Series of Notes and have the same terms as to status, redemption or otherwise as such Series of Notes.

**Taxation:**

All payments with respect to the Notes will be made without withholding or deduction at source for or on account of any taxes or other charges imposed by any governmental authority or agency in the United States, except as described under “Description of Notes—Additional Amounts.” All references herein to principal, premium and interest in respect of any Note shall, unless the context otherwise requires, be deemed to mean and include all Additional Amounts, if any, payable in respect thereof as set forth in such Note or in the applicable Final Terms or applicable Pricing Supplement. See “Certain United States Federal Income Tax Considerations.”

**Status of the Notes:**

The Notes are direct, unconditional and unsecured general obligations of the Bank, do not evidence deposits and are not insured by the FDIC or any other governmental entity of any jurisdiction. The Notes will be obligations solely of the Bank and will not be guaranteed by HSBC USA or any other affiliate of the Bank.

**Ranking of the Notes:**

The obligations evidenced by the Senior Notes will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Bank, except obligations, including domestic deposits, that are subject to any priorities or preferences by law. In an insolvency of the Bank, the holders of Senior Notes could be treated differently from, and could receive a significantly lesser proportion of the claim evidenced by their Notes than, holders of domestic deposit obligations of the Bank. See “Supervision, Regulation and Other Matters” and “Description of Notes—Ranking.”

Each Subordinated Note will be subordinated to the claims of depositors and general creditors of the Bank, including claims of holders of Senior Notes, to the extent described herein.

The Notes will be ineligible as collateral to secure a loan from the Bank and will be unsecured. See “Description of Notes—Ranking.”

**Listing:**

The Notes may be unlisted or may be listed, quoted and/or traded on or by any securities exchanges, listing authorities and/or quotation systems on which the Bank and the Dealers may agree in relation to each issuance. Each Final Terms, Pricing Supplement or Program Supplement, if any, will indicate whether or not (and, if so, on which securities exchanges, listing authorities or quotation systems) the Notes of that Series will be listed, quoted or traded. The Bank, in agreement with the relevant Dealers, may delist any listed Notes at any time in accordance with the rules and regulations of the applicable securities exchange or listing authority. As of the date of this Offering Circular, we have not applied for listing of this Program on any securities exchange.

**Governing Law:**

The Notes will be governed by, and construed in accordance with, the laws of the State of New York, without regard to its conflicts of laws principles, and all applicable federal laws and regulations.

**Selling Restrictions:**

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Notes will be offered by the Dealers in any initial offering hereunder only (i) to accredited investors pursuant to Part 16.6 of the OCC’s securities offering regulations (12 C.F.R. Part 16.6), (ii) to accredited investors in accordance with Regulation D under the Securities
Act and Part 16.7 of the OCC’s securities offering regulations (12 C.F.R. Part 16.7) or (iii) outside the United States in compliance with Regulation S under the Securities Act. Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered as described in clauses (i) or (ii) of the preceding sentence will be offered to institutional accredited investors. Each owner of a beneficial interest in a Note being offered and sold as described in clause (i) of the second preceding sentence will be required to hold such beneficial interest in a minimum principal amount of U.S.$250,000 or the equivalent thereof in other currencies, calculated as described herein, subject to other statutory or regulatory minimums as described herein. Each owner of a beneficial interest in a Note being offered and sold as described in clause (ii) of the third preceding sentence, in making its purchase, will be deemed to have represented and agreed with the Bank that it is an accredited investor or an institutional accredited investor, as applicable, and that it is purchasing such Notes for its own account or the account of one or more other accredited investors or institutional accredited investors, as applicable. See “Transfer Restrictions” for more information. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold outside the United States will be subject to a minimum denomination of €100,000, and integral multiples of €1,000 in excess thereof (or its equivalent in other currencies). Certain additional restrictions will apply to sales made in the United Kingdom, Canada, Hong Kong, Italy, Japan and Singapore, and other restrictions may apply in connection with a particular issuance of Notes. See “Selling Restrictions.” Any such other restrictions will be set forth in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.
RISK FACTORS

Investing in the Notes involves risk. Prospective investors should consult their own financial and legal advisors about risks associated with an investment in such Notes and the suitability of investing in such Notes in light of their particular circumstances. In particular, for certain Notes, including Notes where the amount payable or deliverable in respect thereof is determined by reference to one or more equity or debt securities, indices or other assets or basis of reference or is dependent on the credit performance of one or more specified entities, prospective investors will be subject to significant risks not associated with conventional fixed rate or floating rate debt securities. Further, investing in the Notes is not equivalent to investing directly in any such equity or debt securities, indices or other assets or basis of reference. Prospective investors of the Notes should understand the risks of investing in the Notes and should reach their own investment decision, only after careful consideration with their advisors of the suitability of the Notes in light of their particular financial circumstances, the following risk factors, and the other information included or incorporated by reference in this Offering Circular and the applicable Final Terms, Pricing Supplement or Program Supplement, if any. The Bank has no control over a number of matters, including economic, financial, regulatory, geographic, judicial and political events, that are important in determining the existence, magnitude, and longevity of these risks and their influence on the value of, or the payments made on, the Notes. Prospective investors should not purchase the Notes unless they understand and can bear these investment risks.

Before investing in a specific Note issuance, prospective investors should also read the additional risk factors included in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Risks Related to the Bank’s Business

Please see the “Risk Factors” section in HSBC USA’s most recent Annual Report on Form 10-K, along with the disclosure related to the risk factors contained in HSBC USA’s subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this Offering Circular, as updated by HSBC USA’s future filings with the Commission. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this Offering Circular. The Program Supplement, if any, the Pricing Supplement or the Final Terms applicable to each type or series of Notes we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of Notes we are offering under that Program Supplement, if any, Pricing Supplement or Final Terms.

Risks Related to the Notes and Program Generally

Each Holder must act independently. Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to certain matters affecting such holder’s Note, including, where applicable, accelerating the maturity thereof upon the occurrence of an Event of Default, enforcing any covenants contained therein and responding to any requests for consents, waivers or amendments.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment (either alone or with the help of financial, tax, and legal advisers) in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its own particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor’s financial activities are principally denominated;
- thoroughly understand the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets;
- investigate any relevant Reference Asset and not rely on the Bank’s views in any respect, making such investigation as deemed appropriate as to the merits of an investment in the relevant Notes; and
be able to evaluate (either alone or with the help of financial, tax, and legal advisers) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield by an understood, measured, appropriate addition of risk to an overall portfolio. A potential investor should not invest in Notes that are complex financial instruments unless it has the expertise (either alone or with the assistance of financial, tax, and legal advisers) to evaluate how the Notes will perform under changing conditions, the resulting effect on the value of such Notes and the impact such investment will have on the potential investor’s overall investment portfolio.

The Notes are subject to the Bank’s credit risk and are not insured against loss by any third parties; an investor can depend only on the Bank’s earnings and assets for payment and interest, if any, on the Notes. The Notes are unsecured debt obligations of the Bank and will be solely the obligations of the Bank, and no other entity will have any obligation, contingent or otherwise, to make any payments in respect of the Notes. Our parent will have no obligation to pay any amount in respect of the Notes or to make any funds available for payment of the Notes. Any payment to be made on the Notes depends on the Bank’s ability to satisfy its obligations as they become due. As a result, the Bank’s actual and perceived creditworthiness may affect the market value of the Notes and, in the event that the Bank were to default in its obligations, you may not receive the amounts owed to you under the terms of the Notes.

The Notes are not insured or guaranteed by any governmental agency of the United States or any other jurisdiction. The Notes are not deposit liabilities or other obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or program of the United States or any other jurisdiction.

The estimated initial value, which will be determined by us on the pricing date, may be less than the price to public and may differ from the market value of the Notes in the secondary market, if any. The estimated initial value will be calculated by us on the pricing date and may 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 Notes. 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 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 Notes to be more favorable to you. We will determine the value of the embedded derivatives in the Notes 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 Notes 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 Notes in the secondary market (if any exists) at any time.

The price of your Notes 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, unless specified otherwise in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, will be used or retained by us or one of our affiliates, include any underwriting discount, our affiliates’ projected hedging profits (which may or may not be realized) for assuming risks inherent in hedging our obligations under the Notes and the costs associated with structuring and hedging our obligations under the Notes. If you were to sell your Notes in the secondary market, if any, the price you would receive for your Notes 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 Notes in the secondary market, if any, at any time after issuance will vary based on many factors, including the value of the Reference Asset and changes in market conditions, and cannot be predicted with accuracy. The Notes are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the Notes to maturity. Any sale of the Notes prior to maturity could result in a loss to you.

If we were to repurchase your Notes immediately after the Original Issue Date, the price you receive may be higher than the estimated initial value. Assuming that all relevant factors remain constant after the Original Issue Date, the price at which any of the Dealers or their affiliates may initially buy or sell the Notes 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 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 Notes and other costs in connection with the Notes that we will no longer expect to incur over the term of the Notes. 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 Notes and any agreement we may have with the Dealers. 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 Notes based on changes in market conditions and other factors that cannot be predicted.

**The Notes lack liquidity.** The Notes will not be listed on any securities exchange. None of us, the Dealers or their affiliates are required to offer to purchase the Notes 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 Notes easily. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which any of the Dealers or their affiliates are willing to buy the Notes.

**Additional Risks Related to Particular Series of Notes**

**Unless the terms of your Notes specify the return of principal or a minimum return, an investor may lose its entire investment.** There can be no assurance of the receipt of any amount at maturity. The payment at maturity may be based on changes in the value of the instrument or instruments or other measure specified in the Final Terms or Pricing Supplement to which the Notes are linked (the “Reference Asset”), which fluctuate and cannot be predicted. Although historical data with respect to the Reference Asset or any instrument comprising the Reference Asset may be available, the historical performance of the Reference Asset or any of the instruments comprising the Reference Asset should not be taken as an indication of future performance. No assurance can be given, and none is intended to be given, that any return will be achieved on the Notes.

**There may not be any secondary market for the Notes.** Upon issuance, the Notes will not have an established trading market. There can be no assurance that a trading market for the Notes will develop or, if one develops, that it will be maintained. Although the Bank may apply to list certain issuances of Notes on a securities exchange, it is under no obligation to do so. In addition, in the event that the Bank applies for listing, it may not meet the relevant requirements. The Bank does not expect to announce, prior to the pricing of the Notes, whether it will meet such requirements. Even if there is a secondary market, it may not provide significant liquidity. While the Bank anticipates that the Dealer will act as a market maker for the Notes, the Dealer is not required to do so. If the Notes are not listed on any securities exchange and the Dealer was to cease acting as a market maker, it is likely that there would be no secondary market for the Notes. Prospective investors therefore must be willing and able to hold the Notes until maturity. In addition, Notes sold to accredited investors in accordance with Regulation D and Part 16.7 of the OCC’s securities offering Regulations (12 C.F.R. Part 16.7) are subject to significant transfer restrictions. See “Selling Restrictions” and “Transfer Restrictions.”

**The Bank’s obligations under Subordinated Notes will be unsecured and subordinated.** Subject to applicable law, in any voluntary or involuntary liquidation or bankruptcy of the Bank, the rights of the holder of any Note shall be subordinated in right of payment to the claims of the Bank’s obligations to its depositors, the Bank’s obligations under bankers’ acceptances and letters of credit and the Bank’s obligations to its other creditors, including its obligations to any Federal Reserve Bank and the FDIC. Also, if an Event of Default shall occur and be continuing, holders of Senior Notes may declare those Notes in default and accelerate the due date of those Notes. Acceleration of the Senior Notes may adversely impact the Bank’s ability to pay obligations on Subordinated Notes. Payment of principal on the Subordinated Notes may be accelerated only in the case of the Bank’s insolvency or liquidation, and then, to the extent required under or pursuant to applicable capital regulations, only with the prior approval of the OCC. There is no right of acceleration in the case of a default in the payment of interest on the Subordinated Notes or in the performance of any other obligation of the Bank under the Subordinated Notes. The Bank may defer the payment of any installment of interest or principal on the Subordinated Notes in the manner described under “Description of the Notes—Ranking—Subordinated Notes.”

**Investors may be required to pay fees in connection with their investment in the Notes.** Investors may be required to pay an additional amount per Note (as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any) as a commission for services rendered by any of the Dealers in connection with their initial purchase of the Notes. In addition, to the extent an investor requests that a Dealer execute a secondary market-making transaction for any of his or her Notes (and the Dealer agrees to do so), the Bank and the Dealers may receive a fee in connection with such secondary market-making transaction in addition to any bid-ask spread. To the extent that the applicable Final Terms, Pricing Supplement or Program Supplement, if any, allows investors to redeem the Notes prior to Maturity, an investor may be required to pay a fee in connection with its early redemption of the Notes. As a consequence of these fees, an investor may receive, by executing a market-making transaction or an early redemption, less than the full performance of the Reference Asset that the Notes are linked to.

**Investors’ yield may be lower than the yield on a standard debt security of comparable maturity.** Periodic payments of interest on the Notes, if any, may be lower than interest payments an investor would receive by investing in a conventional fixed rate or floating rate debt security having the same maturity date and issuance date as the Notes. The effective yield to maturity of the
Notes may be less than that which would be payable on such a conventional fixed rate or floating rate debt security. Even considering a minimum return or fixed repayment of principal (if either is specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any) any such return at maturity may not compensate the holder of the Notes for any opportunity cost implied by inflation and other factors relating to the time value of money.

**Price or other movements in the instrument or instruments comprising the Reference Asset are unpredictable.** Price or other movements in the instrument or instruments comprising the Reference Asset that the Notes are linked to are unpredictable and volatile, and are influenced by complex and interrelated political, economic, financial, regulatory, geographic, judicial and other factors that can affect the markets in which the relevant instrument or instruments are traded and/or the particular instrument or instruments. As a result, it is impossible to predict whether the prices or levels of the instrument or instruments comprising the Reference Asset will rise or fall during the term of the Notes. During the term of the Notes, the price of the instrument or instruments comprising the Reference Asset may decrease below the initial level. The Bank cannot guarantee that the price or trading level of the instrument or instruments comprising the Reference Asset will rise or fall over the term of the Notes or, if the price or trading level of the instrument or instruments comprising the Reference Asset does rise or fall, what the price or trading level will be on the date or dates that the performance of the Notes is determined.

The historical or hypothetical historical performance of the Reference Asset is not an indication of future performance. The historical or hypothetical historical performance of the instrument or instruments comprising the Reference Asset, which may be included in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, should not be taken as an indication of the future performance of the instrument or instruments comprising the Reference Asset. It is impossible to predict whether the level of the Reference Asset will fall or rise over the term of the Notes. The trading level or price of the Reference Asset will be influenced by complex and interrelated economic, financial, regulatory, geographic, judicial, political and other factors that can affect the trading markets on which the instrument or instruments comprising the Reference Asset are traded and/or the value of the Notes.

The price at which investors will be able to sell their Notes prior to maturity will depend on a number of factors, and may be substantially less than the amount an investor had originally invested. If an investor wishes to liquidate its investment in the Notes prior to maturity, its only alternative would be to sell the Notes. At that time, there may be an illiquid market for the Notes or no market at all. Even if an investor were able to sell its Notes, there are many factors outside of the Bank’s control that may affect the value that such investor could realize from such a sale. The Bank believes that the value of an investor’s Notes will be affected by the value and volatility of the instrument or instruments comprising the Reference Asset, whether or not the trading level or price of the Reference Asset is greater than or equal to the initial level, changes in interest rates, the supply of and demand for the Notes and a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The price, if any, at which an investor will be able to sell its Notes prior to maturity may be substantially less than the amount that investor originally invested if, at such time, the trading level or price of the Reference Asset is less than, equal to or not sufficiently above the initial level. The following paragraphs describe the manner in which the Bank expects the trading value of the Notes will be affected in the event of a change in a specific factor, assuming all other conditions remain constant.

**Reference Asset performance.** The Bank expects that the value of the Notes prior to maturity will depend substantially on the relationship between the trading level or price of the Reference Asset and its initial level or initial price. If an investor decides to sell its Notes when the trading level or price differs from the initial level or initial price, such investor may nonetheless receive substantially less than the amount that would be payable at maturity based on that trading level or price because of expectations that the trading level or price will continue to fluctuate until the date or dates that the performance of the Notes is determined.

**Volatility of the Reference Asset.** Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Reference Asset increases or decreases, the trading value of the Notes may be adversely affected.

**Interest rates.** The Bank expects that the trading value of the Notes will be affected by changes in interest rates. In general, if interest rates increase, the value of the Notes may decrease, and if interest rates decrease, the value of the Notes may increase. Interest rates also may affect the economy and, in turn, the value of the Reference Asset, which would affect the value of the Notes.

**The Bank’s credit ratings, financial condition and results of operations.** Actual or anticipated changes in the Bank’s current credit ratings as well as the Bank’s financial condition or results of operations may significantly affect the trading value of the Notes. However, because the return on the Notes is dependent upon factors in addition to the Bank’s ability to pay its obligations under the Notes, such as the trading level or price of the Reference Asset, an improvement in the Bank’s credit ratings, financial condition or results of operations is not expected to have a positive effect on the trading value of the Notes.
Notes. As the time remaining to the maturity of the Notes decreases, this time premium will likely decrease, potentially adversely affecting the trading value of the Notes. As the time remaining to maturity decreases, the trading value of the Notes may be less sensitive to the price volatility of the instrument or instruments comprising the Reference Asset.

Dividend yield, if any. The value of the Notes also may be affected by the dividend yields, if any, on the instrument or instruments comprising the Reference Asset. In general, because the payment at maturity does not incorporate the value of dividend payments, an increase in dividend yields is likely to reduce the trading value of the Notes. Conversely, a decrease in dividend yields is likely to increase the trading value of the Notes.

Economic and other conditions generally. The general economic conditions of the capital markets in the United States, as well as geopolitical conditions and other financial, political, regulatory, and judicial events that affect stock markets generally, may affect the value of the Reference Asset and the value of the Notes. If the Reference Asset includes foreign assets, the value of your Notes may also be affected by similar events in those foreign markets.

Events affecting or involving the Reference Asset. Economic, financial, regulatory, geographic, judicial, political and other developments that affect the level or price of the instrument or instruments comprising the Reference Asset, and real or anticipated changes in those factors, also may affect the trading value of the Notes. For example, earnings results of the instrument or instruments comprising a Reference Asset that is or relates to one or more equity securities, and real or anticipated changes in those conditions or results, may affect the trading value of the Notes. Reference Assets relating to equity securities also may be affected by mergers and acquisitions, which can contribute to volatility of the Reference Asset. As a result of a merger or acquisition involving the Reference Asset, the Reference Asset may be replaced with a surviving or acquiring entity’s securities. The surviving or acquiring entity’s securities may not have the same characteristics as the company or companies previously comprising the Reference Asset.

Exchange rate movements and volatility. If the Reference Asset includes any non-U.S. asset, changes in, and the volatility of, the exchange rates between the U.S. Dollar and the relevant non-U.S. currency or currencies could have a negative impact on the value of the Notes.

Dealer’s commission and cost of hedging. The original issue price of the Notes includes the Dealer’s commission and the cost of hedging the Bank’s obligations under the Notes. Such cost includes the Bank’s affiliates’ expected cost of providing such hedge and the profit the Bank’s affiliate expects to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which the Dealer will be willing to purchase Notes from and investor in secondary market transactions will likely be lower than the original issue price and, accordingly, an investor may need to be able and willing to hold the Notes to Maturity. In addition, any such prices may differ from values determined by pricing models used by the Dealer as a result of such compensation or other transaction costs.

The effect of any one of the factors specified above, such as an increase in interest rates, may offset some or all of any change in the value of the Notes attributable to another factor, such as an increase in the value of the Reference Asset.

The Bank may choose to redeem the Notes when prevailing interest rates or the return on an investor’s investment are relatively low. If the Notes are redeemable at the Bank’s option, this means that the Bank has the right, without the consent of investors, to redeem or “call” all or a portion of the Notes at any time, or at a specific point in time, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. This does not mean that investors have a similar right to require the Bank to repay the Notes. Where such a redemption right exists, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar maturity at an effective interest rate or with an effective return as high as the interest rate or return on the Notes being redeemed. Any such redemption right of the Bank’s also may adversely impact an investor’s ability to sell its Notes, and/or the price at which an investor could sell its Notes. Investors should consult their own financial and legal advisors as to the risks of an investment in redeemable Notes.

The instrument or instruments comprising the Reference Asset may trade more frequently than the Notes trade in a secondary market, if any. The hours of trading for the Notes may not conform to the hours during which the instrument or instruments comprising the Reference Asset are traded. To the extent that the markets in which the Notes trade, if any, are closed while other markets remain open, significant movements may take place in the levels or prices of the instrument or instruments comprising the Reference Asset that will not be reflected immediately in the value of the Notes. In addition, there may not be any systematic reporting of last-sale or similar information for the Reference Asset. The absence of last-sale or similar information and the limited availability of quotations would make it difficult for many investors to obtain timely, accurate data about the state of the market for the Reference Asset.
The Calculation Agent may postpone the determination of the amount investors receive in respect of the Notes if a market disruption event occurs on any date or dates on which the performance of the Notes is determined. Any date or dates on which the performance of the Notes is to be determined may be postponed if the Calculation Agent (as defined below) determines that a market disruption event has occurred or is continuing on that date. If a postponement occurs, the Calculation Agent will follow the procedures prescribed in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Investors will not be entitled to compensation from the Bank or the Calculation Agent for any loss suffered as a result of the occurrence of a market disruption event or any resulting delay in payment or any change in the level or price of the Reference Asset after the originally scheduled date or dates on which the performance of the Notes was to be determined. If so provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, should the market disruption event continue for a certain period of time, the performance of the Reference Asset, and hence the Notes, may be determined by the Calculation Agent based upon its good faith estimate.

The amount an investor receives at maturity may be delayed or reduced upon the occurrence of an Event of Default. If the Notes have become immediately due and payable following an Event of Default with respect to the Notes, an investor may not be entitled to the entire principal amount of the Notes, but only to that portion of the principal amount specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, together with accrued but unpaid interest, if any.

The Calculation Agent is expected to be the Bank or one of its affiliates and may have an adverse economic interest. The Calculation Agent will make certain determinations and judgments in relation to various calculations in connection with the Notes and determining whether a market disruption event has occurred, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Because the Calculation Agent is expected to be the Bank or one of its affiliates, the Calculation Agent may have economic interests that are adverse to the interests of the holders of the Notes. The determinations by the Calculation Agent will be final and binding absent manifest error.

Trading and other transactions by the Bank or its affiliates could affect the trading level or price and/or level of the Reference Asset, the trading value of the Notes or the amount an investor may receive at maturity. In connection with normal business practices or in connection with hedging its obligations under the Notes, the Bank and its affiliates may from time to time buy or sell the instrument or instruments comprising a Reference Asset, similar instruments, other securities of an issuer of an instrument comprising a Reference Asset or derivative instruments relating to such an instrument or instruments. These trading activities may occur in the Bank’s proprietary accounts, in facilitating transactions, including block trades, for the Bank’s other customers and in accounts under the Bank’s management. These trading activities also could affect the price of an instrument comprising any Reference Asset in a manner that would decrease the trading value of the Notes prior to maturity or the amount an investor would receive at maturity. To the extent that the Bank or any of its affiliates have a hedge position in an instrument or instruments comprising the Reference Asset, or in a derivative or synthetic instrument related to such an instrument, the Bank or any of its affiliates may liquidate a portion of such holdings at or about the time of the maturity of the Notes. This liquidation activity may affect the amount payable at maturity in a manner that would be adverse to an investor’s investment in the Notes. Depending on, among other things, future market conditions, the aggregate amount and the composition of such hedge positions are likely to vary over time. In addition, the Bank or any of its affiliates may purchase or otherwise acquire a long or short position in the Notes. The Bank or any of its affiliates may hold or resell any such position in the Notes.

Trading, hedging and other business activities of the Bank, and those of the Dealers, may create conflicts of interest with the investor. The Bank, the Dealers or one or more of their respective affiliates may engage in trading activities related to a Reference Asset that are not for the investors’ account or on the investors’ behalf. The Bank, the Dealers or one or more of their respective affiliates also may issue or underwrite other financial instruments with returns based upon the applicable Reference Asset. These trading and other business activities may present a conflict of interest between the investors’ interest in the Notes and the interests the Bank, the Dealers and their respective affiliates may have in their proprietary accounts, in facilitating transactions, including block trades, for their other customers, and in accounts under their management. These trading and other business activities, if they influence the value of the Reference Asset or secondary trading in your Notes, could be adverse to the investors’ interests as a beneficial owner of the Notes.

The Bank, the Dealers and their respective affiliates expect to enter into arrangements or adjust or close out existing transactions to hedge their obligations under the Notes. The Bank, the Dealers and their respective affiliates also may enter into hedging transactions relating to other notes or instruments that they issue, some of which may have returns calculated in a manner related to that of a particular issue of the Notes. The Bank may enter into such hedging arrangements with one or more of its affiliates, or with one or more of the Dealers or their affiliates. Such a party may enter into additional hedging transactions with other parties relating to the Notes and the applicable Reference Asset. This hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but could also result in a loss. The Bank and its respective
affiliates will price these hedging transactions with the intent to realize a profit, regardless of whether the value of the Notes increases or decreases. Any profit in connection with such hedging activities will be in addition to any other compensation that the Bank and its respective affiliates receive for the sale of the Notes, which creates an additional incentive to sell the Notes to the investors.

**Research reports and other transactions may create conflicts of interest between investors and the Bank.** The Bank or one or more of its affiliates have published, and may in the future publish, research reports relating to the instrument or instruments comprising certain Reference Assets or to the issuers of certain such instruments. The views expressed in this research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the trading level or price of an instrument comprising the Reference Asset and, therefore, the value of the Notes. Moreover, other professionals who deal in these markets may at any time have views that differ significantly from that of the Bank (or its affiliates). In connection with purchasing the Notes, investors should investigate the Reference Asset and not rely on the views of the Bank (or its affiliates) with respect to future movements in the Reference Asset.

The Bank or any of its affiliates also may issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the instrument or instruments comprising the Reference Asset. By introducing competing products into the marketplace in this manner, the Bank or its affiliates could adversely affect the value of the Notes.

The Bank and its affiliates, at present or in the future, may engage in business relating to the sponsor or issuer of any instrument or instruments comprising the Reference Asset, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to such a sponsor or issuer. In connection with these activities, the Bank may receive information pertinent to the Reference Asset that it will not divulge to investors.

**Risks Relating to Floating-Rate Notes Linked to “Benchmarks.”**  LIBOR, EURIBOR and other indices that are deemed “benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any floating-rate notes linked to a benchmark.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. These factors may have the effect of discouraging market participants from continuing to administer or participate in certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks. The disappearance of a benchmark or changes in the manner of administration of a benchmark could have materially adverse consequences in relation to instruments linked to that benchmark, such as floating-rate notes linked to non-U.S. dollar LIBOR or EURIBOR.

**The Bank cannot control actions by the sponsors or issuers of the instrument or instruments comprising the Reference Asset.** Actions by any sponsor or issuer of the instrument or instruments comprising the Reference Asset may have an adverse effect on the trading level or price of any instrument comprising the Reference Asset and therefore on the value of the Notes. No sponsor or issuer will be involved with the administration, marketing or trading of the Notes and no sponsor or issuer will have any obligations with respect to the amounts to be paid to investors on any applicable interest payment date or on the maturity date, or to consider an investor’s interest as an owner of Notes when it takes any actions that might affect the value of the Notes. No sponsor or issuer will receive any of the proceeds of any Note offering and no sponsor or issuer will be responsible for, or have participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued.

The Bank will not be affiliated with any sponsor or issuer of any instrument or instruments comprising the Reference Asset (except for the licensing arrangements, if any, discussed in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, and except as discussed below under “Even if the securities of one of the Bank’s affiliates are tracked by a Reference Asset that is an equity index or held by an ETF, the Bank or its affiliates will not have any obligation to consider your interests”). The Bank may from time to time own securities of such issuer. However, the Bank has no ability to control or predict the actions of the sponsor or issuer of any instrument or instruments comprising the Reference Asset, including any errors in information disclosed by them or any discontinuance by them of such disclosure. However, the Bank may currently, or in the future, engage in business with such sponsors or issuers. Neither the Bank, nor any of its affiliates, including the Dealers, will make any representation or independent investigation as to, or assumes any responsibility for, the adequacy or accuracy of any publicly available information about the sponsor or issuer of any instrument or instruments comprising the Reference Asset, whether such information is contained in the applicable Final Terms,
Pricing Supplement or Program Supplement, if any, or otherwise. Investors should make their own investigation into the Reference Asset and the sponsor or issuer of any instrument or instruments comprising the Reference Asset. Furthermore, we do not know whether all events occurring before the date of the applicable Final Terms, Pricing Supplement or Program Supplement, if any, including events that would affect the accuracy or completeness of the publicly available documents referred to above, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning a sponsor or issuer could affect the value of the Notes.

**Investors have no recourse to the sponsor or issuer of any instrument or instruments comprising the Reference Asset.** An investor’s investment in the Notes will not give him or her any rights against any sponsor or issuer, including any sponsor or issuer that may determine or publish the level of any instrument or instruments comprising the Reference Asset. The Notes are not sponsored, endorsed, sold or promoted by the sponsor or issuer of any instrument or instruments comprising the Reference Asset.

**Changes in methodology of the sponsor or issuer of certain Reference Assets or changes in laws or regulations, may affect the value of and payment, if any, on the Notes prior to maturity and the amount investors receive at maturity.** The sponsor or issuer of certain Reference Assets may have the ability from time to time to change any of its rules or bylaws or historical practices and procedures or take emergency action under its rules, any of which could affect the trading level or price of the instrument or instruments comprising the Reference Asset. Any such change which causes a decrease in such trading level or price could adversely affect the level or price of the Reference Asset and the value of the Notes.

In addition, the level or price of a Reference Asset could be adversely affected by the promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those relating to taxes and duties on any Reference Asset) by one or more governments, governmental agencies or instrumentalities, courts or other official bodies. Any such event could adversely affect the level or price of the Reference Asset and, correspondingly, could adversely affect the value of the Notes.

The sponsor may change the instruments comprising the Reference Assets that are indices in a way that adversely affects the Reference Asset level and consequently the value of the Notes. The sponsors of Reference Assets that are indices can add, delete or substitute the instruments comprising the Reference Asset or make other methodological changes that could adversely change the level of the Reference Asset and thereby affect the value of the Notes. Changes in the instrument or instruments comprising the Reference Asset may affect the level of the Reference Asset, as a newly added instrument or instruments may perform significantly better or worse than the instrument or instruments it replaces.

Any discontinuance or suspension of calculation or publication of the trading levels or prices of the instrument or instruments comprising the Reference Asset may adversely affect the trading value of the Notes and the amount investors will receive at maturity. If the calculation or publication of the trading levels or prices of the instrument or instruments comprising the Reference Asset is discontinued or suspended, it may become difficult to determine the trading value of the Notes or, if such discontinuance or suspension is continuing on the observation date, the amount investors will receive at maturity.

The Reference Asset may not be a recognized market index and may not accurately reflect global market performance. The Reference Asset may not be a recognized market index and may be created solely for purposes of the offering of the Notes and calculated solely during the term of the Notes. In such an instance, the level of the Reference Asset and, therefore, its performance, will not be published during the term of the Notes.

Reference Assets comprised of an instrument or instruments traded in a foreign market may contain additional risks. The prices and performance of instruments or securities traded in foreign markets may be affected by political, economic, financial, social or other factors in the relevant foreign market. In addition, recent or future changes in governmental, economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could adversely affect the foreign securities markets. Moreover, the relevant foreign economy may differ favorably or unfavorably from that of the United States.

Time differences between the domestic and foreign markets may create discrepancies in the trading level or price of the Notes if the Reference Assets are comprised of instruments that primarily trade on foreign markets. In the event that the instrument or instruments comprising a Reference Asset trade primarily on a foreign market, time differences between the domestic and foreign markets may result in discrepancies between the level or price of the instrument or instruments comprising the Reference Asset and thereby affect the value of the Notes. To the extent that the relevant markets where the Notes trade, if any, are closed while markets for the instrument or instruments comprising the Reference Asset remain open, significant price or rate movements may take place in the instrument or instruments comprising the Reference Asset that will not be reflected immediately in the value of the Notes.
In addition, there may be periods when the relevant foreign markets are closed for trading, causing the level or price of the Reference Asset to remain unchanged for multiple trading days in the relevant market.

Additional Risks Relating to Notes with an Equity Security or Equity Index as the Reference Asset

**Equity market risks may affect the trading value of the Notes and the amount investors will receive at maturity.** If the Reference Asset is an equity security or an equity index, the Bank expects that the Reference Asset will fluctuate in accordance with changes in the financial condition of the relevant issuer(s), the value of common stocks generally and other factors. The financial condition of the issuer(s) of the Reference Asset may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level or price of the Reference Asset and thereby affect the value of the Notes. Common stocks are susceptible to general equity market fluctuations and to volatile increases and decreases in value, as market confidence in and perceptions regarding the instrument or instruments comprising the Reference Asset change. Investor perceptions regarding the issuer of a security comprising a Reference Asset are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. The value of the Reference Asset may be expected to fluctuate until maturity.

**Investors have no rights in the property, nor shareholder rights in any securities of any issuer of the instrument or instruments comprising the Reference Asset.** Investing in the Notes will not make an investor a holder of the instrument or instruments comprising the Reference Asset. Neither an investor nor any other holder or owner of the Notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any property or securities of the issuer or issuers of the instrument or instruments comprising the Reference Asset.

The Notes may be affected by certain corporate events and investors will have limited anti-dilution protection. Following certain corporate events relating to the underlying issuer(s) of Reference Assets consisting of equity securities, such as a stock-for-stock merger where the underlying company is not the surviving entity, investors may receive at maturity, cash or a number of shares of the common stock of a successor corporation to the underlying company, based on the closing price of such successor’s common stock. The occurrence of such corporate events and the subsequent adjustments may materially and adversely affect the value of the Notes. We describe the specific corporate events that can lead to these adjustments in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. The Calculation Agent for the Notes may adjust the amount payable at maturity by adjusting the initial level or initial price of the Reference Asset for certain events affecting the Reference Asset, such as stock splits and stock dividends and certain other corporate events involving an underlying company. However, the Calculation Agent is not required to make an adjustment for every corporate event that can affect the Reference Asset. If an event occurs that is perceived by the market to dilute or concentrate the Reference Asset but that does not require the Calculation Agent to adjust the amount of the Reference Asset payable at maturity, the value of the Notes and the amount payable at maturity may be materially and adversely affected.

**Payments at maturity will not reflect dividends on the Reference Asset.** Payments at maturity do not reflect the payment of dividends on the instrument or instruments comprising the Reference Asset. Therefore, the yield derived from an investment in the Notes will not be the same as if investors had purchased the instrument or instruments comprising the Reference Asset and held it or them for a similar period.

Even if the securities of one of the Bank’s affiliates are tracked by a Reference Asset that is an equity index, the Bank or its affiliates will not have any obligation to consider your interests. The Bank’s ultimate parent HSBC Holdings is currently one of the companies included in two equity indices, either of which could be a Reference Asset, or a component of a basket comprising a Reference Asset. The Bank will not have any obligation to consider your interests as a holder of the Notes in taking any corporate action that might affect the value of such an index, or any other index that tracks or may track the Bank’s or its affiliates’ securities.

**Single stock risk.** If the Reference Asset is comprised of a single equity security, the price of the Reference Asset can rise or fall sharply due to factors specific to that Reference Asset and its issuer, such as stock price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock market volatility and levels, interest rates and economic and political conditions.

The Bank will obtain the information about the sponsor or issuers of the Reference Asset from public filings. The Bank will derive all information in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, about the sponsor or issuers of the instrument or instruments comprising the Reference Asset from publicly available documents. The Bank has not participated and will not participate in the preparation of any of those documents. Nor has the Bank made or will it make any “due
diligence” investigation or any inquiry with respect to the sponsor or issuers of the instrument or instruments comprising the Reference Asset in connection with the offering of the Notes. The Bank does not make any representation that any publicly available document or any other publicly available information about the sponsor or issuers of the instrument or instruments comprising the Reference Asset is accurate or complete. Furthermore, the Bank does not know whether all events occurring before the date of the applicable Final Terms, Pricing Supplement or Program Supplement, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the trading level or price of the instruments comprising the Reference Asset, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the sponsor or issuers of the instrument or instruments comprising the Reference Asset could affect the market value of the Notes.

An Investor’s return may be affected by factors affecting foreign securities markets. The Reference Asset may be a security or securities issued by foreign companies (or an index relating to such securities) and may be denominated in a foreign currency. Investors should be aware that investments in Reference Assets linked to the value of foreign securities (or an index relating to such securities) might involve particular risks. The foreign securities comprising or relating to a Reference Asset may have less liquidity and could be more volatile than many of the securities traded in U.S. or other longer-established securities markets. Direct or indirect government intervention to stabilize the relevant foreign securities markets, as well as cross shareholdings in foreign companies, may affect trading levels or prices and volumes in those markets. The other special risks associated with foreign securities may include, but are not necessarily limited to: less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; different accounting and disclosure standards; governmental interference; currency fluctuations; higher inflation; and social, economic and political uncertainties.

These factors may adversely affect the performance of the Reference Asset and, as a result, the trading value of the Notes and the amount investors will receive at maturity.

Securities prices generally are subject to political, economic, financial and social factors that apply to the markets in which they trade and, to a lesser extent, foreign markets. Foreign securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Also, there generally may be less publicly available information about companies in foreign securities markets than about U.S. companies, and companies in foreign securities markets are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. companies.

In addition, securities prices outside the United States are subject to political, economic, financial and social factors that apply in foreign countries. These factors, which could negatively affect foreign securities markets, include the possibility of changes in a foreign government’s economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors.

Additional Risks Relating to Notes with a Reference Asset that Is an Exchange-Traded Fund (“ETF”)

In addition to the underlying index of an ETF (an “Underlying Index”) being subject to the applicable risk factors set forth above, the following risk factors apply to ETFs.

A Reference Sponsor (as defined below) may adjust an ETF or an Underlying Index in a way that affects its value, and it has no obligation to consider your interests. Unless otherwise specified in the applicable free writing prospectus or pricing supplement, we, the Dealers or our respective affiliates have no affiliation with any sponsor, publisher, or investment adviser of an ETF or an Underlying Index (each, a “Reference Sponsor”). Consequently, we have no control of the actions of any Reference Sponsor. A Reference Sponsor can change the investment policies of the applicable ETF or the policies concerning the calculation of the applicable ETF’s net asset value, or add, delete, or substitute the underlying assets held by the ETF or the components included in an Underlying Index, as the case may be, or make other methodological changes that could change the value of that ETF or Underlying Index. Additionally, a Reference Sponsor may alter, discontinue, or suspend calculation or dissemination of its ETF, the net asset value of its ETF, or the Underlying Index. Any of these actions could adversely affect the value of your Notes. This could also result in the early redemption of your Notes. The Reference Sponsors will have no obligation to consider your interests in calculating or revising any ETF or Underlying Index.
An ETF and its Underlying Index are different. The performance of an ETF may not exactly replicate the performance of its Underlying Index, because the ETF will reflect transaction costs and fees that are not included in the calculation of its Underlying Index. In addition, during periods of market volatility, securities held by an ETF may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of that ETF and the liquidity of that ETF may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of an ETF. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of an ETF. As a result, under these circumstances, the market value of shares of an ETF may vary substantially from the net asset value per share of that ETF.

Additionally, an ETF may invest in derivatives, including forward contracts, futures contracts, options on futures contracts, options and swaps. A derivative is a financial contract, the value of which depends on, or is derived from, the value of an underlying asset, such as a security or an index. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices.

For all of the foregoing reasons, the performance of an ETF may not correlate with the performance of its Underlying Index as well as the net asset value per share of that ETF, which could materially and adversely affect the return on the Notes.

ETFs are subject to management risk. ETFs are not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based on economic, financial and market analysis and investment judgment. Instead, ETFs, utilizing a “passive” or indexing investment approach, attempt to approximate the investment performance of their respective Underlying Indices by investing in a portfolio of securities that generally replicate the respective Underlying Indices. Therefore, unless a specific security is removed from the respective Underlying Index, an ETF generally would not sell a security because the security’s Bank was in financial trouble. In addition, an ETF is subject to the risk that the investment strategy of the ETF’s investment advisor may not produce the intended results.

Additional Risks Relating to Notes with a Reference Asset that Is a Commodity or a Contract or Index Relating Thereto

Prices of commodities are highly volatile. Commodity prices are highly volatile and are affected by numerous factors in addition to economic activity. These include political events, weather, labor activity, direct government intervention (such as embargos) and supply disruptions in major producing or consuming regions. Such events tend to affect prices worldwide, regardless of the location of the event. Market expectations about these events and speculative activity also cause prices to fluctuate.

Certain rapidly developing countries are oversized users of commodities. The price of any instrument or instruments comprising the Reference Asset can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made China, India and other rapidly developing countries oversized users of commodities and has increased the extent to which the price of commodities relies on the Chinese, Indian and certain other markets. Political, economic and other developments that affect China, India and other developing countries will affect the value of each instrument or instruments comprising the Reference Asset and, thus, the value of the Notes. Because the commodities represented by the instrument or instruments comprising the Reference Asset are produced in a limited number of countries and are controlled by a small number of producers, political, economic and supply related events in such countries could have a disproportionate impact on the prices of the instrument or instruments comprising the Reference Asset.

Suspensions or disruptions of market trading in the commodity markets and related futures may adversely affect the amount investors will receive at maturity and/or the market value of the Notes. The commodity markets are subject to temporary distortions or other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators and potential government regulation and intervention. In addition, U.S. futures exchanges and some foreign futures exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices.
Investors will not have any rights to receive the Reference Asset. Investing in the Notes will not make an investor a holder of any commodity, currency or futures contract relating to a Reference Asset. If the Reference Asset is not an equity security, the Notes will be paid solely in cash, and investors will have no right to receive delivery of any commodity, currency or futures contract relating to a Reference Asset.

Investors will not benefit from any U.S. or non-U.S. regulatory authority’s regulatory protections afforded to persons who invest in regulated commodity pools. The net proceeds to be received by the Bank from the sale of Notes relating to one or more commodities (or an index thereon) will not be used to purchase or sell any commodity futures contracts or options on futures contracts for the benefit of investors. An investment in the Notes thus does not constitute either an investment in futures contracts, options on futures contracts or in a collective investment vehicle that trades in these futures contracts (i.e., the Notes will not constitute a direct or indirect investment by an investor in the futures contracts), and an investor will not benefit from the regulatory protections of the Commodity Futures Trading Commission (“CFTC”). The Bank is not registered with the CFTC as a futures commission merchant and investors will not benefit from the CFTC’s or any other non-United States regulatory authority’s regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered futures commission merchant. Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be subject to regulation as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a commodity pool operator, or qualify for an exemption from the registration requirement.

Because the Notes will not be interests in a commodity pool, the Notes will not be regulated by the CFTC as a commodity pool, the Bank will not be registered with the CFTC as a commodity pool operator, and investors will not benefit from the CFTC’s or any non-U.S. regulatory authority’s regulatory protections afforded to persons who invest in regulated commodity pools.

A futures exchange may replace or delist a futures contract included in a Reference Asset. The sponsor of a Reference Asset that is an index of commodities futures contracts may, upon certain events, have to replace a delisted commodity contract. There can be no assurance, however, that the replacement or delisting of a commodity contract will not have an adverse or distortive effect on the value of the Reference Asset or the manner in which it is calculated and, therefore, may have any adverse impact on the value of the Notes.

Higher future prices of futures contracts comprising a Reference Asset relative to their current prices may have a negative effect on the level or price of the Reference Asset, and therefore the value of the Notes.

Commodity indices generally reflect movements in commodity prices by measuring the value of futures contracts for the applicable commodities. To maintain the Reference Asset, as futures contracts approach expiration, they are replaced by similar contracts that have a later expiration. This process is referred to as “rolling.” The level or price of the Reference Asset is calculated as if the expiring futures contracts are sold and the proceeds from those sales are used to purchase longer-dated futures contracts. The difference in the price between the contracts that are sold and the new contracts for more distant delivery that are purchased is called “roll yield.”

If the expiring futures contract included in the Reference Asset is “rolled” into a less expensive futures contract with a more distant delivery date, the market for that futures contract is trading in “backwardation.” In this case, the effect of the roll yield on the level or price of the Reference Asset will be positive because it costs less to replace the expiring futures contract. However, if the expiring futures contract included in the Reference Asset is “rolled” into a more expensive futures contract with a more distant delivery date, the market for that futures contract is trading in “contango.” In this case, the effect of the roll yield on the level or price of the Reference Asset will be negative because it will cost more to replace the expiring futures contract.

There can be no assurance that the markets for any futures contracts comprising a Reference Asset will consistently be in backwardation or that there will be a positive roll yield that will increase the level of the Reference Asset. If all other factors remain constant, the presence of contango in the market for a futures contract could result in negative roll yield, which could decrease the level or price of the relevant Reference Asset and the value of the Notes.

Risks relating to trading of the instrument or instruments comprising the Reference Asset on international futures exchanges. Certain foreign futures exchanges operate in a manner more closely analogous to the over-the-counter physical commodity markets than to the regulated futures markets, and certain features of U.S. futures markets are not present. For example, there may not be any daily price limits which would otherwise restrict the extent of daily fluctuations in the prices of the respective contracts. In a declining market, therefore, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.
Additional Risks Relating to Notes that Are Denominated in or Indexed To a Foreign Currency or with a Reference Asset that Is a Foreign Currency or a Contract or an Index Relating thereto

Changes in foreign exchange rates and foreign exchange controls could result in a substantial loss to investors. An investment in Notes that are denominated in a specified currency other than U.S. Dollars, or that have principal and/or any interest payments indexed to a specified currency, entails significant risks that are not associated with a similar investment in a security denominated in U.S. Dollars. Risks include, without limitation, the possibility of significant changes in rates of exchange between the U.S. Dollar and the relevant foreign currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. These risks generally depend on factors over which the Bank has no control, such as economic and political events or the supply of and demand for the relevant currencies. In recent years, rates of exchange between the U.S. Dollar and certain foreign currencies have been highly volatile and such volatility could occur again in the future. If a Note is non-U.S. Dollar denominated, depreciation of the specified currency against the U.S. Dollar could result in a decrease in the effective yield of the Note below its coupon rate, and in certain circumstances could result in a loss to the investor on a U.S. Dollar basis.

Governments have imposed, and may in the future impose, exchange controls that could affect exchange rates, as well as the availability of a specified foreign currency for making payments with respect to a non-U.S. Dollar denominated Note. There can be no assurance that exchange controls will not restrict or prohibit payments in any such currency or currency unit. Even if there are no actual exchange controls, it is possible that the specified currency for any particular Note would not be available to make payments when due. In such event, the Bank will repay such Note in U.S. Dollars on the basis of the most recently available exchange rate.

If the Reference Asset is comprised of one or more foreign currencies (or an index thereon), the Notes relating thereto may be subject to foreign exchange risk. The price relationship between two different currencies may be highly volatile and varies based on a number of interrelated factors, including the supply and demand for each currency, political, economic, legal, financial, accounting and tax matters and other actions that the Bank cannot control. Relevant factors include, among other things, the possibility that exchange controls could be imposed or modified, the possible imposition of other regulatory controls or taxes, the overall growth and performance of the local economies, the trade and current account balance between the relevant countries, market interventions by the central banks, inflation, interest rate levels, the performance of the global stock markets, the stability of the relevant governments and banking systems, wars, natural disasters and other foreseeable and unforeseeable events. In addition, the value of a currency may be affected by the operation of, and the identity of persons and entities trading on, interbank and interdealer foreign exchange markets.

The liquidity, trading value and amount investors receive at maturity could be affected by the actions of the relevant sovereign governments. Exchange rates of most economically developed nations are “floating,” meaning the rate is permitted to fluctuate in value. However, governments, from time to time, may not allow their currencies to float freely in response to economic forces. Moreover, governments, including that of the United States, use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments also may issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing Notes relating to one or more foreign currencies is that their liquidity, their trading value and the amount investors will receive at maturity could be affected by the actions of sovereign governments which could change or interfere with currency valuation and the movement of currencies across borders. There will be no adjustment or change in the terms of such Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of the issuance of a replacement currency or in the event of any other development affecting the relevant currencies.

The unavailability of foreign currencies could result in a substantial loss to investors. Banks may not offer non-U.S. Dollar denominated checking or savings account facilities in the United States. Accordingly, payments on non-U.S. Dollar denominated Notes will be made from an account with a bank located in the country issuing the specified currency. As a result, investors may have difficulty converting or be unable to convert such specified currencies into U.S. Dollars on a timely basis or at all.

Additional Risks Relating to Notes with a Reference Asset that Is a Floating Interest Rate, an Index Containing Floating Interest Rates or Based in Part on a Floating Interest Rate

LIBOR may be volatile and will be affected by a number of factors. LIBOR is subject to volatility due to a variety of factors, including but not limited to:

- interest and yield rates in the market,
- changes in, or perceptions, about the future level of LIBOR,
- general economic conditions,
- policies of the FRB regarding interest rates,
- supply and demand among banks in London for U.S. dollar-denominated deposits with relevant term,
- sentiment regarding underlying strength in the U.S. and global economies,
- expectations regarding the level of price inflation,
- sentiment regarding credit quality in the U.S. and global credit markets,
- central bank policy regarding interest rates,
- inflation and expectations concerning inflation,
- performance of capital markets,
- geopolitical conditions and economic, financial, political, regulatory or judicial events that affect markets generally and that may affect LIBOR, and
- the time remaining to the maturity of the Notes.

The impact of any of the factors set forth above may enhance or offset some or any of the changes resulting from another factor or factors. Decreases in LIBOR may reduce the return on the Notes.

It is unclear how changes in the method for determining LIBOR may affect the value of the Notes. On September 28, 2012, the United Kingdom (“U.K.”) Government requested a review of LIBOR to address concerns about the accuracy of its calculation (the “Wheatley Review”). Based on the Wheatley Review, the U.K. Financial Services Authority published final rules for the U.K. Financial Conduct Authority’s (the “FCA”) regulation and supervision of LIBOR (the “FCA Rules”) that took effect on April 2, 2013. In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. In addition, ICE Benchmark Administration Limited was appointed as the independent LIBOR Administrator, effective February 1, 2014. On July 27, 2017, the Chief Executive of the FCA, which regulates LIBOR, announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021.

It is not possible to predict the effect of the FCA Rules, any changes in the methods pursuant to which LIBOR rates are determined and any other reforms to LIBOR that will be enacted in the U.K. and elsewhere, which may adversely affect the trading market for LIBOR-based instruments, such as the Notes.

If LIBOR is discontinued, the rate of interest applicable to floating-rate notes linked to LIBOR will be determined using an industry-accepted substitute or successor base rate chosen by the Calculation Agent in its sole discretion as described above under “Description of Notes — Calculation of Interest Payment — LIBOR Notes — Calculation in the event that U.S. dollar LIBOR is discontinued.” If the Calculation Agent determines, in its sole discretion, that there is no industry-accepted substitute for U.S. dollar LIBOR or a successor base rate, U.S. dollar LIBOR will be determined using the alternative methods in the first three subparagraphs of “Description of Notes — Calculation of Interest Payment — LIBOR Notes.” Any of these methods of determination may result in interest payments that are lower than or that do not otherwise correlate over time with the interest payments that would have been made on floating-rate notes linked to U.S. dollar LIBOR were available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. dollar LIBOR may make one or more of the alternative methods of determination impossible or impracticable. If all of the alternative methods of determination are impossible or impracticable, U.S. dollar LIBOR for the relevant interest determination date would remain the applicable U.S. dollar LIBOR rate for the immediately preceding interest
reset period, which could remain in effect for the remaining term of such notes, causing the floating-rate note linked to U.S. dollar LIBOR to become a fixed rate note. This would likely result in the value of those notes being adversely affected.

**Investors may receive a lesser amount of interest or no interest at all in the future.** Because the Reference Asset will be comprised of or based in part on a floating interest rate, there will be significant risks not associated with a conventional fixed rate debt security. These risks include fluctuation of the applicable interest rate and the possibility that, in the future, investors will receive a lesser amount of interest than the interest rate in effect at the time investors purchase the Notes or no interest at all. The Bank has no control over a number of matters that may affect interest rates, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results.

The interest rate may be below the rate otherwise payable on similar debt securities with a floating interest rate issued by the Bank or another issuer with the same credit rating. Because the Reference Asset will be comprised of or based in part on a floating interest rate, investors may receive a rate of interest that is less than the rate of interest on debt securities with the same maturity issued by the Bank or an issuer with the same credit rating.

The terms of the Notes may not require payment of interest or return of a portion or all of an investor’s principal in certain circumstances. The Notes may have fixed or floating interest rates that accrue only if a particular index property falls within a particular range of values (a “range note”) or if it is higher or lower than a specified amount. Investors should consider the risk that the interest rate accrual provisions applicable to these Notes, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, may result in no interest or less interest being payable on the Notes than on a conventional fixed rate debt security issued by the Bank at the same time and with the same maturity. For example, a range note may provide that if the relevant index for that range note is less than the range minimum or is more than the range maximum on one or more business days during the applicable period (which may be for the entire term of the Note), no interest will accrue during the period.

In addition, the interest rate applicable to Notes linked to an index such as the consumer price index may be linked to period-over-period changes in the level of the index for the relevant index measurement period. If the index does not increase (or decrease, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any) during the relevant measurement period, investors may not receive any interest payments for the applicable interest period.

The **interest rate on the Notes could be zero.** The Bank has no control over the fluctuations in the levels of the Reference Assets. If the interest payments depend on a formula that uses the Reference Asset as a variable, certain values of the Reference Asset may result in a calculation that equals zero. In that case, no interest may accrue for the related interest payment period.

**Additional Risks Relating to Notes with a Reference Asset that Is the Consumer Price Index (the “CPI”) or Contains the CPI or Is Based in Part on the CPI**

The **interest rate on the Notes may be below the rate otherwise payable on debt securities with similar maturities issued by the Bank or another issuer with a similar credit rating.** If there are only minimal increases, no changes or decreases in the monthly CPI measured period over period (as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any), the interest rate on the Notes may be less than the rate on debt securities with the same maturity issued by the Bank (or an issuer with the same credit rating). The Bank has no control over fluctuations in the value of the CPI.

**The CPI may be discontinued; the manner in which the CPI is calculated may change in the future.** There can be no assurances that the CPI will not be discontinued or that the Bureau of Labor Statistics of the U.S. Labor Department will not change the method by which it calculates the CPI. Changes in the way the CPI is calculated could reduce the level of the CPI and lower the interest payments with respect to the Notes. Accordingly, the amount of interest, if any, payable on the Notes, and therefore the value of the Notes, may be significantly reduced. The Bank has no control over the way the CPI is calculated. If the CPI is substantially altered, a substitute index may be employed to calculate the interest payable on the Notes, and that substitution may adversely affect the value of the Notes.

The **historical levels of the CPI are not an indication of the future levels of the CPI.** The historical levels of the CPI are not an indication of the future levels of the CPI during the term of the Notes. In the past, the CPI has experienced periods of volatility.
and such volatility may occur in the future. Fluctuations and trends in the CPI that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

The interest payments on the Notes will be affected by changes in the CPI. Such changes may be significant. Changes in the CPI are a function of the changes in specified consumer prices over time, which result from the interaction of many factors over which the Bank has no control.

Additional Risks Relating to Notes that Contain a Multiplier

Changes in the levels, values and prices of the Reference Asset will be intensified by the multiplier. If the principal, interest or any other amounts payable on the Notes is dependent on a multiplier, movements in the levels, values and prices of the Reference Asset during each interest payment period will be intensified. As a result, small changes in any Reference Asset are expected to have a greater effect on the value of the Notes than on the value of Notes without a multiplier.

Additional Risks Relating to Notes with a Maximum Limitation, Maximum Rate, Ceiling or Cap

An investor’s gain, if any, on the Notes at maturity will be limited to the maximum limitation, maximum rate, ceiling or cap. An investor’s payment at maturity is based on the return of the Reference Asset, which if positive, may be subject to the maximum limitation, maximum rate, ceiling or cap (collectively referred to herein as a “maximum interest rate”). In the event that the maximum interest rate is applicable, the maximum payment at maturity for each Note will be limited to the sum of (i) the principal amount of the Note and (ii) the product of the principal amount of the Note multiplied by the maximum interest rate, regardless of the positive percentage increase of the Reference Asset over the maximum interest rate.

Additional Risks Relating to Notes with More than One Instrument Comprising the Reference Asset

Risks associated with the Reference Asset may adversely affect the price of the Notes. Because the Notes may be linked to changes in the values of a limited number of instruments, the Reference Assets may be less diversified than funds or portfolios investing in broader markets and, therefore, could experience greater volatility. An investment in such Notes may carry risks similar to a concentrated investment in a limited number of industries or sectors.

The levels or prices of the instruments comprising the Reference Asset may not move in tandem; and gains in one such instrument may be offset by lesser increases or declines in another such instrument. Price movements in one or more of the instruments comprising the Reference Asset may not move in tandem with each other. At a time when the price of one or more of the instruments increases, the price of one or more of the other instruments may decrease. Therefore, increases in the levels or prices of one or more of the instruments comprising the Reference Asset may be moderated, or wholly offset, by lesser increases or decreases in the value of one or more of the other instruments comprising the Reference Asset. If the weightings of the instruments comprising the Reference Asset are not equal, adverse changes in the prices of the instruments that are more heavily weighted could have a greater impact upon the value of the Reference Asset and, consequently, the return on your Notes.

The Reference Asset may be highly concentrated in one or more industries or economic sectors and the value of the Notes will be impacted by price movements in that sector. These include the risks of movements in the prices or levels of assets in these sectors, including the prices or levels of securities or other instruments comprising the Reference Asset.

Risk Factors Related to the Market

There is no secondary trading market so the Notes may not be liquid. Notes may have no established trading market when issued, and one may never develop. If a market does develop, there is no guarantee that it will be maintained and it may not be liquid. Many factors independent of the Bank’s creditworthiness affect the trading market and market value of the Notes. These factors include, among others:

- the method of calculating the principal and interest for the Notes;
- the time remaining to the Maturity of the Notes;
- the outstanding amount of the Notes;
- market rates of interest higher than the rates borne by the Notes;
the market for similar securities;
the redemption or repayment features of the Notes; and
the level, direction and volatility of interest rates generally.

Often, the only way investors can liquidate the investment in the Notes prior to Maturity will be to sell the Notes. At that time, there may be an illiquid market for the Notes or no market at all. Therefore, investors may not be able to sell the Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. For example, the trading value of Indexed Notes (as defined herein) may be adversely affected by the complexity of the formula and volatility of the applicable Reference Asset, including any dividend rates or yields of other securities or financial instruments that relate to the Indexed Notes. Moreover, the trading value of Indexed Notes could be adversely affected by changes in the amount of outstanding equity or other securities linked to the applicable Reference Asset or formula applicable to the Indexed Notes. Illiquidity may have a severely adverse effect on the market value of Notes.

Hedging activities may affect the return at maturity and the market value of the Notes. Hedging activities also may affect trading in the Notes. At any time, the Bank or its affiliates may engage in hedging activities contemporaneous with an offering of the Notes. This hedging activity, in turn, may increase or decrease the value of the Notes. In addition, the Bank or its affiliates may acquire a long or short position in the Notes from time to time. In the case of Indexed Notes, the Bank or its affiliates may engage in hedging activity related to the Indexed Notes or to components of the index or formula applicable to the Indexed Notes. All or a portion of these positions may be liquidated at or about the time of the maturity date of the Notes. The aggregate amount and the composition of these positions are likely to vary over time. The Bank has no reason to believe that any of its activities will have a material effect on the Notes. However, the Bank cannot assure investors that its activities or the activities of its affiliates will not affect the prices at which an investor may sell the Notes.

Notes denominated in, or related to the value of, currency other than the currency of the country in which the purchaser is resident or conducts business carry risks associated with exchange rate, and exchange controls. An investment in Notes that are denominated in, or the payment of which is related to the value of, a Specified Currency (as defined herein) other than the currency of the country in which a purchaser is resident or the currency in which a purchaser conducts business (the “home currency”) entails significant risks that are not associated with a similar investment in a security denominated in the home currency. Such risks include, without limitation, the possibility of significant changes in rates of exchange between the home currency and the Specified Currency and the possibility of the imposition or modification of foreign exchange controls with respect to the Specified Currency. Such risks generally depend on factors over which the Bank has no control, such as economic, financial and political events and the supply of, and demand for, the relevant currencies. In recent years, rates of exchange for certain currencies have been highly volatile, and such volatility may be expected to continue in the future. Fluctuations in currency exchange rates could affect adversely an investor’s investment in a foreign currency-denominated Note. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in such rate that may occur during the term of any Note. Depreciation of the Specified Currency in which a Note is payable against the relevant home currency would result in a decrease in the effective yield of such Note below its stated rate of interest, and in certain circumstances, could result in a loss to an investor on a home currency basis. This, in turn, could cause the market value of the Notes to fall. In addition, depending on the specific terms of a Note, changes in exchange rates relating to any of the currencies involved may result in a decrease in its effective yield and, in certain circumstances, could result in a loss to the investor of all or a substantial portion of the principal of a Note. Governments have from time to time imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency on an Interest Payment Date or Maturity with respect to a Note. For example, a central bank may intervene to devalue or revalue a currency or to replace an existing currency. In addition, a government may impose regulatory controls or taxes to affect the exchange rate of its currency. As a result, the yield or payout of a foreign currency-denominated Note could be affected significantly and unpredictably by governmental actions. Changes in exchange rates could affect the value of the Notes as participants in the global currency market move to buy or sell foreign currency or an investor’s home currency in reaction to those developments. In addition, the ability of a holder to move currency freely out of the country in which payment in the currency is received or to convert the currency at a freely determined market rate could be limited by governmental actions. There can be no assurances that exchange controls will not restrict or prohibit payments of principal or interest in any such currency. Even if there are no actual exchange controls, it is possible that on an Interest Payment Date or Maturity with respect to any particular Note, a Specified Currency for such Note would not be available to the Bank to make payments of interest and principal then due.
Under the terms of the Notes, if, at or about the time when a payment on the Notes comes due, the Specified Currency is subject to convertibility, transferability, market disruption or other conditions affecting its availability because of circumstances beyond the Bank’s control, the Bank may make the payment in U.S. Dollars instead of the Specified Currency. These circumstances could include the imposition of exchange controls or the Bank’s inability to obtain the Specified Currency because of a disruption in the currency markets for the Specified Currency. In that event, the Bank will make required payments in U.S. Dollars on the basis of the Market Exchange Rate on the date of such payment, or if such rate of exchange is not then available, on the basis of the Market Exchange Rate as of the most recent date for which the Market Exchange Rate is available. As a result, the value of the payment in U.S. Dollars may be less than the value of the payment investors would have received in the Specified Currency if the Specified Currency had been available.

The Bank will not make any adjustments in or change to the terms of the Notes for changes in the exchange rate for a Specified Currency, including any devaluation, revaluation or imposition of exchange, or other regulatory controls or taxes, or for other developments affecting the Specified Currency or an investor’s home currency. Consequently, each investor will bear the risk that such investor’s investment may be adversely affected by these types of events.

The Notes are governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on a Note denominated in a foreign currency would be required to render the judgment in that foreign currency. In turn, the judgment would be converted into U.S. Dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the Notes, investors would bear currency exchange risk until judgment is entered, which could be a significant amount of time.

In courts outside of New York, investors may not be able to obtain a judgment in a Specified Currency other than U.S. Dollars. For example, a judgment for money in an action based on the Notes in other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. Dollars. The date used to determine the rate of conversion of the foreign currency into U.S. Dollars will depend upon various factors, including which court renders the judgment.

This Offering Circular does not describe all the risks of an investment in Notes denominated in, or the payment of which is related to the value of, a currency other than a prospective purchaser’s home currency and the Bank disclaims any responsibility to advise prospective purchasers of such risks as they exist at the date of this Offering Circular or as such risks may change from time to time. Prospective purchasers should consult their own financial, legal and tax advisors as to the risks entailed by an investment in Notes denominated in, or the payment of which is related to the value of, currencies (including composite currencies) other than the particular home currency. Such Notes are not an appropriate investment for persons who are unsophisticated with respect to foreign currency transactions.

Final Terms, Pricing Supplements and Program Supplements, if any, relating to Notes denominated other than in U.S. Dollars may contain information concerning historical exchange rates for the applicable Specified Currency against the U.S. Dollar, a description of the Specified Currency and any exchange controls affecting such Specified Currency. The information contained therein will constitute a part of this Offering Circular, will be furnished as a matter of information only and should not be regarded as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

**Legal investment considerations may restrict certain investments.** The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.
The Bank is chartered as a national banking association under the laws of the United States and, as such, is regulated primarily by the OCC. The Bank was chartered on July 1, 2004 with charter number 24522. The Bank’s deposits are insured by the FDIC up to applicable limits. The Notes are not deposits and are not, nor will they be, insured by the FDIC.

The Bank’s domestic operations are primarily in New York State. The Bank also has banking branch offices and/or representative offices in California, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Massachusetts, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, Washington and the District of Columbia. In addition to its domestic offices, the Bank maintains foreign branch offices, including subsidiaries and/or representative offices in the Caribbean, Canada, Europe, Asia and Latin America.

As of June 30, 2019, the Bank represented approximately 98.2% of the consolidated assets of HSBC USA and had total assets of approximately $181 billion. The Bank had outstanding approximately $159 billion of total liabilities, including deposits totaling approximately $132 billion and approximately $5 billion of long-term debt. The Bank’s main office is located in Tysons (formerly known as McLean), Virginia, and the telephone number at that office is (703) 883-8029. The Bank’s principal executive offices are located at 452 Fifth Avenue, New York, New York.

**Business Segments**

The Bank has five distinct business segments that it utilizes for management reporting and analysis purposes: Retail Banking and Wealth Management (“RBWM”), Commercial Banking (“CMB”), Global Banking and Markets (“GB&M”), Private Banking (“PB”) and a Corporate Center (“CC”). The business segments are based upon customer groupings, as well as products and services offered. The business segments are described in the following paragraphs.

**Retail Banking and Wealth Management Segment.** Our RBWM segment provides a range of banking and wealth products and services through our branches and on-line channels to individuals and certain small businesses. These services include asset-driven services such as credit and lending, liability-driven services such as deposit taking and account services and fee- or commission-driven services such as advisory and brokerage. RBWM is focused on growing its wealth and banking business in key urban centers with strong international connectivity across the U.S. including New York City, Los Angeles, San Francisco, Miami and Washington DC. In addition to focusing on certain small businesses through its Retail Business Banking segment, RBWM focuses on two customer propositions: HSBC Premier and HSBC Advance. HSBC Premier, is a comprehensive banking and wealth management proposition for the internationally minded mass affluent client. HSBC Premier clients have access to a full suite of banking and wealth management solutions and also have access to priority services such as 24-hour telephone service and more favorable pricing based on the banking relationship. HSBC Premier clients also receive personalized support through dedicated relationship managers and are serviced through other alternative channels such as on-line banking and a dedicated contact center. HSBC Advance, RBWM’s other main customer proposition, is a banking relationship designed to offer holistic financial services and banking products for emerging affluent clients in the initial stage of wealth accumulation or clients who look for more convenience and self-control with respect to their personal finances. In addition to everyday banking solutions, HSBC Advance customers have access to a range of lending and wealth products through our multi-channel platform, yet primarily through direct channels, including the contact center, secure internet banking and mobile.

With our affiliates, HSBC Securities (USA) Inc. and HSBC Insurance Agency (USA) Inc., HSBC Premier and HSBC Advance provides access to a range of wealth management solutions. RBWM also offers a broad range of financial products and services to all of its retail banking customers, including residential mortgages, home equity lines of credit, credit cards, deposits and branch services.

**Commercial Banking Segment.** CMB’s goal is to be the banking partner of choice for international businesses building on our rich heritage, international capabilities and customer relationships to enable global connectivity. CMB strives to execute this vision and strategy by focusing on key markets with high concentrations of international connectivity. Our CMB segment serves the markets through three client groups, notably Large Corporate, Middle Market and Business Banking. Supporting our three client groups is our International Subsidiary Banking team which provides solutions to international subsidiaries operating in the US. We also have a specialized Commercial Real Estate group which focuses on selective business opportunities in markets where we have strong portfolio expertise. This structure allows us to align our resources in order to efficiently deliver suitable products and services based on our clients’ needs and abilities. Global Liquidity and Cash Management, Global Trade and Receivables Finance, Lending
and Transaction Management, Investment Banking and Global Markets are key product groups that CMB partners with to deliver the global connections and related products and services required by customers. Whether it is through commercial centers, the retail branch network, or via HSBCnet, our online banking channel, CMB provides customers with the products and services needed to grow their businesses internationally and delivers those products and services through its relationship managers who operate within a robust, customer focused compliance and risk culture, and collaborate across the HSBC Group to capture a larger percentage of a relationship.

**Global Banking and Markets Segment.** Our GB&M business segment supports the HSBC Group’s global strategy by leveraging the HSBC Group’s advantages and scale, strength in developed and emerging markets and product expertise in order to focus on delivering international products to U.S. clients and local products to international clients, with New York as the hub for the Americas business, including Canada and Latin America. GB&M provides tailored financial solutions to major government, corporate and institutional clients as well as private investors worldwide. GB&M clients are served by sector-focused teams that bring together relationship managers and product specialists to develop financial solutions that meet individual client needs. With a focus on providing client connectivity between the emerging markets and developed markets, GB&M aims to develop a comprehensive understanding of each client’s financial requirements with a long-term relationship management approach. In addition to GB&M clients, GB&M also provides financial solutions to RBWM, CMB and PB clients where those clients have needs that require the product set that GB&M has available.

Within client-focused business lines, GB&M offers a full range of capabilities, including:

- Banking and financing advice and solutions for sovereign, corporate and institutional clients, including loans, working capital, trade services, liquidity and cash management, leveraged and acquisition finance, project and infrastructure finance, asset finance, mergers and acquisitions advisory, as well as capital raising in the debt and equity capital markets; and

- A markets business with 24-hour coverage and knowledge of world-wide local markets which provides services in credit and rates, foreign exchange, precious metals trading, equities and securities services.

**Private Banking Segment.** PB provides a broad range of banking and investment products and services to high net worth and ultra-high net worth individuals and families with a focus on multi-generational families, business executives and entrepreneurs who require sophisticated solutions to help meet their most complex needs domestically and abroad, with many clients sourced in collaboration with our other business lines. PB works with its clients to offer tailored, coordinated and innovative ways to manage and preserve wealth while optimizing returns. PB offers a wide range of products and services, including banking, liquidity management, investment services, custody, tailored lending, trust and fiduciary services, insurance, family wealth and philanthropy advisory services. PB also works to ensure that its clients have access to other products and services available throughout the HSBC Group, such as credit cards and investment banking, to deliver total solutions for their financial and wealth needs. Strategically, PB continues to reposition its focus, which includes the exiting of higher-risk markets and ongoing client segmentation. PB’s close collaboration with RBWM has resulted in its ability to enhance service to its target clients while ensuring that the financial needs of clients that no longer meet minimum PB requirements continue to be serviced through offerings by RBWM. In support of its focus on the U.S. domestic market and key overseas countries in Latin America, PB continues to onboard new talent and expand its investment product and wealth planning offerings, leveraging both Global Markets and Global Asset Management platforms, allowing it to provide a broad array of domestic and global investment options.

**Corporate Center Segment.** CC includes Balance Sheet Management (“BSM”), our legacy structured credit products, certain corporate function costs, certain debt issued for which fair value option accounting was elected and related derivatives, certain affiliate transactions, tax credit investments and adjustments to the fair value of HSBC Holdings shares held for stock plans. Prior to 2018, CC also included costs to achieve (representing costs incurred to deliver the cost reduction and productivity outcomes previously outlined by HSBC Holdings) as well as our legacy residential mortgage activities, including a portfolio of residential mortgage loans that we previously purchased from HSBC Finance Corporation (“HSBC Finance”) and certain residential mortgage servicing activities performed on behalf of HSBC Finance.

BSM is included in CC and is responsible for managing liquidity and funding under the supervision of our Asset and Liability Management Committee. BSM also manages our structural interest rate position within a limit structure. The majority of the liquidity is invested in interest bearing deposits with Federal Reserve banks and U.S. Government and other high quality securities. BSM is permitted to use derivatives as part of its mandate to manage interest rate risk. Derivative activity is predominantly comprised of the use of traditional interest rate swaps which are part of cash flow hedging relationships. Credit risk in BSM is predominantly
limited to short-term exposure created by exposure to banks as well as high quality sovereigns or agencies which constitute the majority of BSM’s liquidity portfolio. BSM manages interest rate risk and liquidity risk.

**HSBC USA Inc.**

HSBC USA Inc. (“HSBC USA”) is a corporation organized under the laws of the State of Maryland and is an indirect wholly-owned subsidiary of HSBC North America Holdings Inc. (“HSBC North America”), which is an indirect wholly-owned subsidiary of HSBC Holdings plc (“HSBC Holdings”). HSBC USA’s principal business is to act as a holding company for its subsidiaries.

The principal offices of HSBC USA are located at 452 Fifth Avenue, New York, New York, 10018, and the telephone number at these offices is (212) 525-5000. As of June 30, 2019, HSBC USA (together with its subsidiaries) had consolidated assets of approximately $184 billion and approximately 4,700 employees.

In this section “HSBC Bank USA, National Association and HSBC USA Inc.,” HSBC USA and its subsidiaries are referred to as “we,” “us” and “our.” The HSBC Group is one of the largest banking and financial services organizations in the world.

The Notes are solely obligations of the Bank and are neither obligations of, nor guaranteed by, HSBC USA or HSBC Holdings.
SELECTED FINANCIAL INFORMATION

The following table sets forth certain selected consolidated unaudited financial information for the Bank for each of the years in the three-year period ended December 31, 2018 and for the six-month periods ended June 30, 2019 and 2018 (all amounts in thousands). The following information was prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles, and is qualified in its entirety by the Bank’s financial statements and information available in the Bank’s Call Reports, as described under “Available Information and Documents Incorporated by Reference.”

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<tbody>
<tr>
<td>Net interest income</td>
<td>$1,240,627</td>
<td>$1,209,607</td>
<td>$2,463,882</td>
<td>$2,502,286</td>
<td>$2,617,224</td>
</tr>
<tr>
<td>Trading revenues</td>
<td>242,667</td>
<td>356,338</td>
<td>636,008</td>
<td>349,801</td>
<td>222,424</td>
</tr>
<tr>
<td>Securities gains, net</td>
<td>29,861</td>
<td>15,287</td>
<td>24,099</td>
<td>52,377</td>
<td>63,476</td>
</tr>
<tr>
<td>Other operating income</td>
<td>544,863</td>
<td>699,421</td>
<td>1,287,690</td>
<td>1,291,672</td>
<td>938,461</td>
</tr>
<tr>
<td>Total other operating income</td>
<td>817,391</td>
<td>1,071,046</td>
<td>1,947,797</td>
<td>1,693,850</td>
<td>1,224,361</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,514,028</td>
<td>2,070,706</td>
<td>3,636,650</td>
<td>3,369,602</td>
<td>3,195,213</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>104,454</td>
<td>-116,189</td>
<td>-72,910</td>
<td>-164,810</td>
<td>371,687</td>
</tr>
<tr>
<td>Income (loss) before taxes</td>
<td>439,536</td>
<td>326,136</td>
<td>847,939</td>
<td>991,344</td>
<td>274,685</td>
</tr>
<tr>
<td>Applicable income tax expense (credit)</td>
<td>104,160</td>
<td>205,237</td>
<td>332,985</td>
<td>1,224,107</td>
<td>112,341</td>
</tr>
<tr>
<td>Extraordinary Items, net of income taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$335,376</td>
<td>$120,899</td>
<td>$514,954</td>
<td>$-232,763</td>
<td>$162,344</td>
</tr>
</tbody>
</table>

Selected Period End Balances:

| Total assets                      | $180,699,049 | $178,623,995 | $169,812,442 | $180,371,724 | $197,206,045 |
| Total tangible assets             | 179,072,746 | 176,992,971 | 168,184,426 | 178,737,451 | 195,560,273 |
| Goodwill                          | 1,606,655 | 1,606,655 | 1,606,655 | 1,606,655 | 1,611,655 |
| Long-term debt                    | 10,579,050 | 9,031,432 | 10,093,435 | 10,312,735 | 13,022,135 |
| Common shareholder’s equity       | 21,951,196 | 23,177,591 | 23,710,734 | 23,263,105 | 23,572,639 |
| Tangible common shareholder’s equity | 17,824,893 | 19,046,567 | 19,582,883 | 19,128,632 | 19,426,867 |
| Total shareholder’s equity        | 21,951,345 | 23,177,767 | 23,710,999 | 23,263,105 | 23,572,639 |

Selected Financial Ratios:

| Average common shareholder’s equity to average total assets | 12.65% | 12.81% | 13.57% | 12.71% | 12.03% |
| Period end common shareholder’s equity to period end total assets | 12.15% | 12.98% | 13.96% | 12.90% | 11.95% |
| Period end tangible common shareholder’s equity to period end tangible total assets | 9.95% | 10.76% | 11.64% | 10.70% | 9.93% |
| Return on average total assets   | 0.38% | 0.13% | 0.60% | -0.25% | 0.16% |
| Return on average common shareholder’s equity | 3.03% | 1.05% | 4.45% | -1.95% | 1.35% |

1 PricewaterhouseCoopers LLP has not audited, reviewed, compiled or applied agreed-upon procedures with respect to the selected financial information.
SUPERVISION, REGULATION AND OTHER MATTERS

**Regulation.** The statutory and regulatory framework governing our operations is described below. Congress has established this comprehensive framework, applicable to banks, for the purpose of protecting depositors, the federal deposit insurance fund, consumers and the banking system as a whole. Applicable statutes, regulations or resulting policies could restrict the Bank’s ability to diversify into other areas of financial services, acquire other depository institutions or pay dividends on our capital stock. Banking rules and supervisors may also require the Bank to maintain capital balances in excess of those desired by management and pay higher deposit insurance premiums as a result of a general deterioration in the financial condition of federally-insured depository institutions. The following is a summary of selected regulatory and supervisory matters, and does not purport to be a comprehensive discussion of financial laws and regulations that apply to our activities.

**Supervision of the Bank.** As a federally chartered national bank, the Bank is subject to regulation under the National Bank Act, as amended (“NBA”), and to inspection, examination and supervision by its primary regulator, the OCC, and secondarily by the FDIC, the FRB, and the Consumer Financial Protection Bureau (the “CFPB”). This means that the Bank is subject to banking laws and regulations that place various restrictions on and requirements regarding its activities, investments, operations and administration, including the establishment and maintenance of branch offices, capital and reserve requirements, deposits and borrowings, investment and lending activities, payment of dividends, transactions with affiliates, overall compliance and risk management and numerous other matters. The types of activities in which the non-U.S. branches of the Bank may engage are subject to various restrictions imposed by the FRB in addition to those generally applicable to the Bank under OCC rules. These branches are also subject to the laws and regulatory authorities of the countries in which they operate.

Additionally, the Bank’s corporate affairs generally are governed by the NBA and related regulations administered by the OCC, rather than state law. With respect to securities matters, the Bank is not subject to the Securities Act, but is subject to OCC regulations governing securities offerings.

**Restrictions on Dividends.** Federal law limits the extent to which the Bank may pay dividends to HSBC USA. The amount the Bank may pay, without specific OCC approval, is limited to the lesser of the amounts calculated under a “recent earnings” test and an “undivided profits” test. Under the recent earnings test, a dividend may not be paid if the total of all dividends declared by the Bank in any calendar year is in excess of the current year’s net income combined with the retained net income of the two preceding years, unless the Bank obtains the approval of the OCC. Under the undivided profits test, a dividend may not be paid in excess of the Bank’s “undivided profits” account. In addition, the OCC, the FRB, and the FDIC have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise, including the Bank and HSBC USA, if they would consider payment of such dividend to constitute an unsafe or unsound practice in light of the financial condition of the banking organization. The Bank is also subject to both the capital conservation buffer and, if invoked, the countercyclical capital buffer, which are discussed below. If the Bank’s risk-based capital ratios fall below the minimum required ratios plus its applicable buffer requirements, the Bank will become subject to progressively more stringent restrictions (depending upon the extent of the shortfall) on dividends and discretionary compensation payments. The Bank is also required to maintain reserves in the form of vault cash and deposits with the Federal Reserve Bank, as well as maintain appropriate amounts of capital against its assets as discussed below.

**Functional Regulation.** Federal banking law relies in part on a system of functional regulation, meaning that primary regulatory oversight for a particular activity generally resides with the federal or state regulator designated as having the principal responsibility for that activity. Banking is supervised by federal and state banking regulators, insurance by state insurance regulators, derivatives activities by the CFTC, and securities activities by the SEC and state securities regulators.

A significant component of the functional regulation relates to the application of federal securities laws and SEC oversight of some bank securities activities. Generally, banks, such as the Bank, may conduct securities activities without broker-dealer registration only if the activities fall within a set of activity-based exemptions designed to allow banks to conduct only those activities traditionally considered to be primarily banking or trust activities. Securities activities outside these exemptions, as a practical matter, need to be conducted by a registered broker-dealer affiliate. The Investment Advisers Act of 1940 requires the registration of any bank or separately identifiable division of the bank that acts as an investment adviser to a registered investment company.
Another component of the functional regulation relates to the application of federal commodity and derivatives laws and CFTC oversight of some bank commodity and derivatives activities, including swap-dealing activities, which is discussed below.

**Deposit Insurance and Assessments.** Deposits placed at the Bank are insured by the FDIC, subject to the limitations and conditions of applicable law and the FDIC’s regulations. The standard deposit insurance amount is $250,000 per depositor for each account category. The Bank is subject to risk based assessments from the FDIC. Such assessments determine the deposit insurance costs paid by the Bank to the FDIC. While the assessments are generally payable quarterly, the FDIC also has the authority to impose special assessments to prevent the Deposit Insurance Fund from declining to an unacceptable level.

**Privacy and Security.** Federal law establishes a minimum federal standard of financial privacy by, among other provisions, requiring financial institutions to adopt and disclose privacy policies with respect to consumer information and setting forth certain limitations on disclosure to third parties of consumer information. Regulations adopted under the federal law set standards for protecting the security, confidentiality and integrity of client information, and require notice of data breaches to regulators, and in some cases, to clients. The Bank has adopted and disseminated privacy policies, and communicates required information relating to financial privacy and data security, in accordance with applicable law.

**Community Reinvestment Act.** The Bank is subject to the Community Reinvestment Act ("CRA"). The CRA and the regulations issued thereunder are intended to encourage banks to help meet the credit needs of their service areas, including low and moderate income neighborhoods, consistent with the safe and sound operations of the banks. These regulations also provide for regulatory assessment of a bank’s record in meeting the needs of its service area when considering applications to establish branches, merger applications, and applications to acquire the assets and assume the liabilities of another bank. Federal banking agencies are required to make public the rating of a bank’s performance under the CRA. The Bank received a “satisfactory” CRA rating from the OCC in its most recent CRA examination.

**Affiliate Transaction Restrictions.** The Bank is subject to significant restrictions imposed by federal law on extensions of credit to, and certain other “covered transactions” with HSBC USA or other affiliates. Covered transactions include loans and other extensions of credit, investments and asset purchases, derivatives and certain other transactions involving the transfer of value from, or taking the credit risk by, a subsidiary bank to an affiliate or for the benefit of an affiliate. The Dodd-Frank Act expanded these affiliate transaction restrictions to include as a covered transaction the credit exposure of a bank to an affiliate arising from a derivative, securities lending/borrowing or repurchase transaction with an affiliate. The FRB has yet to propose rules to implement these revisions. A bank’s transactions with its non-bank affiliates are also generally required to be on arm’s length terms. Certain Edge Act subsidiaries of the Bank are limited in the amount of funds they can provide to other affiliates including their parent. Amounts above their level of invested capital generally must be secured with U.S. government securities.

Unless an exemption applies, or a specific waiver is granted by the FRB, covered transactions by a bank with a single affiliate are limited to 10 percent of the bank’s capital and surplus, and all covered transactions with affiliates in the aggregate are limited to 20 percent of a bank’s capital and surplus. Loans and extensions of credit to affiliates by a bank generally are to be secured in specified amounts with specific types of collateral.

Additionally, under the clean holding company provisions of the FRB’s Regulation YY, the Bank’s indirect parent company, HSBC North America, is prohibited from (i) guaranteeing liabilities of the Bank if such liabilities permit default rights related to HSBC North America’s receivership, resolution or similar proceeding or (ii) entering into or benefiting from any agreement that provides for the liabilities of HSBC North America to be guaranteed by the Bank.

**Regulatory Capital and Liquidity Requirements.** As a national bank, the Bank is subject to regulatory capital rules issued by U.S. banking regulators including Basel III (the “Basel III rule”). A bank’s failure to meet minimum capital requirements can result in certain mandatory actions and possibly additional discretionary actions by its regulators. The Bank is subject to regulatory capital requirements on a consolidated basis, and HSBC North America, the Bank’s indirect parent, is also separately subject to these requirements on a consolidated basis. The Bank’s ultimate parent, HSBC Holdings, is also subject to regulatory capital requirements under U.K. law. This section discusses the regulatory capital requirements that apply to the Bank.

*Basel III Overview* The Basel III rule updated the compositions of capital and established a common equity Tier 1 capital ratio. The Basel III rule also revised minimum capital ratios and buffer requirements and added a supplementary leverage ratio (“SLR”). Under the Basel III rule, there are two methods available to calculate risk-weighted assets, the generally-applicable Standardized Approach and the Advanced Approaches, which are required in addition to the Standardized Approach for large banking organizations that meet certain thresholds (the “Advanced Approaches thresholds”). The Standardized Approach relies primarily on supervisory risk weights based on exposure type, and the Advanced Approaches determine risk weights based on internal models.
The FRB requires certain large non-U.S. banks with significant operations in the United States, such as HSBC Holdings, to establish a single intermediate holding company (“IHC”) to hold all of their U.S. bank and non-bank subsidiaries. The HSBC Group operates in the United States through such an IHC structure (i.e., HSBC North America) that controls the Bank. In accordance with FRB rules, the Bank received regulatory approval to opt out of the Advanced Approaches and is calculating its risk-based and leverage capital requirements solely under the Standardized Approach. The Bank submits an annual statement to the OCC to maintain this opt out. The Bank, however, remains subject to the other capital requirements applicable to Advanced Approaches banking organizations such as the SLR, the countercyclical capital buffer, stress testing requirements, enhanced risk management standards, enhanced governance and stress testing requirements for liquidity management, and other applicable prudential standards.

In May 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the “Relief Act”) was signed into law. The Relief Act revised the Dodd-Frank Act to eliminate the “adverse scenario” as a required stress test scenario and to provide that company-run stress tests must be conducted “periodically” rather than “semi-annually”. In September 2018 and July 2019, the federal banking agencies jointly requested public comment on proposals that would implement certain changes to the Basel III rule to implement a provision of the Relief Act by reducing the risk weighting applicable to high-volatility commercial real estate exposures. The federal banking agencies also issued a proposal in October 2018 that would require certain banking organizations to use a standardized approach to measuring counterparty credit risk to calculate total risk-weighted asset amounts for derivative and securities financing transactions in place of the current exposure methodology. We continue to evaluate the potential effects of these proposals on our operations.

The Bank is required to maintain minimum capital ratios (exclusive of any countercyclical capital buffer, as explained below) as follows:

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Common Equity Tier 1 Ratio</th>
<th>Tier 1 Capital Ratio</th>
<th>Total Capital Ratio</th>
<th>Tier 1 Leverage Ratio</th>
<th>Supplementary Leverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory minimum ratio</td>
<td>4.5%</td>
<td>6.0%</td>
<td>8.0%</td>
<td>4.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Plus: Capital conservation buffer requirement</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Regulatory minimum ratio plus capital conservation buffer</td>
<td>7.0%</td>
<td>8.5%</td>
<td>10.5%</td>
<td>4.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Currently, the Bank holds capital in excess of these regulatory minimums.

In addition, and subject to discretion by the respective regulatory authorities, a countercyclical capital buffer of up to 2.5 percent, consisting of common equity Tier 1 capital, could also be required to be built up by banking organizations in periods of excess credit growth in the economy, which would be more pronounced under the new guidance on expected credit losses from the Financial Accounting Standards Board. The FRB, in consultation with the OCC and FDIC, has affirmed the current countercyclical capital buffer level of 0 percent and noted that any future modifications to the buffer would generally be subject to a 12-month phase-in period.

In April 2019, the FRB proposed a “tailoring” rule which places foreign banks and U.S. intermediate holding companies (including their subsidiary insured depository institutions) into specific categories based on their individual size and risk profile, with less stringent, or “tailored” capital and liquidity requirements for those firms with lower total assets and cross-jurisdictional activity. In connection with the release of the proposal, FRB staff projected that the Bank’s indirect parent company, HSBC North America, would be subject to “Category III” standards. If the proposal is finalized as proposed and this projection is correct, HSBC North America and the Bank would no longer be considered to be “Advanced Approaches banking organizations” and therefore would not be required to use the standardized approach to counterparty credit risk (“SA-CCR”) to measure their derivative exposure. Instead, HSBC North America (and the Bank) would have the option to use either the SA-CCR or the current exposure method for its risk-based capital ratios and its SLR under the federal banking agencies’ pending proposal to implement the SA-CCR. We continue to monitor the developments of the tailoring proposal and assess its potential impact on our capital and liquidity requirements.

The Basel Committee has also revised several key methodologies for measuring risk-weighted assets, including a revised standardized approach for credit risk, a revised standardized approach for operational risk, and constraints on the use of internal models as well as a capital floor based on the revised standardized approaches. The U.S. federal banking agencies may update the Basel III rule to incorporate the Basel Committee revisions. We continue to review the composition of our capital structure and capital buffers in light of these developments.
The Federal Deposit Insurance Act (the “FDI Act”) contains broad provisions that can be exercised by the FDIC in the event of a financial institution’s failure. Under some circumstances, the FDIC may appoint itself as conservator or receiver of a national bank. These powers are intended to protect depositors and the deposit insurance fund. The FDIC may implement these powers in the following ways: (1) if a bank has no reasonable prospect of becoming adequately capitalized, (2) if it materially fails to meet the minimum capital requirements, (3) if it is required to maintain capital and materially fails to do so, or (4) if it is required to maintain capital and becomes critically undercapitalized.

The Bank submitted its latest annual DFAST results in April 2019 and publicly disclosed its most recent annual DFAST results in July 2019.

HSBC North America is subject to an annual assessment by the FRB to assess whether HSBC North America has effective capital planning processes as well as sufficient regulatory capital to absorb losses during stressful economic and financial conditions, while also meeting obligations to creditors and counterparties and continuing to serve as a credit intermediary. This annual assessment includes two related programs: the Comprehensive Capital Analysis and Review (“CCAR”) and DFAST. HSBC North America submitted its latest CCAR capital plan and annual company-run DFAST results in April 2019, and its latest mid-cycle DFAST results in October 2019. The Bank submitted its latest annual DFAST results in April 2019. In July 2019, HSBC North America and the Bank publicly disclosed their most recent annual DFAST results and the FRB also publicly disclosed its own DFAST and CCAR results. In October 2019, HSBC North America publicly disclosed the results of its mid-cycle DFAST results.

As part of CCAR, the FRB assesses whether HSBC North America has sufficient capital to continue operations throughout times of economic and financial market stress and whether HSBC North America has robust, forward-looking capital planning processes that account for its unique risks. If the FRB objects to HSBC North America’s annual capital plan, HSBC North America may not undertake any capital distribution unless the FRB indicates in writing that it does not object to the distribution. The FRB did not object to HSBC North America’s 2019 capital plan.

Liquidity Risk Management. The Basel Committee has adopted two required liquidity metrics: the liquidity coverage ratio (“LCR”), designed to be a short-term measure to ensure banks have sufficient high-quality liquid assets to cover net stressed cash outflows over the next 30 days, and the net stable funding ratio (“NSFR”), which is a longer term measure with a 12-month time horizon to ensure a sustainable maturity structure of assets and liabilities.

Under the U.S. rule implementing the LCR, certain U.S. institutions, including the Bank, are currently required to maintain a minimum LCR of 100 percent and report their LCRs to U.S. regulators on a daily basis. In April 2016, U.S. regulators issued for public comment a proposal to implement the NSFR in the United States, applicable to certain large banking organizations, including the Bank, and revised aspects of that proposal in two October 2018 proposals. However, a final NSFR rule has not been adopted at this time.

The Bank has adjusted its liquidity profile to support compliance with these rules. The Bank may need to make further changes to its liquidity profile to support compliance with any future final rules.

U.S. Resolution Planning. Large international banks, such as HSBC Holdings (generally with regard to its U.S. operations), and large insured depository institutions, such as the Bank, are required to file resolution plans identifying, among other things, material subsidiaries and core business lines and describing what strategy would be followed to resolve the institution in the event of significant financial distress, including identifying how insured bank subsidiaries would be adequately protected from risk created by other affiliates. The failure to cure deficiencies in a resolution plan would enable the FRB and the FDIC, acting jointly, to impose more stringent capital, leverage or liquidity requirements, or restrictions on growth, activities or operations and, if such failure persists, require the divestiture of assets or operations. In 2018, HSBC Holdings and the Bank submitted their latest resolution plans.

As part of the implementation of the Relief Act, the FRB and the FDIC have proposed revisions to the resolution planning requirements for HSBC Holdings and the Bank and indicated that institutions need not make submissions while the proposals are outstanding. We continue to evaluate the potential effects of these proposals on our activities.

Conservatorship and Receivership Powers of the FDIC. The Federal Deposit Insurance Act (the “FDI Act”) contains broad grounds for appointing a conservator or receiver of an FDIC-insured depository institution. In addition to insolvency and certain other grounds, a conservator or receiver may be appointed if such an institution becomes “critically undercapitalized” or if it is “undercapitalized” and (1) has no reasonable prospect of becoming “adequately capitalized,” (2) fails to become “adequately capitalized” when required to do so under the Federal Deposit Insurance Corporation Improvement Act of 1991’s prompt corrective action provisions, (3) fails to submit an acceptable capital restoration plan within prescribed time limits, or (4) materially fails to implement an accepted capital restoration plan. In addition to being appointed conservator or receiver of a national bank by the OCC, the FDIC may appoint itself as conservator or receiver of a national bank under some circumstances.
Under the “cross-guarantee” provisions of the FDI Act, a bank insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (1) the default of a commonly-controlled FDIC-insured depository institution or (2) any assistance provided by the FDIC to a commonly-controlled FDIC-insured depository institution in danger of default. The term “default” is defined to mean the appointment of a conservator or receiver for such institution, and “in danger of default” is defined generally as the existence of certain conditions indicating that a “default” is likely to occur in the absence of regulatory assistance. Under this statutory provision, we could be liable to the FDIC in the event of a default of, or any FDIC assistance to, any other FDIC-insured depository institution controlled by HSBC USA. This liability to the FDIC would be subordinated in right of payment to deposit liabilities, secured obligations, or any other general or senior liabilities, including liabilities under the bank notes. Imposition of this liability to the FDIC, however, could result in our conservatorship or receivership.

If the FDIC were appointed as our receiver, holders of Notes would be unsecured creditors entitled to share in our assets on a pari passu basis with our other unsecured creditors of equal priority. See “Description of Notes—Ranking.” Holders of Notes would be unlikely to have a claim for more than principal and interest accrued through the date of the FDIC’s appointment as receiver. In any event, the amount paid on claims in respect of the Notes would depend upon, among other factors, the amount of our assets available for the payment of unsecured claims. In addition to possible loss of principal, holders of Notes might not be able, depending upon economic conditions, to reinvest amounts received in respect of the claim at a rate of interest comparable to that paid on the Notes. Moreover, they could experience significant delay in receiving any payment in respect of their claims, with interest not being payable during the period of any delay. In the event of our insolvency, the FDIC has the discretion to use its own assets, as opposed to our assets, to satisfy the claims of some, but not all, of our creditors. The FDIC also has the power to transfer to a new obligor any of our assets and liabilities, including the Notes, without the approval or consent of their holders or any of our other creditors. In accordance with provisions of the FDI Act, the FDIC generally is required to satisfy its obligations to a bank’s insured depositors at the least possible cost to the Deposit Insurance Fund.

Under the FDI Act, the FDIC may not take any action that would have the effect of increasing the losses to the Deposit Insurance Fund by protecting bank depositors for more than the insured portion of deposits (generally, at least $250,000 per customer) or bank creditors other than depositors (such as holders of the Notes). The FDIC also is authorized to settle all uninsured and unsecured claims in the insolvency of an insured bank by making a final settlement payment after the declaration of insolvency. The rate of such final settlement payments would be a percentage rate determined by the FDIC reflecting an average of the FDIC’s receivership recovery experience. Such a payment would constitute full payment and disposition of the FDIC’s obligations to claimants, regardless of the assets of the insolvent institution actually available for distribution to creditors.

In addition, if an insured depository institution becomes insolvent and the FDIC is appointed its conservator or receiver, the FDIC may disaffirm or repudiate any contract or lease to which the institution is a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of the institution’s affairs. If the FDIC was to successfully contend that its power to repudiate “contracts” extends to obligations such as the Notes, the effect of any repudiation would be to accelerate the maturity of the Notes. Repudiation would result in a claim of the holders of the Notes against the receivership for principal and interest accrued through the date of the appointment of the conservator or receiver. The amount paid upon this claim would depend upon, among other factors, the amount of receivership assets available for the payment of unsecured claims and the priority of this claim relative to the priority of other unsecured creditors and depositors. If the maturity of the Notes were so accelerated, and a claim relating to the Notes were paid by the conservatorship or receivership, the holders of the Notes might not be able, depending upon economic conditions, to reinvest any amounts paid on the Notes at a rate of interest comparable to that paid on the Notes. In addition, the FDIC, as conservator or receiver, may enforce most types of contracts, including the Notes, according to their terms, notwithstanding any provision permitting Note holders to accelerate payment.

Federal law provides that the claims of a receiver of an insured depository institution for administrative expenses and the claims of holders of deposit liabilities of the institution, including the FDIC as the subrogee of holders of insured deposits, will have priority over the claims of general unsecured creditors of the institution, including the holders of obligations such as the Notes, in the event of a liquidation or other resolution of the institution. Under FDIC rules, “administrative expenses” of a receiver include expenses, including pre-failure and post-failure obligations, incurred by a receiver in liquidating or resolving the affairs of a failed insured depository institution. Thus, those claims would receive priority over the claims of holders of Notes in the event of our liquidation or other resolution.

As a result of the provisions described above, in the event of an FDIC receivership of the Bank, holders of Notes could receive significantly less than holders of deposit obligations or certain employee claims and our other general creditors.

Notwithstanding any other provisions contained in the Notes, the FDIC, as receiver or conservator of the Bank, has the right in the performance of its legal duties, and as part of any transaction or plan of reorganization or liquidation designed to protect or
further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations represented by the Notes to any national banking association, state bank or bank holding company selected by such entity which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, and interest on the Notes and the due and punctual performance of all covenants and conditions; and the completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of the Notes, and shall serve to return the holders of Notes to the same position, other than for substitution of the obligor, they would have occupied had no default, acceleration or subordination occurred; except that any interest and principal (and premium, if any) previously due, other than by reason of acceleration, and not paid shall, in the absence of a contrary agreement by the holders of the Notes, be immediately due and payable as to the date of such transfer and assumption, together with the interest from its original due date at the rate provided for in the Notes.

**Bank Secrecy Act/Anti-Money Laundering/Economic Sanctions.** The USA Patriot Act (the “Patriot Act”) of 2001, contains significant record keeping and customer identification requirements, expands the government’s powers to freeze or confiscate assets and increases the available penalties that may be assessed against financial institutions for violation of the requirements of the Patriot Act intended to detect and deter money laundering. The U.S. Treasury Secretary delegated certain authority to a bureau of the U.S. Treasury Department known as the Financial Crimes Enforcement Network (“FinCEN”). The U.S. Treasury Department also developed and implemented final regulations that impose anti-money laundering (“AML”) compliance obligations on financial institutions (a term which includes insured U.S. depository institutions, U.S. branches and agencies of foreign banks, U.S. broker-dealers and numerous other entities). These obligations include requirements to adopt and implement an AML program, report suspicious transactions and implement due diligence procedures for certain correspondent and private banking accounts.

In May 2016, FinCEN issued a new rule that requires certain financial institutions, including the Bank, to obtain beneficial ownership information related to certain legal entity clients. Compliance with the new rule has been required since May 2018. As part of its AML compliance program, the Bank has implemented, and maintains, processes and controls to comply with the new beneficial ownership information collection rule.

The U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) is responsible for requiring that U.S. entities do not engage in business with certain prohibited parties and jurisdictions, as defined by various executive orders and Acts of Congress. OFAC publishes lists of persons, organizations and countries suspected of aiding, harboring or engaging in terrorist acts, trafficking in narcotics, proliferating weapons of mass destruction or representing other threats to national security, known as Specially Designated Nationals and Blocked Persons. If the Bank finds a sanctioned name or jurisdiction on any transaction or account, the Bank must reject or block such account or transaction as required, and notify the appropriate authorities.

**Derivatives Regulation.** Title VII of the Dodd-Frank Act imposes comprehensive regulation on the over-the-counter (“OTC”) derivatives markets, including credit default, equity, foreign exchange and interest rate swaps. Implementation of Title VII is the responsibility of the CFTC (for swaps based on non-securities underliers or broad-based security indices), the Commission (for swaps based on individual securities and narrow-based security indices, known as “security-based swaps”) and, to a lesser extent, U.S. banking regulators (for certain rules applicable to banks). The CFTC has adopted final rules implementing the most significant provisions of Title VII applicable to swaps. In particular, certain swap dealers, including the Bank, have provisionally registered with the CFTC and become members of the National Futures Association, subjecting them to an extensive array of corporate governance requirements, business conduct standards, reporting requirements, mandatory clearing and trading of certain swaps and other regulatory standards affecting their derivatives businesses. These requirements have and continue to significantly increase the costs associated with the Bank’s derivatives businesses.

In addition to these CFTC rules, as a provisionally registered swap dealer that is a national bank, the Bank is subject to the final rules establishing margin requirements for non-cleared swaps and security-based swaps adopted in November 2015 by the OCC jointly with other U.S. banking regulators. Subject to certain exceptions, the final margin rules require the Bank to collect and post initial and variation margin for non-cleared swaps and security-based swaps entered into with other swap dealers and certain financial end users that exceed a minimum threshold of transactional activity, and for financial end users that do not meet the minimum transactional activity threshold, to collect and post variation margin (but not initial margin).

The final margin rules also limit the types of assets that are eligible to satisfy initial and variation margin requirements, require initial margin to be segregated at a third-party custodian and impose requirements on internal models used to calculate initial margin requirements. The final margin rules follow a phased implementation schedule, with additional counterparties becoming subject to initial margin requirements in September 2020 depending on the transactional volume of the parties and their affiliates. These final rules, as well as parallel margin rules from the CFTC, the Commission, and certain non-U.S. regulators will increase the costs and liquidity burden
associated with trading non-cleared swaps and security-based swaps and may adversely affect our business in such products. In particular, the imposition of initial margin requirements on inter-affiliate transactions will significantly increase the cost of certain consolidated risk management activities and may adversely affect the Bank to a greater extent than some of our competitors.

Also, the Bank engages in equity and credit derivatives businesses that are subject to the Commission’s jurisdiction to regulate security-based swaps under Title VII of the Dodd-Frank Act. The Commission has largely finalized the key rules governing the application of Title VII requirements to security-based swap dealers and major security-based swap participants. The registration requirements and other rules applicable to security-based swap dealers and major security-based swap participants will generally not come into effect until 18 months following the finalization of the Commission’s cross-border security-based swap proposal, expected later this year. Accordingly, it is expected that compliance with the Commission’s security-based swap dealer requirements will begin during the third quarter of 2021. Certain HSBC affiliates, including the Bank, may be required to register and become subject to these rules when the registration requirement becomes effective. Because the Bank’s equity and credit derivatives businesses are also subject to the CFTC’s jurisdiction under Title VII, material differences between the final Commission rules and existing CFTC rules could materially increase our costs of compliance with Title VII by requiring the implementation of significant additional policies, procedures, documentation, systems and controls for those businesses.

**The “Volcker Rule.”** The Volcker Rule prohibits insured depository institutions, such as the Bank and companies affiliated with insured depository institutions (collectively, banking entities) from engaging in short-term proprietary trading of certain securities, derivatives, commodity futures and options for their own account. The Volcker Rule also imposes limits on banking entities’ investments in, and other relationships with, certain hedge funds, private equity funds, and other types of private funds and collective investment vehicles. The Volcker Rule provides exemptions for certain activities, including market-making, underwriting, hedging, trading in government obligations and organizing and offering hedge funds and private equity funds, subject to certain conditions. A banking entity with material trading operations, such as the Bank’s indirect parent, HSBC North America, is required to maintain a detailed compliance program to comply with the restrictions of the Volcker Rule.

In October 2019, the federal agencies responsible for administration of the Volcker Rule (the Commission, FDIC, FRB, OCC, and CFTC) jointly finalized amendments to simplify and tailor compliance requirements related to the Volcker Rule. Given the level of HSBC North America’s trading assets and liabilities, the Bank will still be subject to heightened expectations under the Volcker Rule. While the recent modifications are intended to streamline the existing requirements and result in a more workable revised final rule, implementation of these or any changes to the existing Volcker Rule may result in increased compliance and operational costs.

**Consumer Regulation.** Our consumer lending businesses operate in a highly regulated environment. In addition to the establishment of the CFPB and the other consumer-related provisions of the Dodd-Frank Act described above, these businesses are subject to laws relating to consumer protection including, without limitation, fair lending, fair debt collection practices, mortgage loan origination and servicing obligations, bankruptcy, military service member protections, use of credit reports, privacy matters, and disclosure of credit terms and correction of billing errors. Local, state and national regulatory and enforcement agencies continue efforts to address perceived problems within the mortgage lending and credit card industries through broad or targeted legislative or regulatory initiatives aimed at lenders’ operations in consumer lending markets. There continues to be a significant amount of legislative and regulatory activity, nationally, locally and at the state level, designed to limit certain lending practices while mandating certain servicing procedures. Federal bankruptcy and state debtor relief and collection laws, as well as the Servicemembers Civil Relief Act affect the ability of banks, including the Bank, to collect outstanding balances.

**Competition.** The Gramm-Leach-Bliley Act of 1999 (“GLB Act”) eliminated many of the regulatory restrictions on providing financial services in the United States. The GLB Act allows for financial institutions and other providers of financial products to enter into combinations that permit a single organization to offer a complete line of financial products and services. In addition, the Volcker Rule places restrictions on bank-affiliated financial companies’ trading activities and private equity and hedge fund investments, which may provide a competitive advantage to financial companies that do not have U.S. banking operations and may impact liquidity in the products and activities in which we engage. We face intense competition in all of the markets we serve, competing with banks and other financial institutions such as insurance companies, commercial finance providers, brokerage firms and investment companies. The financial services industry has experienced consolidation in recent years as financial institutions involved in a broad range of products and services have merged, been acquired or dispersed. This trend is expected to continue and has resulted in, among other things, greater concentrations of deposits and other resources. Competition is expected to continue to be intense given the multiple banks and other financial services companies which offer products and services in our markets, noting that we compete with different banks and financial services companies in different markets, given our strategy.
USE OF PROCEEDS

The Bank intends to use the net proceeds from the sale of the Notes for general corporate purposes, including meeting the Bank’s cash and capital needs, supporting the acquisition of assets from HSBC Finance, funding for investment in and advances to subsidiaries, supplementing the Bank’s capital position and repaying maturing debt.
DESCRIPTION OF NOTES

The following summaries of certain provisions of the Notes do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Notes, including the definitions therein of certain terms. The terms and conditions with respect to a Series of Notes will be as set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, which will supplement, replace or modify the general terms and conditions contained in this Offering Circular. The terms and conditions set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, with respect to a Series of Notes will prevail in the event of any conflict with the general terms and conditions contained in this Offering Circular.

The Notes do not evidence deposits and are not insured by the FDIC or any other governmental entity of any jurisdiction.

The Notes are solely obligations of the Bank and are neither obligations of, nor guaranteed by, HSBC USA or any other affiliate of the Bank.

General

The Notes will be issued pursuant to a Fifth Amended and Restated Agency Agreement, dated as of October 25, 2019 (as amended, modified or supplemented from time to time, the “Agency Agreement”), among HSBC Bank USA, National Association, as issuer (the “Bank”), HSBC Bank USA, National Association, as issuing and principal paying agent (in such capacities, the “Global Agent,” which term includes any successor in its capacity as such) and registrar (in such capacity, the “Registrar,” which term includes any successor in its capacity as such), HSBC Bank plc, as London issuing agent (in such capacity, the “London Issuing Agent,” which term includes any successor in its capacity as such), London paying agent (in such capacity, the “London Paying Agent,” which term includes any successor in its capacity as such) and London transfer agent, and the other paying agents named therein (together with the Global Agent and the London Paying Agent, the “Paying Agents,” which term includes any additional or successor paying agents appointed by the Bank). The Agency Agreement permits the appointment of other agents, including a calculation agent (the “Calculation Agent”), a currency exchange agent (the “Exchange Agent”) and one or more transfer agents (together, the “Transfer Agents”). A copy of the Agency Agreement, which includes the forms of Notes, is available for inspection at the offices of the Paying Agents located at the addresses listed on the inside back cover of this Offering Circular, and will be made available at the securities exchange, listing authority or quotation system, if any, on which a Series of Notes is listed, quoted or traded.

The following summaries of certain provisions of the Agency Agreement and the Notes do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Agency Agreement and the Notes, including the definitions therein of certain terms.

Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to certain matters affecting such holder’s Note, including accelerating the maturity thereof upon the occurrence of an Event of Default (as defined herein), enforcing any covenants contained therein and responding to any requests for consents, waivers or amendments. See “—Events of Default.”

The terms and conditions set forth below will apply to each Note unless otherwise specified herein or in any Program Supplement, Pricing Supplement or Final Terms or other supplement hereto, or in the applicable Note. The terms of the Notes described herein, including the maturities and interest rates, may differ from one Note to another. The terms of a Tranche of Notes (as defined below) will be set forth in the Final Terms relating to such Tranche, substantially in the form of Annex A hereto (or in such other form as may be agreed between the Bank and the initial purchaser(s) of such Tranche) or will be set forth in the Pricing Supplement relating to such Tranche, substantially in the form of Annex B hereto or in such other form (such as a Program Supplement) as may be agreed between the Bank and the initial purchaser(s) of such Tranche.

As used herein, “Series” means all Notes which are denominated in the same currency and which have the same Stated Maturity Date (as defined herein), interest payment basis and interest payment dates, if any, and the terms of which, except for the Original Issue Date (as defined herein) and/or the issue price, are otherwise identical, including whether the Notes are listed, quoted or traded on or by any securities exchange, competent listing authority or quotation system. As used herein, “Tranche” means all Notes of the same Series with the same Original Issue Date and issue price.

The maximum aggregate principal amount of Notes that the Bank may issue under the Program is limited to U.S.$40,000,000,000 (or the equivalent thereof in other currencies, calculated as described herein) at any time outstanding; provided, however, that the aggregate principal amount of Notes with maturities greater than 270 days that may be issued hereunder will not
exceed U.S.$40,000,000,000 (or the equivalent thereof in other currencies, calculated as described herein). For the purpose of calculating the U.S. Dollar equivalent of the aggregate principal amount of Notes issued from time to time:

(a) the U.S. Dollar equivalent of Notes denominated in a Specified Currency (as defined herein) other than U.S. Dollars shall be determined by the Global Agent as of 2:30 p.m., London time, on the Original Issue Date for such Notes by reference to the London Paying Agent’s middle market spot rate for U.S. Dollars against the Specified Currency on the London Banking Day (as defined herein) immediately preceding the date on which the Global Agent receives the Bank’s instruction to issue the Notes;

(b) the U.S. Dollar equivalent of Dual Currency Notes, Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes and Equity-Linked Notes (each as herein defined) shall be determined by the Global Agent in the manner specified in clause (a) above by reference to the original principal amount of such Notes;

(c) the principal amount of Zero Coupon Notes (as defined herein) and any other Notes issued at a discount shall be deemed to be the U.S. Dollar equivalent, determined in the manner specified in clause (a) above, of the net proceeds received by the Bank for the relevant issue; and

(d) the U.S. Dollar equivalent of Partly Paid Notes (as defined herein) shall be determined by the Global Agent in the manner specified in clause (a) above by reference to the principal amount thereof regardless of the amount of money paid up on such Notes.

“London Banking Day” means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

The aggregate principal amount of Notes outstanding at any time is subject to, and will be limited by, the then existing grant of authority by the Bank’s Board of Directors. This Offering Circular will be amended or supplemented to indicate any increase in the grant of authority which may result in Notes outstanding or issued in an aggregate principal amount in excess of the amount set forth above. In addition to the Notes, the Bank may issue promissory notes and other obligations evidencing indebtedness or liabilities of the Bank, including deposit instruments, in an unlimited principal amount.

Each Note will be denominated in such currency (the “Specified Currency”) as may be selected by the initial purchaser(s) and agreed to by the Bank, including U.S. Dollars, Euro, Sterling and Yen. The Specified Currency with respect to any Note will be specified therein and in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Purchasers of Notes are required to pay for such Notes by delivery of the requisite amount of the Specified Currency to the Global Agent, unless other arrangements have been made. The Bank will be obligated to make payments of principal of, and premium, if any, and interest on the Notes in the applicable Specified Currency. Any amounts paid by the Bank in respect of DTC Global Notes denominated other than in U.S. Dollars will, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, be converted into U.S. Dollars for payment to the holders thereof as described under “Payment of Principal, Premium and Interest.”

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, and unless previously redeemed or repaid, each Note will mature on a date (the “Stated Maturity Date”) seven days or more from the date on
which such Note was originally issued (the “Original Issue Date”), as selected by the initial purchaser(s) and agreed to by the Bank, except that Subordinated Notes will have minimum maturities of five years and one day from the Original Issue Date. Notes denominated in other currencies will have such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank or equivalent body (however designated) or any laws or regulations applicable to the Bank or the relevant currency. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Floating Rate Notes will mature on an Interest Payment Date (as defined herein).

The Notes will be issued in fully registered form (“Registered Notes”), as described below under “—Form of Notes and Registration,” and, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold to accredited investors pursuant to Part 16.6 of the OCC’s securities offering regulations (12 C.F.R. Part 16.6) will be issued only in minimum denominations of U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof (or equivalent denominations in other currencies). Unless otherwise specified in the applicable Final Terms or Pricing Supplement, Notes sold to accredited investors in accordance with Regulation D under the Securities Act and Part 16.7 of the OCC’s securities offering regulations (12 C.F.R. Part 16.7) will be issued in minimum denominations of $250,000 and integral multiples of U.S.$1,000 in excess thereof. Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered and sold to accredited investors as described in either of the two preceding sentences will be offered and sold only to institutional accredited investors. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Notes sold pursuant to Regulation S will be issued only in a minimum denomination of €100,000, and integral multiples of €1,000 in excess thereof (or its equivalent in other currencies).

Notes (including Notes denominated in Sterling) having a maturity of less than one year may be subject to restrictions on their denomination and distribution.

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest-bearing Notes will bear interest at either fixed rates (“Fixed Rate Notes”) or floating rates (“Floating Rate Notes”), as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Notes may be issued at discounts from their principal amount payable on the Stated Maturity Date (or on any prior date on which the principal, or an installment of principal, of a Note becomes due and payable, whether by the declaration of acceleration, call for redemption at the option of the Bank, repayment at the option of the holder or otherwise) (each such date, a “Maturity”), and some Notes may not bear interest (“Zero Coupon Notes”).

No recourse shall be had for the payment of principal of, premium, if any, or interest on, any Note, for any claim based thereon, or otherwise in respect thereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor entity. The Notes will not contain any provision that would provide protection to the holders of the Notes against a sudden and dramatic decline in credit quality resulting from a merger, takeover, recapitalization, or similar restructuring of the Bank or of HSBC USA or any other event involving the Bank or HSBC USA that may adversely affect the credit quality of the Bank.

As used herein, “Business Day” means, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to Notes issued in a Specified Currency other than U.S. Dollars, such day is also not a day on which banking institutions are authorized or required by law, regulation or executive order to close in the principal financial center of the country of the Specified Currency (unless the Specified Currency is Euro, in which case such day is also not a Saturday or Sunday and is not a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (“Target2”) is closed); provided, further, that, with respect to Notes as to which LIBOR is an applicable Interest Rate Basis, such day is also a London Banking Day. If any payment is due on the Notes on a day that would otherwise be a Business Day but is a day on which the office of a Paying Agent or a settlement system is closed, we will make the payment on the next Business Day when that Paying Agent or system is open. Any such payment will be deemed to have been made on the original due date, and no additional payment will be made on account of the delay. A postponement of this kind will not constitute a default under any of the Notes or the Agency Agreement.

Ranking

Senior Notes. The obligations evidenced by the Senior Notes will rank pari passu with all other unsecured and unsubordinated obligations of the Bank, except obligations, including domestic deposits, that are subject to any priorities or preferences by law. Under applicable U.S. law, claims of certain creditors of the Bank, including holders of domestic deposits, would
be entitled to priority over claims of unsecured general creditors of the Bank, including holders of the Senior Notes, in the event of a liquidation or other resolution of the Bank. See “Supervision, Regulation and Other Matters—Conservatorship and Receivership Powers of the FDIC.”

Subordinated Notes. The indebtedness of the Bank evidenced by the Subordinated Notes, including principal, premium, if any, and interest, will be unsecured and subordinate and junior in right of payment to the Bank’s obligations to its depositors, its obligations under bankers’ acceptances and letters of credit, and its obligations to its other creditors (including any obligations to any Federal Reserve Bank and the FDIC, any rights acquired by the FDIC as a result of loans made by the FDIC to the Bank or the purchase or guarantee of any assets by the FDIC pursuant to 12 U.S.C. 1823(c), (d) or (e) (and any obligations to holders of Senior Notes), whether now outstanding or hereafter incurred, other than any obligations which by their express terms rank on a parity with, or junior to, the Subordinated Notes. In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshaling of assets and liabilities or similar proceedings or any liquidation or winding up of or relating to the Bank, whether voluntary or involuntary, all such obligations (except obligations which rank on a parity with, or junior to, the Subordinated Notes) shall be entitled to be paid in full before any payment shall be made on account of the principal of, or premium, if any, or interest on the Subordinated Notes. In the event of any such proceedings, after payment in full of all sums owing on such prior obligations, the holders of the Subordinated Notes, together with the holders of any obligations of the Bank ranking on a parity with the Subordinated Notes, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal of and the unpaid premium, if any, and interest on, the Subordinated Notes or such other obligations before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to the Subordinated Notes. To the fullest extent permitted by law, holders of Subordinated Notes, in respect of any claims of such holders to payment of principal, premium or interest in respect of Subordinated Notes, by their acceptance of the Subordinated Notes, will be deemed to have waived any right of set-off or counterclaim that such holders might otherwise have (whether in the Bank’s liquidation or at any other time). The holders of Subordinated Notes, by their acceptance of the Subordinated Notes, covenant and agree that if, on the winding up of the Bank, they receive any sums by way of set-off, they will hold such sums in trust for the Bank’s creditors and will, without undue delay, pay such sums to the liquidator to apply in payment of claims of the Bank’s creditors. As of June 30, 2016, approximately $177.8 billion in outstanding obligations of the Bank (including approximately $151.0 billion of deposits) would have been senior to the Subordinated Notes and approximately $4.7 billion in outstanding obligations of the Bank would have ranked pari passu with the Subordinated Notes. The Subordinated Notes will not contain any limitation on the amount of senior debt, deposits or other obligations that rank on parity with or senior to the Subordinated Notes that may be hereinafter incurred by the Bank.

Notwithstanding any other provisions contained in the Subordinated Notes, the OCC or any receiver or conservator of the Bank appointed by the OCC has the right in the performance of its legal duties, and as part of any transaction or plan of reorganization or liquidation designed to protect or further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations represented by the Subordinated Notes to any national banking association, state bank or bank holding company selected by such entity which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, and interest on the Subordinated Notes and the due and punctual performance of all covenants and conditions; and the completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of the Subordinated Notes, and shall serve to return the holders of Subordinated Notes to the same position, other than for substitution of the obligor, they would have occupied had no default, acceleration or subordination occurred; except that any interest and principal (and premium, if any) previously due, other than by reason of acceleration, and not paid shall, in the absence of a contrary agreement by the holders of the Subordinated Notes, be immediately due and payable as to the date of such transfer and assumption, together with the interest from its original due date at the rate provided for in the Subordinated Notes.

If the Bank does not pay any installment of interest on the Subordinated Notes on an Interest Payment Date (as defined below), or does not pay all or any part of the principal on the applicable Stated Maturity Date, holders of the Subordinated Notes will not be able to accelerate the maturity of the principal of the Subordinated Notes by reason of such nonpayment, and the Bank’s obligation to make such payments will be deferred until (i) in the case of a payment of interest, the first date, if any, following the Interest Payment Date on which HSBC USA pays a dividend on any class of its share capital (the date on which such dividend is paid, the “Deferred Interest Payment Date”) and (ii) in the case of a payment of principal, the first Business Day (as defined below) after the date that falls six months after the applicable Stated Maturity Date (the “Deferred Stated Maturity”). Deferred payments will not be treated as due for any purpose until the Deferred Interest Payment Date or Deferred Stated Maturity, as the case may be, when such payment shall be and become due and payable without any further act or deed on the part of any holder; provided, however, that any payment so deferred shall accrue interest during the period of such deferral at the rate per annum set forth in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. The Bank may defer any interest payment due on an Interest Payment
Date following the Deferred Interest Payment Date until the next date on which HSBC USA pays a dividend on any class of its share capital. The payment of accrued interest could be deferred indefinitely until a dividend is paid; accrued interest would nonetheless be due and payable upon the occurrence of certain events of the Bank’s bankruptcy. The Bank will promptly notify holders of the Subordinated Notes if it decides to defer payment of interest or principal. Because a deferral of payment of interest or principal on the Subordinated Notes would materially impair the Bank’s future efforts to raise financing in the capital markets, the Bank believes that the likelihood of deferring a payment of interest or principal is remote.

Under the FDI Act, from the date 60 days after an insured depository institution becomes or is deemed to become “critically undercapitalized,” it may not make any payments of principal or interest on its subordinated debt, including the Subordinated Notes. Under certain circumstances, a “well capitalized,” “adequately capitalized” or “undercapitalized” institution may be required to comply with restrictions applicable to the next lowest capital category. See “Supervision, Regulation and Other Matters—Conservatorship and Receivership Powers of the FDIC.”

**Impact of Bank Conservatorship or Receivership.** The Bank’s payment obligations on the Notes are subject to the conservatorship and receivership powers and activities of the FDIC in the event of a Bank default or failure. See “Supervision, Regulation and Other Matters—Conservatorship and Receivership Powers of the FDIC.”

**Form of Notes and Registration**

**General**

The Bank and the initial purchaser(s) will agree on the form and type of Notes to be issued in respect of any Series of Notes. The form and type of Notes to be issued in relation to any Series of Notes will be specified in the applicable Final Terms, applicable Pricing Supplement or Program Supplement, if any.

**Registered Notes**

The Notes may be offered and sold in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Notes sold pursuant to an offering made in the United States only will be represented by one or more global Notes in fully registered form (each, a “Registered Global Note”) deposited with the corporate trust department of the Bank as custodian for, and registered in the name of a nominee of, The Depository Trust Company in New York, New York (“DTC”) (each Registered Global Note so deposited and registered being referred to herein as a “DTC Global Note”).

Notes sold in the United States to institutional accredited investors pursuant to Regulation D and Part 16.7 of the OCC’s securities offering regulations (12 C.F.R. Part 16.7) will be represented by one or more DTC Global Notes bearing a restriction on transfer (each, a “Restricted Global Note”). A beneficial interest in a Restricted Global Note may be transferred by the beneficial holder only to (i) the Bank or one of its subsidiaries; (ii) to a person that it reasonably believes is a qualified institutional buyer (as that term is defined in Rule 144A under the Securities Act) (a “QIB”) or for the account of a QIB, in each case, to whom notice is given that the transfer is being made in reliance on Rule 144A; or (iii) in another transaction exempt from registration under the rules and regulations of the Commission, provided that the Bank and any other Paying Agent will have the right to request an opinion of counsel from the transferee prior to effecting any such transfer. See “Transfer Restrictions.”

The Notes may be sold pursuant to an offering made outside the United States only in accordance with Regulation S under the Securities Act, which Notes may initially be issued in the form of one or more temporary registered global notes (“Temporary Registered Global Notes”). Beneficial interests in the Temporary Registered Global Notes will be exchanged for one or more permanent Registered Global Notes deposited with HSBC Bank plc as common depositary (in such capacity, the “Depositary”) for, and registered in the name of a nominee on behalf of, Euroclear and Clearstream Luxembourg and any other clearing system approved by the Bank and specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, upon the later of (i) the 40th day after the completion of the distribution of the Notes of such tranche (determined as set forth under “Selling Restrictions”) and (ii) the first date on which the requisite certifications are provided to the London Issuing Agent by or on behalf of the beneficial owner of an interest in such Temporary Registered Global Notes to the effect that such beneficial owner is not a U.S. person. Unless such certificate is provided, (i) payments of any redemption price and any other payments will not be made with respect to such beneficial interests in the Temporary Registered Global Note, and (ii) such beneficial interest may not be exchanged for a beneficial interest in a permanent Registered Global Note.
Subject to the initial issuance of Notes sold outside of the United States in accordance with Regulation S under the Securities Act in the form of one or more Temporary Registered Global Notes and their subsequent exchange for permanent Registered Global Notes, as described above, Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented solely by one or more DTC Global Notes (a “Single Global Note Issue”) or, alternatively, by one or more DTC Global Notes in respect of Notes sold in the United States and by a separate Registered Global Note deposited with the Depositary as common depositary for, and registered in the name of a nominee on behalf of, Euroclear and Clearstream, Luxembourg, in respect of Notes sold outside the United States (a “Dual Global Note Issue”).

Except as described below, owners of beneficial interests in a Registered Global Note (each, a “Beneficial Owner”) will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form (each, a “Definitive Registered Note”) and will not be considered the owners or holders thereof under the Agency Agreement. Beneficial interests in a Registered Global Note will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners, as a direct or indirect participant in the relevant clearing system.

Investors in a global offering may elect to hold interests in a Registered Global Note through any of DTC or Euroclear or Clearstream, Luxembourg if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers’ securities accounts in Clearstream, Luxembourg’s and Euroclear’s names on the books of the Depositary, which in turn will hold such interests in customers’ securities accounts in the Depositary’s name on the books of DTC. The Global Agent will serve initially as Registrar for the Registered Notes. In such capacity, the Registrar will cause to be kept at its offices in New York City, a register (the “Note Register”), in which, subject to such reasonable regulations as it may prescribe, the Registrar will provide for the registration of the Registered Notes and of transfers thereof. The Bank reserves the right to transfer such function to another bank or financial institution at any time.

Subject to applicable law and the terms of the Agency Agreement and the Notes, the Bank, the Global Agent and the London Paying Agent will deem and treat the registered holder or holders of the Registered Notes as the absolute owner or owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to or to the order of the registered holders will be valid and effectual to discharge the liability of the Bank, the Global Agent and the London Paying Agent on the Notes to the extent of the sum or sums so paid. So long as DTC, its nominee, a nominee on behalf of Euroclear and Clearstream, Luxembourg or a successor of DTC or any such nominee is the registered owner of a Registered Global Note, DTC, such nominee or such successor of DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement. Accordingly, any Beneficial Owner must rely on the procedures of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its interest, to exercise any rights of a holder of Notes. The Bank understands that, under existing industry practices, in the event that the Bank requests any action of holders or that Beneficial Owners desire to give or take any action which a holder is entitled to give or take under the Agency Agreement, DTC, its nominee or a successor of DTC or its nominee, as the holder of the DTC Global Note, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants would authorize Beneficial Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a holder or take any other actions that a holder is entitled to take under the Agency Agreement or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a holder under the Agency Agreement or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to interests in a DTC Global Note, subject to the Depositary’s ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Owner to pledge its interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take action in respect of such interest, may be limited by the lack of a definitive certificate for such interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Note.
Principal of, and premium, if any, and interest on, the Registered Notes are payable to the persons in whose names the Notes
are registered on the Record Date (as defined herein) preceding any Interest Payment Date or at Maturity, as the case may be.
Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such
system. The Global Agent will act as the Bank’s issuing and principal paying agent for the Notes pursuant to the Agency Agreement.
Principal and interest payments on a Registered Global Note will be made to DTC, its nominee or a nominee on behalf of Euroclear
and Clearstream, Luxembourg, as the case may be (or to any successor to DTC or any such nominee), as the registered holder of the
Registered Global Note representing such Notes. None of the Bank, the Global Agent or the London Paying Agent will have any
responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a
Registered Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. See
“—Payment of Principal, Premium and Interest.”

Upon receipt of any payment of principal of, or premium, if any, or interest on, a DTC Global Note, DTC will credit its
participants’ accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such
DTC Global Note as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global
Note held through such participants will be the responsibility of such participants, as is now the case with securities held for the
accounts of customers registered in “street name.” Distributions with respect to Notes held through Euroclear or Clearstream,
Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance
with the relevant system’s rules and procedures to the extent received by the Depositary.

Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interests in a
Registered Global Note will be exchangeable for Definitive Registered Notes only if such exchange is permitted by applicable law and
(i) in the case of a DTC Global Note, DTC notifies the Bank that it is unwilling or unable to continue as depositary for the DTC
Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, if so required by applicable law or regulation,
and, in either case, a successor depositary is not appointed by the Bank within 90 days after receiving such notice or becoming aware
that DTC is no longer so registered, (ii) in the case of any other Registered Global Note, if the clearing system(s) through which it is
cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise)
or announces an intention to cease business permanently or does in fact do so, (iii) the Bank, upon the request of a holder, elects to
issue Definitive Registered Notes or (iv) after the occurrence of an Event of Default with respect to any Registered Global Note,
Beneficial Owners representing a majority in principal amount of such Registered Global Note advise the relevant clearing system
through its participants to cease acting as depositary for such Registered Global Note. The Definitive Registered Notes so issued in
exchange for any such Registered Global Note shall be of like tenor and of an equal aggregate principal amount, in authorized
denominations. Such Definitive Registered Notes shall be registered in the name or names of such person or persons as the relevant
clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from
DTC participants with respect to ownership of beneficial interests in the DTC Global Notes. Except as provided above, owners of
beneficial interests in a Registered Global Note will not be entitled to receive physical delivery of Definitive Registered Notes and will
not be considered the registered holders of such Notes for any purpose.

Any Definitive Registered Note issued under the circumstances described in the preceding paragraph will be transferable in
whole or in part in an authorized denomination upon the surrender of such Note, together with the form of transfer endorsed thereon
fully completed and executed, at the specified office of the Registrar or the specified office of any Transfer Agent. In the case of a
transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance not transferred will be
issued to the transferor. Each new Definitive Registered Note to be issued upon transfer will, within three Business Days of receipt of
such form of transfer, be delivered to the transferee at the office of the Registrar or such Transfer Agent or mailed at the risk of the
holder entitled to the Definitive Registered Note in respect of which the relevant Definitive Registered Note is issued to such address
as may be specified in such form of transfer.

Global Clearance and Settlement

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems,
principally, the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe.
Electronic securities and payment transfer, processing, depositary and custodial links have been established among these systems and
others, either directly or through custodians and depositaries, which enable Notes to be issued, held and transferred among the clearing
systems through these links. The Global Agent and/or the London Issuing Agent have direct electronic links with DTC, Euroclear
and Clearstream, Luxembourg. Special procedures have been established among these clearing systems and the Global Agent and the
London Issuing Agent to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-
market transfers of Registered Global Notes in respect of which payments will be made in U.S. Dollars and which will be issued in
global form may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in
other than global form may be cleared and settled in accordance with other procedures established for this purpose among the Global Agent, the London Issuing Agent and the clearing systems concerned. Investors in Notes issued pursuant to Regulation S must initially hold their interests therein through Euroclear or Clearstream, Luxembourg.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures described below in order to facilitate transfers of Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. None of the Bank, the Global Agent or the London Issuing Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

The Clearing Systems

**DTC.** DTC has advised the Bank that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that DTC participants deposit with DTC. DTC also facilitates the post-trade settlement among DTC participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between DTC participants’ accounts, thereby eliminating the need for physical movement of securities certificates. DTC participants who maintain accounts directly with DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the Dealers (“Direct Participants”). DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to DTC’s system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and DTC participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

**Clearstream, Luxembourg.** Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations (“Clearstream Participants”) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, trust companies, clearing corporations and certain other organizations and may include the Dealers. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the Depositary.

**Euroclear.** Euroclear advises that it was created in 1968 to hold securities for its participants (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank SA/NV, a bank incorporated under the laws of the Kingdom of Belgium (the “Euroclear Operator”).

Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Dealers. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.
Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities and cash in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the Depositary.

Other Clearing Systems. Any other clearing system which the Bank, the Global Agent and the relevant Dealer(s) agree shall be available for a particular issuance of Notes, including the clearance and settlement procedures for such clearing system, will be described in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Primary Distribution

Distribution of the Notes will be cleared through one or more of the clearing systems described above or any other clearing system specified in the applicable Final Terms or applicable Pricing Supplement. Payment for Notes will be made on a delivery versus payment or free delivery basis, as more fully described in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Registered Notes. The Bank and the relevant Dealer(s) shall agree that either global clearance and settlement procedures or specific clearance and settlement procedures should be available for any Series of Notes, as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, relating thereto. Clearance and settlement procedures may vary from one Series of Notes to another according to the Specified Currency of the Notes of such Series. Customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant Series to be accepted for clearance and settlement and the applicable clearance numbers will be specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Clearance and Settlement Procedures—DTC. DTC participants holding Registered Notes through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC’s Same-Day Funds Settlement System. Registered Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg. Investors electing to hold their Notes through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Trading Between DTC Participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC’s rules and will be settled using procedures applicable to United States corporate debt obligations in DTC’s Same-Day Funds Settlement System in same-day funds, if payment is made in U.S. Dollars, or free of payment if payment is made in a currency other than U.S. Dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

Trading Between Euroclear and/or Clearstream, Luxembourg Participants. Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading Between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser

Single Global Note Issues. When Notes represented by a DTC Global Note are to be transferred from the account of a DTC participant (other than the Depositary) to the account of a Euroclear participant or Clearstream, Luxembourg participant, the purchaser
must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct the Depositary to receive the Notes against payment or free of payment, as the case may be. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement.

Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant’s particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the Depositary for the benefit of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

**Single Global Note Issues.** When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Custodian at DTC by 11:00 a.m. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. Separate payment arrangements are required to be made between the relevant Euroclear or Clearstream, Luxembourg participant and the DTC participant. The Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Note and (ii) increase the amount of Notes registered in the name of the nominee on behalf of Euroclear and Clearstream, Luxembourg and represented by the Registered Global Note. The Depositary will deliver such Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant participant in such clearing system on the business day following the settlement date.

**Dual Global Note Issues.** Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which Notes represented by a DTC Global Note are to be transferred by the respective clearing system through the Depositary to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct the Depositary to credit the Notes to the DTC participant’s account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant’s account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant’s account would instead be valued as of the actual settlement date.

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*Trading Between a Euroclear or Clearstream, Luxembourg Seller and a DTC Purchaser*

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As is the case with sales of Notes represented by a DTC Global Note by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear and Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

**Dual Global Note Issues.** When Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the relevant Euroclear or Clearstream, Luxembourg participant must provide settlement instructions for delivery of the Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, by 7:45 p.m. (Brussels or Luxembourg time, as the case may be) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn provide appropriate settlement instructions to the Depository for delivery to the DTC participant. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will deliver the Notes free of payment to the appropriate DTC account of the DTC participant and will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee for Euroclear and Clearstream, Luxembourg and represented by the Registered Global Note and (ii) increase the amount of Notes registered in the nature of the nominee of DTC and represented by the DTC Global Note.

**Record Date**

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the “Record Date” for purposes of interest payments with respect to any Registered Note will be the third calendar day, whether or not a Business Day, immediately preceding the related Interest Payment Date, as described below. Trading within and between all clearing systems will become “ex dividend” as of the close of business on this date.

**Interest**

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, each Note, other than a Zero Coupon Note, will bear interest from and including its Original Issue Date or from and including the most recent Interest Payment Date to which interest on such Note (or any predecessor Note) has been paid or duly provided for at the fixed interest rate per annum specified in the applicable Final Terms or applicable Pricing Supplement, or at the floating interest rate per annum determined as specified in the applicable Final Terms or applicable Pricing Supplement, until the principal thereof is paid or made available for payment. Interest will be payable in arrears on each Interest Payment Date and at Maturity, as specified below under “— Payment of Principal, Premium and Interest.” Interest payments on the Notes will equal the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date, if no interest has been paid with respect to such Notes) to but excluding the related Interest Payment Date or Maturity, as the case may be (each such period an “**Interest Period**”).

**Fixed Rate Notes**

The applicable Final Terms, Pricing Supplement or Program Supplement, if any, will specify a fixed interest rate per annum payable on a Fixed Rate Note. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the interest payment dates (the “**Interest Payment Dates**”) for Fixed Rate Notes (other than Zero Coupon Notes) having a maturity greater than one year will be as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, with the first such Interest Payment Date next succeeding the Original Issue Date. Payments of interest on Fixed Rate Notes having maturities of greater than one year will include interest accrued to but excluding the relevant Interest Payment Date or Maturity. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on such Fixed Rate Notes with maturities of greater than one year will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on Fixed Rate Notes with maturities of one year or less will be payable only at Maturity to the person to whom principal shall be payable. Payments of interest on Fixed Rate Notes having maturities of one year or less will include interest accrued to but excluding Maturity. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on Fixed Rate Notes with maturities of one year or less will be computed on the basis of the actual number of days elapsed divided by 360. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, interest on Fixed Rate Notes denominated other than in U.S. Dollars will be computed on the basis of the “Actual/Actual (ICMA)” Fixed Day Count Convention.

“**Actual/Actual (ICMA)**” Fixed Day Count Convention means:
(a) in the case of Fixed Rate Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, from and including the Interest Commencement Date, which, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, shall be the Original Issue Date) to but excluding the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; or

(b) in the case of Fixed Rate Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year.

“Determination Period” means, solely with respect to the calculation of the Actual/Actual (ISDA) Fixed Day Count Convention set forth above, the period from and including a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“Determination Date” means, solely with respect to the calculation of the Actual/Actual (ISDA) Fixed Day Count Convention set forth above, each date specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, or, if none is specified, each Interest Payment Date.

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, any Interest Payment Date or Maturity of a Fixed Rate Note falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or Maturity, as the case may be.

Floating Rate Notes

The applicable Final Terms or applicable Pricing Supplement will specify whether the related Floating Rate Notes will bear interest determined by reference to either (i) an ISDA Rate (as defined herein) or (ii) one or more reference rates and/or an interest rate formula.

ISDA Rate

Where “ISDA Rate” is specified in the applicable Final Terms or applicable Pricing Supplement in connection with the determination of the rate of interest on the related Floating Rate Note, the rate of interest on such Note for each Interest Period will be the relevant ISDA Rate plus or minus the Margin, if any, specified in the applicable Final Terms or applicable Pricing Supplement. Unless otherwise specified in the applicable Final Terms or applicable Pricing Supplement, if any, “ISDA Rate” means, with respect to any Interest Period, the rate equal to the Floating Rate that would be determined by the Global Agent or other person specified in the applicable Final Terms or applicable Pricing Supplement pursuant to an interest rate swap transaction if the Global Agent or that other person were acting as Calculation Agent for that swap transaction in accordance with the terms of an agreement in the form of the Master Agreement published by the International Swaps and Derivatives Association, Inc. (the “ISDA Agreement”) and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the ISDA Definitions and under which:

(a) the Floating Rate Option is as specified in the applicable Final Terms or applicable Pricing Supplement;

(b) the Designated Maturity is the period specified in the applicable Final Terms or applicable Pricing Supplement; and
(c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate for a currency or on the Euro-zone interbank offered rate for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms or applicable Pricing Supplement.

As used in this paragraph, “Floating Rate,” “Calculation Agent,” “Floating Rate Option,” “Designated Maturity” and “Reset Date” have the meanings ascribed to those terms in the ISDA Definitions.

Reference Rate Determination

Where “Reference Rate Determination” is specified in the applicable Final Terms or applicable Pricing Supplement in connection with the determination of the rate of interest on the related Floating Rate Note, the applicable Final Terms or applicable Pricing Supplement will also specify the “Interest Rate Basis” or “Interest Rate Bases” by reference to which interest on such Floating Rate Note will be determined, which may be one or more of (i) the “CMT Rate,” in which case such Note will be a “CMT Rate Note,” (ii) the “Commercial Paper Rate,” in which case such Note will be a “Commercial Paper Rate Note,” (iii) the “Eleventh District Cost of Funds Rate,” in which case such Note will be an “Eleventh District Cost of Funds Rate Note,” (iv) the “Federal Funds Rate,” in which case such Note will be a “Federal Funds Rate Note,” (v) “EURIBOR,” in which case such Note will be a “EURIBOR Note,” (vi) “LIBOR,” in which case such Note will be a “LIBOR Note,” (vii) the “Prime Rate,” in which case such Note will be a “Prime Rate Note,” (viii) the “Treasury Rate,” in which case such Note will be a “Treasury Rate Note,” or (ix) such other Interest Rate Basis or interest rate formula as may be set forth in the applicable Final Terms or applicable Pricing Supplement. In addition, the applicable Final Terms or applicable Pricing Supplement will specify whether such Floating Rate Note is a “Regular Floating Rate Note,” a “Floating Rate/Fixed Rate Note” or an “Inverse Floating Rate Note,” the Initial Interest Rate, the Interest Reset Dates, the Index Maturity, and if one or more of the specified Interest Rate Bases is LIBOR or the CMT Rate, the applicable Note will also specify the Reuters Screen LIBOR Page or Designated CMT Reuters Screen Page, respectively, as such terms are defined herein.

Where “Reference Rate Determination” is specified in the applicable Final Terms or applicable Pricing Supplement, the interest rate borne by the Floating Rate Note will be determined as follows:

(i) Unless such Floating Rate Note is designated as a “Floating Rate/Fixed Rate Note” or an “Inverse Floating Rate Note,” such Floating Rate Note will be designated a “Regular Floating Rate Note” and, except as described below or in the applicable Final Terms or applicable Pricing Supplement, will bear interest at the rate determined by reference to the Interest Rate Basis or Bases specified in the applicable Final Terms or applicable Pricing Supplement (a) plus or minus the Spread, if any, specified in the applicable Final Terms or applicable Pricing Supplement and/or (b) multiplied by the applicable Spread Multiplier, if any, specified and applied as described in the applicable Final Terms or applicable Pricing Supplement. Commencing on the Initial Interest Reset Date specified in the applicable Final Terms or applicable Pricing Supplement, the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate specified in the applicable Final Terms or applicable Pricing Supplement.

(ii) If such Floating Rate Note is designated as a “Floating Rate/Fixed Rate Note,” then, except as described below or in the applicable Final Terms or applicable Pricing Supplement, such Floating Rate Note will bear interest at the rate determined by reference to the Interest Rate Basis or Bases specified in the applicable Final Terms or applicable Pricing Supplement (a) plus or minus the Spread, if any, specified in the applicable Final Terms or applicable Pricing Supplement and/or (b) multiplied by the applicable Spread Multiplier, if any, specified and applied as described in the applicable Final Terms or applicable Pricing Supplement. Commencing on the Initial Interest Reset Date specified in the applicable Final Terms or applicable Pricing Supplement, the rate at which interest on such Floating Rate/Fixed Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that (a) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate specified in the applicable Final Terms or applicable Pricing Supplement, and (b) the interest rate in effect from, and including, the Fixed Rate Commencement Date to Maturity shall be the Fixed Interest Rate, if such rate is specified in the applicable Final Terms or applicable Pricing Supplement, or if no such Fixed Interest Rate is so specified, the interest rate in effect thereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

(iii) If such Floating Rate Note is designated as an “Inverse Floating Rate Note,” then, except as described below or in the applicable Final Terms or applicable Pricing Supplement, such Floating Rate Note will bear interest equal to the Fixed Interest Rate specified in the applicable Final Terms or applicable Pricing Supplement minus the rate determined by reference to the Interest Rate Basis or Bases specified in the applicable Final Terms or applicable Pricing Supplement (a) plus or minus the applicable Spread, if any, specified in the applicable Final Terms or applicable Pricing Supplement and/or (b) multiplied
by the applicable Spread Multiplier, if any specified and applied as described in the applicable Final Terms or applicable Pricing Supplement; provided, however, that, unless otherwise specified in the applicable Final Terms or applicable Pricing Supplement, if any, the interest rate thereon will not be less than zero percent. Commencing on the Initial Interest Reset Date specified in the applicable Final Terms or applicable Pricing Supplement, the rate at which interest on such Inverse Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate specified in the applicable Final Terms or applicable Pricing Supplement.

The “Spread” is the number of basis points (each basis point being one hundredth of one percent) to be added to or subtracted from the related Interest Rate Basis or Bases applicable to such Floating Rate Note. The “Spread Multiplier” is the percentage by which the applicable Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate on such Floating Rate Note. The “Index Maturity” is the period to maturity of the instrument or obligation with respect to which the Interest Rate Basis or Bases will be calculated. The Spread, Spread Multiplier, Index Maturity and other variable terms of the Floating Rate Notes are subject to change by the Bank from time to time, but no such change will affect any Floating Rate Note previously issued or as to which an offer has been accepted by the Bank.

The applicable Final Terms or applicable Pricing Supplement will specify whether the rate of interest on the related Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually, annually or any other specified period (each, an “Interest Reset Period”) and the dates on which such interest rate will be reset (each, an “Interest Reset Date”). Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Interest Reset Date will be, in the case of Floating Rate Notes which reset: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (with the exception of weekly reset Floating Rate Notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week); (iii) monthly, the third Wednesday of each month (with the exception of monthly reset Floating Rate Notes as to which the Eleventh District Cost of Funds Rate is an applicable Interest Rate Basis, which will reset on the first calendar day of the month); (iv) quarterly, the third Wednesday of March, June, September and December of each year; (v) semiannually, the third Wednesday of the two months specified in the applicable Final Terms or applicable Pricing Supplement; and (vi) annually, the third Wednesday of the month specified in the applicable Final Terms or applicable Pricing Supplement; provided, however, that, with respect to Floating Rate/Fixed Rate Notes, the fixed rate of interest in effect for the period from the Fixed Rate Commencement Date until Maturity shall be the Fixed Interest Rate or the interest rate in effect on the Business Day immediately preceding the Fixed Rate Commencement Date, as specified in the applicable Final Terms or applicable Pricing Supplement and no Interest Reset Date will occur after the Fixed Rate Commencement Date. If an Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date will be subject to adjustment in accordance with the business day convention specified in the applicable Final Terms or applicable Pricing Supplement, which may be either the Floating Rate Convention, the Following Business Day Convention, the Modified Following Business Day Convention or the Preceding Business Day Convention as described under “Interest Payment Dates” below.

The interest rate applicable to each day in an Interest Reset Period will be the rate determined by the Calculation Agent as of the Interest Determination Date immediately preceding the Interest Reset Date on which such Interest Reset Period commenced. Unless otherwise specified in the applicable Final Terms, applicable Pricing Supplement, if any, the Interest Determination Date with respect to the Commercial Paper Rate will be the second Business Day preceding each Interest Reset Date; the Interest Determination Date with respect to CMT Rate Notes will be the second Business Day preceding each Interest Reset Date; the Interest Determination Date with respect to Prime Rate Notes and Federal Funds (Effective) Rate Notes will be the first Business Day preceding each Interest Reset Date; the Interest Determination Date with respect to Prime Rate Notes and Federal Funds (Effective) Rate Notes will be the first Business Day preceding each Interest Reset Date; the Interest Determination Date with respect to Federal Funds (Open) Rate Notes and Federal Funds (Target) Rate Notes will be the same day as the Interest Reset Date; the Interest Determination Date with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the “FHLB of San Francisco”) publishes the Index (as defined herein); the Interest Determination Date with respect to EURIBOR will be the second TARGET2 Settlement Day (as defined below) preceding each Interest Reset Date; and the Interest Determination Date with respect to LIBOR will be the second London Banking Day (as defined herein) immediately preceding each Interest Reset Date, unless the Designated LIBOR Currency is British pounds sterling or Canadian dollars, in which case the Interest Determination Date will be the applicable Interest Reset Date. With respect to the Treasury Rate, the Interest Determination Date will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined herein) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless the day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date will be such preceding Friday; and provided, further, that if the Interest Determination Date falls on any Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day. The
Interest Determination Date pertaining to a Floating Rate Note the interest rate of which is determined with reference to two or more Interest Rate Bases will be the latest Business Day that is at least two Business Days prior to such Interest Reset Date for such Floating Rate Note on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined on such date, and the applicable interest rate will take effect on the Interest Reset Date.

“TARGET2 Settlement Day” means a day on which Target2 is open.

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Interest Payment Dates

Each Floating Rate Note will bear interest on its principal amount (or, if it is a Partly Paid Note, the amount paid up) from and including its Original Issue Date at the rate determined as specified therein until the principal thereof is paid or otherwise made available for payment. Where “ISDA Rate” is specified in the applicable Final Terms or applicable Pricing Supplement, interest will be payable on each Interest Payment Date specified in the applicable Final Terms or applicable Pricing Supplement, or, if no express Interest Payment Dates are so specified, on each date which falls at the end of the number of months or other period specified as the Interest Payment Period in the applicable Final Terms or applicable Pricing Supplement after the preceding Interest Payment Date (or after the Original Issue Date, in the case of the first such date). Except as provided below or in the applicable Final Terms or applicable Pricing Supplement, where “Reference Rate Determination” is specified in the applicable Final Terms or applicable Pricing Supplement, interest will be payable on, in the case of such Floating Rate Notes which reset: (i) daily, weekly or monthly, the third Wednesday of each month or on the first day of March, June, September and December of each year, as specified in the applicable Final Terms or applicable Pricing Supplement; (ii) quarterly, the third Wednesday of March, June, September and December of each year; (iii) semiannually, the third Wednesday of the two months of each year specified in the applicable Final Terms or applicable Pricing Supplement; and (iv) annually, the third Wednesday of the month of each year specified in the applicable Final Terms or applicable Pricing Supplement and, in each case, interest will be payable at Maturity. The dates on which interest in respect of a Floating Rate Note will be paid are referred to herein as “Interest Payment Dates.”

If any Interest Payment Date (or other date that the applicable Final Terms or applicable Pricing Supplement indicates is subject to adjustment in accordance with a business day convention) for any Floating Rate Note (other than an Interest Payment Date at Maturity) would otherwise fall on a day that is not a Business Day, then, if the business day convention specified in the applicable Final Terms or applicable Pricing Supplement is:

(1) the “Floating Rate Convention,” such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day unless it would thereby fall into the next succeeding calendar month, in which event (A) such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Payment Period in the applicable Final Terms or applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) occurred; or

(2) the “Following Business Day Convention,” such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day; or

(3) the “Modified Following Business Day Convention,” such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day unless it would thereby fall into the next succeeding calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day, or

(4) the “Preceding Business Day Convention,” such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day.

If the Maturity of a Floating Rate Note falls on a day that is not a Business Day, the payment of principal, premium, if any, and interest will be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after such Maturity.
Minimum and/or Maximum Interest Rate

A Floating Rate Note may also have either or both of the following: (i) a minimum numerical limitation, or floor, on the rate at which interest may accrue during any Interest Period (a “Minimum Interest Rate”); and (ii) a maximum numerical limitation, or ceiling, on the rate at which interest may accrue during any Interest Period (a “Maximum Interest Rate”). In addition to any Maximum Interest Rate that may be applicable to any Floating Rate Note pursuant to the above provisions, the interest rate on any Floating Rate Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under current New York law, the maximum rate of interest, subject to some exceptions, for any loan in an amount less than $250,000 is 16% and for any loan in the amount of $250,000 or more but less than $2,500,000 is 25% per annum on a simple interest basis. The limit does not apply to Notes in which U.S. $2,500,000 or more has been invested.

Calculation of Interest Payment

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, with respect to each Floating Rate Note, accrued interest is calculated by multiplying its face amount by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the period for which interest is being calculated. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the interest factor for each such day will be computed on the basis of a 360-day year of twelve 30-day months if the day count convention specified in the applicable Final Terms or applicable Pricing Supplement is “30/360” for the period specified thereunder, or by dividing the applicable per annum interest rate by 360 if the day count convention specified in the applicable Final Terms or applicable Pricing Supplement is “Actual/360” for the period specified thereunder, or by dividing the applicable per annum interest rate by the actual number of days in the year if the day count convention specified in the applicable Final Terms or applicable Pricing Supplement is “Actual/Actual” for the period specified thereunder. If no day count convention is specified in the applicable Final Terms or applicable Pricing Supplement, the interest factor for each day in the relevant Interest Period will be computed, in the case of Notes for which an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate and Notes denominated in Sterling, as if “Actual/Actual” has been specified therein and, in all other cases, as if “Actual/360” had been specified therein. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the interest factor for Notes for which the interest rate is calculated will be rounded, if necessary, to the nearest one-hundred-thousandth, with five one-millionths rounded upwards.

All percentages resulting from any calculation on Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 3.876545 percent (or .03876545) would be rounded to 3.87655 percent (or .0387655)), and all calculations of the accrued interest factor for any day on Floating Rate Notes will be rounded, if necessary, to the nearest one-hundred-millionth, with five one-billionths rounded upward, for example, 9.8765455 percent (or .098765455) being rounded to 9.8765456 percent (or .098765456). All dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent or, in the case of a Specified Currency other than U.S. Dollars, to the nearest unit (with one-half cent or unit being rounded upwards).

Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Paying Agent for a Series of Notes (or in certain circumstances, HSBC France) will be the “Calculation Agent” with respect to that Series. Where “Reference Rate Determination” is specified in the applicable Final Terms or applicable Pricing Supplement, the “Calculation Date,” if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date, or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity, as the case may be. The determination of any interest rate by the Calculation Agent will be final and binding absent manifest error.

Upon request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next Interest Period with respect to such Floating Rate Note. The Calculation Agent will notify the Bank (and any securities exchange, listing authority or quotation system on which the relevant Floating Rate Notes are for the time being listed, quoted or traded) of the interest rate, interest amount and the relevant Interest Payment Date, and, if and so long as the rules of any such securities exchange, listing authority or quotation system requires, will cause the same to be published as provided herein, as soon as possible after their determination but in no event later than the fourth London Banking Day thereafter.
CMT Rate Notes

CMT Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. That interest rate will be based on the CMT Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, if “Reuters Screen FRBCMT page” is the Designated CMT Reuters Screen Page in the applicable Pricing Supplement or Final Terms, the CMT Rate on the Interest Determination Date shall be a percentage equal to the yield for U.S. Treasury securities at “constant maturity” having the Designated CMT Index Maturity specified in the applicable Pricing Supplement or Final Terms as set forth in H.15(519) under the caption “Treasury constant maturities,” as such yield is displayed on the Reuters (or any successor service) Screen FRBCMT page for such Interest Determination Date.

- If such rate does not appear on Reuters Screen FRBCMT page, the CMT Rate on such Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at “constant maturity” having such Designated CMT Index Maturity and for such Interest Determination Date as set forth in H.15(519) under the caption “Treasury constant maturities.”

- If such rate does not appear in H.15(519), the CMT Rate on such Interest Determination Date shall be the rate for the period of such Designated CMT Index Maturity as may then be published by either the FRB or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519).

- If the FRB or the United States Department of the Treasury does not publish a yield on United States Treasury securities at “constant maturity” having such Designated CMT Index Maturity for such Interest Determination Date, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Dealers or their affiliates) (each, a “Reference Dealer”) selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with an original maturity equal to such Designated CMT Index Maturity, a remaining term to maturity no more than one year shorter than such Designated CMT Index Maturity and in a Representative Amount.

- If fewer than five but more than two such prices are provided as so requested, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as so requested, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with an original maturity greater than such Designated CMT Index Maturity, a remaining term to maturity closest to such Designated CMT Index Maturity and in a Representative Amount.

- If fewer than five but more than two such prices are provided as so requested, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such Interest Determination Date shall be the CMT Rate in effect on such Interest Determination Date. If two such U.S. Treasury securities with an original maturity greater than such Designated CMT Index Maturity have remaining terms to maturity equally close to such Designated CMT Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, if “Reuters Screen FEDCMT page” is the specified Designated CMT Reuters Screen Page in the applicable Pricing Supplement or Final Terms, the CMT Rate on the Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement or Final Terms, average yield for U.S. Treasury securities at “constant maturity” having the Designated CMT Index Maturity specified in the applicable Pricing Supplement or Final Terms as set forth in H.15(519) opposite the caption “Treasury constant maturities,” as
such yield is displayed on the Reuters Screen FEDCMT page for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the Interest Reset Date falls.

- If such rate does not appear on the Reuters Screen FEDCMT page, the CMT Rate on such Interest Determination Date shall be a percentage equal to the one-week or one-month, as applicable, average yield for U.S. Treasury securities at “constant maturity” having such Designated CMT Index Maturity for the week or month, as applicable, preceding such Interest Reset Date as set forth in H.15(519) opposite the caption “Treasury constant maturities.”

- If such rate does not so appear in H.15(519), the CMT Rate on such Interest Determination Date shall be the one-week or one-month, as applicable, average yield for U.S. Treasury securities at “constant maturity” having such Designated CMT Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such Interest Reset Date falls.

- If the Federal Reserve Bank of New York does not publish a one-week or one-month, as applicable, average yield on U.S. Treasury securities at “constant maturity” having such Designated CMT Index Maturity for the applicable preceding week or month, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with an original maturity equal to such Designated CMT Index Maturity, a remaining term to maturity of no more than 1 year shorter than such Designated CMT Index Maturity and in a Representative Amount.

- If fewer than five but more than two such prices are provided as so requested, the CMT Rate on such Interest Determination Date shall be the rate on the Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as so requested, the CMT Rate on such Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with an original maturity longer than such Designated CMT Index Maturity, a remaining term to maturity closest to such Designated CMT Index Maturity and in a Representative Amount.

- If fewer than five but more than two such prices are provided as requested, the CMT Rate on such Interest Determination Date shall be the rate on the Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such Interest Determination Date shall be the CMT Rate in effect on such Interest Determination Date. If two United States Treasury securities with an original maturity greater than such Designated CMT Index Maturity have remaining terms to maturity equally close to such Designated CMT Index Maturity, then the quotes for the Treasury security with the shorter original term to maturity will be used.

“Designated CMT Reuters Screen Page” means the Reuters Screen page designated in the applicable Pricing Supplement or Final Terms that displays Treasury constant maturities as reported in H.15(519). If no Reuters Screen page is specified in the applicable Pricing Supplement or Final Terms, then the Designated CMT Reuters Screen Page will be FEDCMT, for the most recent week or month, as applicable.

“Designated CMT Index Maturity” means the original period to maturity of the U.S. Treasury securities, which is either 1, 2, 3, 5, 7, 10, 20 or 30 years, specified in the applicable Pricing Supplement or Final Terms for which the CMT Rate will be calculated. If no maturity is specified in the applicable Pricing Supplement or Final Terms, then the Designated CMT Index Maturity will be two years.

“H.15(519)” means the weekly statistical release designated as such, or any successor publication, available through the website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15/current/ or any successor site or publication.
“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time.

“Reuters Screen” means the display on Thomson Reuters, or any successor or replacement service, on the page or pages specified in the applicable Pricing Supplement or Final Terms, or any successor or replacement page or pages on that service.

Commercial Paper Rate Notes

Commercial Paper Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Commercial Paper Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “commercial paper rate” means, for any Interest Determination Date, the money market yield, calculated as described below, of the rate on that date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement or Final Terms, as that rate is published in H.15(519), under the heading “Commercial Paper—Nonfinancial”. The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the Calculation Date, then the Commercial Paper Rate will be the money market yield of the rate on that Interest Determination Date for commercial paper of the Index Maturity specified in the applicable pricing supplement as published in the H.15 Daily Update or another recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Commercial Paper-Nonfinancial.”

- If by 3:00 p.m., New York City time, on that Calculation Date the rate is not yet published in either H.15(519), H.15 Daily Update or other recognized electronic source used for the purpose of displaying the applicable rate, then the Calculation Agent will determine the Commercial Paper Rate to be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on the Interest Reset Date of three leading dealers of U.S. dollar commercial paper in The City of New York, which may include the agents and their affiliates, selected by the Calculation Agent, after consultation with us, for commercial paper of the Index Maturity specified in the applicable Pricing Supplement or Final Terms, placed for an industrial issuer whose bond rating is “Aa” or the equivalent by a nationally recognized rating agency.

- If fewer than three dealers selected by the Calculation Agent are quoting offered rates as set forth above, the Commercial Paper Rate for that Interest Determination Date will remain the Commercial Paper Rate for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The “money market yield” will be a yield calculated in accordance with the following formula:

\[
\text{money market yield} = \frac{(D \times 360)}{360 (D \times M)} \times 100
\]

where, “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and “M” refers to the actual number of days in the Interest Period for which interest is being calculated.


Eleventh District Cost of Funds Notes

Eleventh District Cost of Funds Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Eleventh District Cost of Funds Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “Eleventh District Cost of Funds Rate” means, for any Interest Determination Date, the rate on the applicable Interest Determination Date equal to the monthly weighted average cost of funds for the calendar month preceding the Interest Determination Date as displayed under the caption “11th DIST
The following procedures will be followed if the Eleventh District Cost of Funds Rate cannot be determined as described above:

- If the above rate is not displayed by 3:00 p.m., New York City time, on the calculation date for the applicable Interest Determination Date, the Eleventh District Cost of Funds Rate will be the Eleventh District Cost of Funds Rate index (as defined below) on the applicable Interest Determination Date.

- If the Federal Home Loan Bank of San Francisco fails to announce the rate for the calendar month next preceding the applicable Interest Determination Date, then the Eleventh District Cost of Funds Rate for the new Interest Reset Period will be the same as for the immediately preceding Interest Reset Period. If there was no such preceding Interest Reset Period, the Eleventh District Cost of Funds Rate index will be the Initial Interest Rate.

The “Eleventh District Cost of Funds Rate index” means the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the Federal Home Loan Bank of San Francisco most recently announced as the cost of funds for the calendar month immediately preceding the date of the announcement.

**EURIBOR Notes**

EURIBOR Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the EURIBOR and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, “EURIBOR” means, for any Interest Determination Date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of establishing, compiling and publishing those rates, for the Index Maturity specified in the applicable Pricing Supplement or Final Terms as that rate appears on the Reuters Screen EURIBOR01 page, as of 11:00 a.m., Brussels time. The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear on Reuters Screen EURIBOR01 page as of 11:00 a.m., Brussels time, the Calculation Agent will request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market, as selected by the Calculation Agent, after consultation with us, to provide the Calculation Agent with its offered rate for deposits in euros, at approximately 11:00 a.m., Brussels time, on the Interest Determination Date, to prime banks in the Euro-zone interbank market for the Index Maturity specified in the applicable Pricing Supplement or Final Terms commencing on the applicable Interest Reset Date, and in a principal amount not less than the equivalent of US$1 million in euro that is representative of a single transaction in euro, in that market at that time. If two or more quotations are provided, EURIBOR will be the arithmetic mean of those quotations.

- If fewer than two quotations are provided as described above, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone interbank market, as selected by the Calculation Agent, after consultation with us, at approximately 11:00 a.m., Brussels time, on the applicable Interest Reset Date for loans in euro to leading European banks for a period of time equivalent to the Index Maturity specified in the applicable Pricing Supplement or Final Terms commencing on that Interest Reset Date in a principal amount not less than the equivalent of US$1 million in euro that is representative of a single transaction in euro, in that market at that time.

- If fewer than three banks so selected by the Calculation Agent are quoting as set forth above, EURIBOR for that Interest Determination Date will remain EURIBOR for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

“Euro-zone” means the region comprising member states of the European Union that have adopted the single currency in accordance with the relevant treaty of the European Union, as amended.

In the event that the EURIBOR rate is discontinued, the calculation of interest for such EURIBOR Note would be governed by the applicable EU Benchmark Replacement provisions. Those provisions will be included in the applicable Pricing Supplement or Final Terms for the EURIBOR note. See “Risk Factors—Additional Risks Relating to Particular Series of Notes—Risks Relating to Floating-Rate Notes Linked to ‘Benchmarks.’”
The Calculation Agent intends to use commercially reasonable efforts to satisfy any applicable Internal Revenue Service guidance so that a replacement of EURIBOR will not be treated as a deemed exchange to U.S. Holders (as defined in under “Certain United States Federal Income Tax Considerations”) for U.S. federal income tax purposes as a result of the EURIBOR replacement. See “Certain United States Federal Income Tax Considerations—U.S. Holders—Base Rate Modifications.”

Federal Funds (Effective) Rate Notes

Federal Funds (Effective) Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Federal Funds (Effective) Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “Federal Funds (Effective) Rate” means, for any Interest Determination Date, the rate on that date for federal funds as published in H.15(519) under the heading “Federal funds (effective)” as displayed on the Reuters Screen FEDFUNDS1 page under the caption “EFFECT”. The following procedures will be followed if the Federal Funds (Effective) Rate cannot be determined as described above:

- If the above rate does not so appear on Reuters Screen FEDFUNDS 1 page or is not yet published by 3:00 p.m., New York City time, on the Calculation Date, the Federal Funds (Effective) Rate will be the rate on that Interest Determination Date as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Federal funds (effective)”

- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date, the Calculation Agent will determine the Federal Funds (Effective) Rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in the City of New York, which may include the Dealers and their affiliates, selected by the Calculation Agent, after consultation with us, prior to 9:00 a.m., New York City time, on that Interest Determination Date.

- If fewer than three such brokers selected by the Calculation Agent are quoting as set forth above, the Federal Funds Rate for that Interest Determination Date will remain the Federal Funds (Effective) Rate for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

Federal Funds (Open) Rate Notes

Federal Funds (Open) Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Federal Funds (Open) Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “Federal Funds (Open) Rate” means, for any Interest Determination Date, the rate on that date for federal funds opposite the caption “OPEN,” as displayed on Reuters Screen page 5. The following procedures will be followed if the Federal Funds (Open) Rate cannot be determined as described above:

- If the above rate does not appear on Reuters Screen page 5 or is not yet published by 3:00 p.m., New York City time, on the Calculation Date, the Federal Funds (Open) Rate will be the rate on that Interest Determination Date as published on Bloomberg, L.P. (“Bloomberg”) on the FFPREBON Index page, which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg.

- If the above rate is not yet published on either Reuters Screen page 5 or FFPREBON Index on Bloomberg, or other recognized electronic source used for the purpose of displaying the applicable rate, by 3:00 p.m., New York City time, on the Calculation Date, the Calculation Agent will determine the Federal Funds (Open) Rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in The City of New York, which may include the Dealers and their affiliates, selected by the Calculation Agent, after consultation with us, prior to 9:00 a.m., New York City time, on that Interest Determination Date.

- If fewer than three brokers selected by the Calculation Agent are quoting as set forth above, the Federal Funds Rate for that Interest Determination Date will remain the Federal Funds (Open) Rate for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.
Federal Funds (Target) Rate Notes

Federal Funds Target Rate Notes will bear interest at the rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Federal Funds (Target) Rate and any Spread and/or Spread Multiplier, and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “Federal Funds (Target) Rate” means, for any Interest Determination Date, the rate on such date as displayed on the FDTR Index page on Bloomberg L.P. (“Bloomberg”).

- If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 p.m., New York City time, on the Calculation Date, the Federal Funds Rate for such Interest Determination Date will be the rate for that day appearing on Reuters Screen page USFFTARGET=.

- If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Screen page USFFTARGET= by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Interest Determination Date shall be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in New York City (which may include the Dealers or their affiliates) selected by the Calculation Agent prior to 9:00 a.m., New York City time, on such Interest Determination Date.

LIBOR Notes

LIBOR Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. That interest rate will be based on London Interbank Offered Rate, which is commonly referred to as “LIBOR,” and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

“LIBOR” means, for any Interest Determination Date, the offered rate that appears on the Reuters Screen LIBOR page at approximately 11:00 a.m., London time, on that Interest Determination Date, for deposits having the Index Maturity and Index Currency specified in the applicable Pricing Supplement or Final Terms, commencing on the relevant Interest Reset Date.

- If the rate described above does not so appear on the Reuters Screen LIBOR page, then the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent after consultation with us, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified in the applicable Pricing Supplement or Final Terms to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date, commencing on the Interest Reset Date, and in a Representative Amount. If at least two quotations are provided, LIBOR determined on that Interest Determination Date will be the arithmetic mean of those quotations.

- If fewer than two quotations are so provided, LIBOR will be determined for the applicable Interest Reset Date as the arithmetic mean of the rates quoted at approximately 11:00 a.m., or some other time specified in the applicable Pricing Supplement or Final Terms, in the applicable principal financial center for the country of the Index Currency on that Interest Reset Date, by three major banks in that principal financial center selected by the Calculation Agent, after consultation with us, for loans in the Index Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Supplement or Final Terms and in a Representative Amount.

- If the banks so selected by the Calculation Agent are not quoting as set forth above, LIBOR for that Interest Determination Date will remain LIBOR for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

Calculation in the event that U.S. dollar LIBOR is discontinued. Notwithstanding the three subparagraphs above, if the Calculation Agent determines that U.S. dollar LIBOR has been discontinued on an Interest Determination Date, it will, instead of following the procedures in the three subparagraphs above, substitute for U.S. dollar LIBOR an industry-accepted substitute or successor base rate, including any adjustment to or related spread on such substitute or successor base rate, in each case chosen by the Calculation Agent in its sole discretion. If the Calculation Agent has determined a substitute or successor base rate (including any such adjustment and/or spread) in accordance with the foregoing, the Calculation Agent in its sole discretion may also implement changes to the definition of Business Day, London Banking Day, the Interest Determination Dates and any method for obtaining the substitute or successor to U.S. dollar LIBOR if such rate is unavailable on the relevant date of determination, and any changes to any
such adjustment and/or spread, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate. In the event that the Calculation Agent determines, in its sole discretion, that there is no industry-accepted substitute or successor base rate, then U.S. dollar LIBOR will be determined using the procedures in the three subparagraphs above.

In the event that a non-U.S. dollar LIBOR rate is discontinued, the calculation of interest for such non-U.S. dollar LIBOR Note would be governed by the applicable EU Benchmark Replacement provisions. Those provisions will be included in the applicable Pricing Supplement or Final Terms for the non-U.S. dollar LIBOR note. See “Risk Factors—Additional Risks Relating to Particular Series of Notes—Risks Relating to Floating-Rate Notes Linked to ‘Benchmarks.’”

The Calculation Agent intends to use commercially reasonable efforts to satisfy any applicable Internal Revenue Service guidance so that a replacement of LIBOR will not be treated as a deemed exchange to U.S. Holders (as defined in “Certain United States Federal Income Tax Considerations”) for U.S. federal income tax purposes as a result of the LIBOR replacement. See “Certain United States Federal Income Tax Considerations—U.S. Holders—Base Rate Modifications.”

“Principal financial center” means (i) the capital city of the country issuing the Specified Currency or (ii) the capital city of the country to which the Index Currency, if applicable, relates, except, in each case, that with respect to United States dollars, Australian dollars, Canadian dollars, euro, New Zealand dollars, South African rand and Swiss francs, the “principal financial center” shall be New York City, Sydney, Toronto, London (solely in the case of the Index Currency), Wellington, Johannesburg and Zurich, respectively.

“Reuters Screen LIBOR page” means the display on the Reuters Screen LIBOR01 page or Reuters Screen LIBOR02 page, as applicable, as specified in the applicable Pricing Supplement or Final Terms, or any replacement page or pages, for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency.

**Prime Rate Notes**

Prime Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the prime rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “prime rate” means, for any Interest Determination Date, the rate on that date as published in H.15(519) opposite the caption “Bank prime loan.” The following procedures will be followed if the prime rate cannot be determined as described above:

- If the above rate is not so published by 3:00 p.m., New York City time, on the Calculation Date, then the prime rate will be the rate on that Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption “Bank prime loan.”

- If the rate is not so published in either H.15(519), H.15 Daily Update or such other electronic source by 3:00 p.m., New York City time, on the Calculation Date, then the Calculation Agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each of the various banks that appear on the Reuters Screen USPRIME1 page, as defined below, as each such bank’s prime rate or base lending rate as in effect for that Interest Determination Date.

- If fewer than four rates appear on the Reuters Screen USPRIME1 page by 3:00 p.m., New York City time, for that Interest Determination Date, the Calculation Agent will determine the prime rate to be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that Interest Determination Date by at least three major banks in The City of New York, which may include affiliates of the Dealers, selected by the Calculation Agent, after consultation with us.

- If fewer than three banks selected by the Calculation Agent are quoting as set forth above, the prime rate for that Interest Determination Date will remain the prime rate for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

“Reuters Screen USPRIME1 page” means the display on the Reuters Screen page designated “USPRIME1,” for the purpose of displaying prime rates or base lending rates of major U.S. banks.
Treasury Rate Notes

Treasury Rate Notes will bear interest at the interest rates specified in the applicable Pricing Supplement or Final Terms. Those interest rates will be based on the Treasury Rate and any Spread and/or Spread Multiplier and will be subject to the Minimum Interest Rate and the Maximum Interest Rate, if any.

Unless otherwise set forth in the applicable Pricing Supplement or Final Terms, the “Treasury Rate” means:

- the rate from the auction held on the applicable Interest Determination Date, which are referred to as the “auction,” of direct obligations of the United States, which are commonly referred to as “Treasury Bills,” having the Index Maturity specified in the applicable Pricing Supplement or Final Terms as that rate appears under the caption “INVEST RATE” on the Reuters USAUCTION10 page or USAUCTION11 page; or

- if the rate described in the prior paragraph does not appear on either page by 3:00 p.m., New York City time, on the related Calculation Date, the bond equivalent yield of the auction rate of the applicable Treasury Bills, announced by the U.S. Department of the Treasury; or

- if the rate referred to in the prior paragraph is not announced by the U.S. Department of the Treasury, or if the auction is not held, the bond equivalent yield of the rate on the applicable Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement or Final Terms published in H.15(519) under the caption “U.S. government securities/Treasury bills/secondary market;” or

- if the rate referred to in the prior paragraph is not so published by 3:00 p.m., New York City time, on the related Calculation date, the rate on the applicable Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption “U.S. government securities/Treasury bills/secondary market;” or

- if the dealers selected by the Calculation Agent are not quoting as set forth above, the Treasury Rate for that Interest Determination Date will remain the Treasury Rate for the immediately preceding Interest Reset Period, or, if there was no preceding Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The “bond equivalent yield” means a yield calculated in accordance with the following formula and expressed as a percentage:

\[
\text{bond equivalent yield} = \frac{(D \times N)}{360 - (D \times M)} \times 100
\]

where, “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, “N” refers to 365 or 366, as applicable, and “M” refers to the actual number of days in the interest payment period for which interest is being calculated.

If, when the terms “Designated CMT Reuters Screen Page,” “H.15(519),” “H.15 Daily Update,” “Reuters Screen LIBOR page,” Reuters Screen USPRIME1 page,” “Reuters Screen USAUCTION10 page,” “Reuters Screen USAUCTION11 page,” “Reuters Screen ISDAFIX1 page,” “Reuters Screen COFI/ARMS page,” “Reuters Screen page 5” or “Reuters Screen” are used, they refer to a particular heading or headings on any of these pages, those references include any successor or replacement heading or headings as determined by the Calculation Agent.

Original Issue Discount Notes (Including Zero Coupon Notes)

Notes may be issued at a price less than their “stated redemption price at maturity” or may have other terms resulting in such Notes being treated as if they were issued with original issue discount for United States federal income tax purposes ("Original Issue
Discount Notes”). Such Original Issue Discount Notes may currently pay no interest or interest at a rate which at the time of issuance is below market rates. See “Certain United States Federal Income Tax Considerations.” In addition, certain considerations relating to any Original Issue Discount Notes may be described in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, relating thereto.

Dual Currency Notes

The Bank may from time to time offer Notes (“Dual Currency Notes”) with respect to which the Bank will have the option of making each scheduled payment of principal and interest due on such Notes in either the currency (the “Face Amount Currency”) in which the face amount thereof (the “Face Amount”) is specified in the applicable Final Terms or applicable Pricing Supplement or another currency specified therein (the “Optional Payment Currency”). If the Bank elects to make a payment in the Optional Payment Currency, the amount payable in such Optional Payment Currency shall be determined using the exchange rate specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any (the “Designated Exchange Rate”). If the Bank chooses to make any payment in the Optional Payment Currency instead of the Face Amount Currency, payments of interest and principal may be worth less, at the then current exchange rate, than if the Bank had made such payment in the Face Amount Currency. Accordingly, a holder of Dual Currency Notes may receive a principal payment at maturity, which, at the then current exchange rate, is less than such holder’s investment denominated in the Face Amount Currency. See “Risk Factors—Notes Denominated in, or related to the value of, currency other than the currency of the country in which the purchaser is resident or conducts business carry risks associated with exchange rate, and exchange controls.” Information as to the relative historical value of the applicable Face Amount Currency against the applicable Optional Payment Currency, any exchange controls applicable to such Face Amount Currency or Optional Payment Currency, and the tax consequences to owners of Dual Currency Notes, or beneficial interests therein, will be set forth in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Scheduled Payments of Principal and Interest. Interest on a Dual Currency Note will be payable based on the Face Amount of such Dual Currency Note at the rate stated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, on each Interest Payment Date until the principal thereof is paid or made available for payment. The principal amount of each Dual Currency Note will be payable at maturity.

The applicable Final Terms, Pricing Supplement or Program Supplement, if any, for each issuance of Dual Currency Notes will specify, among other things, the Face Amount of the Dual Currency Notes of such issuance, the Face Amount Currency and Optional Payment Currency of such issuance and the Designated Exchange Rate for such issuance, which will be a fixed exchange rate used for converting amounts denominated in the Face Amount Currency into amounts denominated in the Optional Payment Currency. The applicable Final Terms, Pricing Supplement or Program Supplement, if any, will also specify the Option Election Dates (as defined herein) and Interest Payment Dates for the related issue of Dual Currency Notes. Each “Option Election Date” will be approximately 10 days before an Interest Payment Date or the Stated Maturity Date, as the case may be, and will be the date on which the Bank must elect to make payments due on the related Interest Payment Date or the Stated Maturity Date in the Face Amount Currency or the Optional Payment Currency. If such election is made, notice of such election shall be provided within four Business Days of the Option Election Date and shall state (i) the Interest Payment Date or the Stated Maturity Date and (ii) the Designated Exchange Rate. Any such notice by the Bank, once given, may not be withdrawn. If the Bank elects on any Option Election Date to pay the amounts due on the succeeding Interest Payment Date in the Option Payment Currency, then it shall pay all amounts due with respect to the affected issue of Dual Currency Notes in the Optional Payment Currency on such Interest Payment Date or Stated Maturity Date. If the Bank does not elect on an Option Election Date to pay the amount due on the related Interest Payment Date or Stated Maturity Date in the Optional Payment Currency, then such payment shall be made in the Face Amount Currency and no notice of the manner of such payment will be given.

Payment Due Upon Redemption or Acceleration. If any Dual Currency Note is redeemed prior to its Stated Maturity Date, or if the payment of principal of and interest on any Dual Currency Note is accelerated in accordance with the provisions described below under the caption “Events of Default,” then the Bank shall pay to the holder of such Dual Currency Note on the redemption date or the date of acceleration an amount equal to (i) the Face Amount thereof in the Face Amount Currency plus accrued interest in such currency to but excluding the redemption date or date of acceleration, as the case may be, minus (ii) the Total Option Value (as defined herein) multiplied by a fraction, the numerator of which is the Face Amount of such Dual Currency Note and the denominator of which is the aggregate Face Amount of all Dual Currency Notes of the same Tranche as such Dual Currency Note.

The “Total Option Value” of any Dual Currency Note is an amount (calculated as of the date (the “Option Value Calculation Date”) on which the Bank notifies the Global Agent and/or the London Paying Agent that such Dual Currency Note will be redeemed, or the date of acceleration, as the case may be, by the option value calculation agent designated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any (the “Option Value Calculation Agent”) equal to the sum of the Option
Values (calculated as of such date by the Option Value Calculation Agent) for all Interest Payment Dates occurring after the Option Value Calculation Date up to and including the Stated Maturity Date. The “Option Value” for an Interest Payment Date is the amount calculated by the Option Value Calculation Agent to be the arithmetic mean of the prices quoted on the Option Value Calculation Date by three reference banks (which banks shall be selected by the Option Value Calculation Agent and shall be reasonably acceptable to the Bank) for the right on the Option Election Date immediately preceding such Interest Payment Date to purchase for value on such Interest Payment Date from such reference banks (A) the aggregate amount of the Face Amount Currency due on such Interest Payment Date with respect to all of the Dual Currency Notes of the same Tranche as such Dual Currency Note in exchange for (B) the amount of the Optional Payment Currency that would be received if the amount in clause (A) were converted into the Optional Payment Currency at the Designated Exchange Rate.

Prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in Dual Currency Notes. Dual Currency Notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

Indexed Notes

“Indexed Notes” are Notes the payments in respect of which (whether with respect to principal, premium, if any, or interest and whether at Maturity or otherwise) will be calculated by reference to such index and/or formula on which the Bank and the initial purchaser(s) may agree, as indicated in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, which may include the price change or performance (on specific dates or periods) of an index based on the performance of financial assets, including but not limited to securities, baskets of securities, interest rates, indexes, options, futures, swaps, currencies, commodities, weather derivatives, credit derivatives, or any combination of the above, or any other financial asset not specified herein that the Bank and the initial purchaser(s) may select as a reference in order to determine the amount of principal, if any, interest, if any, or return, if any, payable on the Notes, from time to time.

Commodity-Linked Notes

“Commodity-Linked Notes” are Notes pursuant to which the amount of principal, premium, if any, and/or interest payable is to be determined with reference to prices of various commodities and related assets, as set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any. As set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, the Bank may satisfy its obligations with respect to a Commodity-Linked Note either through payment of a cash settlement amount or through delivery of a specified commodity or commodities. When Commodity-Linked Notes provide for physical settlement, the applicable Final Terms, Pricing Supplement and Program Supplement, if any, will describe the conditions, terms and characteristics of the commodity or commodities to be delivered. Information as to the method for determining the amount of principal, premium, if any, and/or interest payable in respect of Commodity-Linked Notes, certain historical information with respect to the specified commodity or commodities and any special tax considerations associated with investments in such Commodity-Linked Notes will be set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any.

Credit-Linked Notes

“Credit-Linked Notes” are, without limitation, Notes pursuant to which the amount of principal and/or interest payable to holders depends in whole or in part on whether one or more specified credit-related events (each, a “Credit Event”) occur during a specified period of time with respect to either a single reference entity or a number of reference entities (each a “Reference Entity”) or one or more obligations of such Reference Entity(ies) (each a “Reference Obligation”), in each case as set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, or other supplement to the Offering Circular, together with such other terms and conditions as may be specified therein. Credit-Linked Notes may be cash settled, in which case, as a result of the occurrence of a Credit Event, a holder may receive a cash amount determined by reference to the price of one or more obligations of the relevant Reference Entity(ies), with certain specified characteristics, determined by or on behalf of the Bank following such Credit Event. Alternatively, Credit-Linked Notes may be physically settled, in which case, as a result of the occurrence of a Credit Event, a holder may (save in certain situations such as impossibility and illegality) receive one or more Reference Obligations of the relevant Reference Entity(ies).

Credit-Linked Notes may or may not be interest bearing. In the case of interest bearing Credit-Linked Notes, interest may be calculated on a fixed rate or floating rate basis or in any other manner specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Credit-Linked Notes may be issued at par, at a discount to par or at a premium over par.
Notwithstanding any of the foregoing, Credit-Linked Notes may also comprise Notes having such other credit-related terms, features or characteristics as may be agreed by the Bank and the initial purchaser(s) and set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, or other supplement to the Offering Circular, and which are classified therein as “Credit-Linked Notes.”

Each Final Terms, Pricing Supplement and Program Supplement, if any, with respect to Credit-Linked Notes will relate only to the Credit-Linked Notes offered thereby and will not contain any information with regard to any Reference Entity or Reference Obligation.

**Equity-Linked Notes**

“Equity-Linked Notes” are Notes pursuant to which the amount of principal, premium, if any, and/or interest payable is to be determined with reference to prices or levels of various equity instruments, assets and indicators, including single common stocks, baskets of common stocks, indexes, hedge funds, funds of funds and other equity-related financial assets or indices, as set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any. As set forth in the applicable Final Terms, Pricing Supplement and Program Supplement, if any, the Bank may satisfy its obligations with respect to an Equity-Linked Note either through payment of a cash settlement amount or through delivery of equity instruments. When Equity-Linked Notes provide for physical settlement, the applicable Final Terms, Pricing Supplement and Program Supplement, if any, will describe the conditions, terms and characteristics of the equity instruments to be delivered. Information as to the method for determining the amount of principal, premium, if any, and/or interest payable in respect of Equity-Linked Notes, certain historical information with respect to the specified equity instruments and any special tax considerations associated with investment in such Equity-Linked Notes will be set forth in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

Each applicable Final Terms, Pricing Supplement or Program Supplement, if any, with respect to Equity-Linked Notes will relate only to the Equity-Linked Notes offered thereby and will not relate to the issuer (the “Equity Issuer”) of the equity instruments that may be delivered at Maturity. Any disclosure contained in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, regarding the Equity Issuer will be derived solely from publicly available documents; alternatively, the applicable Final Terms, Pricing Supplement and Program Supplement, if any, may identify an independent source from which prospective investors may obtain information concerning the Equity Issuer. Unless the applicable Final Terms, Pricing Supplement and Program Supplement, if any, with respect to Equity-Linked Notes specifies otherwise, neither the Bank nor any affiliate of the Bank will have participated in the preparation of the publicly available documents relating to an Equity Issuer or made any due diligence inquiry with respect to the information provided therein. The Bank will not make any representation that such documents or any information regarding the Equity Issuer is accurate or complete or that all events occurring with respect to an Equity Issuer prior to the date of the related Final Terms, Pricing Supplement and Program Supplement, if any, that would affect the trading price of the related equity instruments have been disclosed.

**Currency-Linked Notes**

The Bank may issue Notes with the principal amount payable at Maturity and/or the amount of interest payable on any Interest Payment Date to be determined by reference to the value of one or more currencies as compared to the value of one or more other currencies, which are referred to as “Currency-Linked Notes.” The applicable Pricing Supplement or Final Terms will specify the following:

- information as to the one or more currencies to which the principal amount payable at Maturity or the amount of interest payable on any Interest Payment Date is linked or indexed;
- the currency in which the face amount of the Currency-Linked Note is denominated, which is referred to as the “denominated currency;”
- the currency in which principal on the currency-linked note will be paid, which is referred to as the “payment currency;”
- the interest rate per annum and the dates on which the Issuer will make interest payments;
- specific historic exchange rate information and any currency risks relating to the specific currencies selected; and
- additional tax considerations, if any.
The denominated currency and the payment currency may be the same currency or different currencies. Interest on Currency-Linked Notes will be paid in the denominated currency.

**Risks Related to Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes, Equity-Linked Notes and Currency-Linked Notes**

An investment in Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes, Equity-Linked Notes or Currency-Linked Notes entails significant risks that are not associated with similar investments in conventional fixed-rate debt securities. A description of certain of these risks will be included in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Any credit ratings assigned to the Program are a reflection of the Bank’s credit status and in no way are a reflection of the potential impact of the risk factors inherent in an investment in Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes, Equity-Linked Notes or Currency-Linked Notes. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by such an investment and the suitability of Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes, Equity-Linked Notes or Currency-Linked Notes in light of their particular circumstances.

**Partly Paid Notes**

The Notes may be issued with the issue price thereof payable in two or more installments (“Partly Paid Notes”), as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any.

**Payment of Principal, Premium and Interest**

The Bank is obligated to make payments of principal of, and premium, if any, and interest on, all Notes in the applicable Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of debts). Any such amounts to be paid by the Bank in respect of DTC Global Notes denominated other than in U.S. Dollars will, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, be converted by the Global Agent or such other agent as may be specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, for these purposes shall act as Exchange Agent, into U.S. Dollars for payment to the Beneficial Owners of interests in such Notes (“DTC Beneficial Owners”). However, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the DTC Beneficial Owner may elect to receive such payments in the applicable Specified Currency (if other than U.S. Dollars) as hereinafter described.

The U.S. Dollar amount to be received by a holder of a DTC Global Note denominated other than in U.S. Dollars will be based on the Exchange Agent’s bid quotation as of 11:00 a.m., London time, on the second day on which banks are open for business in London and New York City preceding the applicable payment date, for the purchase of U.S. Dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of DTC Global Notes denominated other than in U.S. Dollars scheduled to receive U.S. Dollar payments. If such bid quotation is not available, the Exchange Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Agent for such purchase. If no such bids are available, payment of the aggregate amount due to all holders of DTC Global Notes on the payment date will be made in the Specified Currency. All determinations referred to above made by the Exchange Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Bank and by the holders of a DTC Global Note. All currency exchange costs will be borne by the holder of such DTC Global Note by deductions from such payments.

A DTC Beneficial Owner may elect to receive wire transfer payment of principal of, or premium, if any, or interest with respect to, the Notes in the Specified Currency by notifying DTC prior to 5:00 p.m., New York City time, on the third Business Day following the applicable Record Date in the case of interest, and the twelfth calendar day prior to the payment date for the payment of principal, of (i) such owner’s election to receive all or a portion of such payment in the Specified Currency for value on the relevant Interest Payment Date or Maturity, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Such election shall be made by the DTC Beneficial Owner and any such election in respect of that payment shall be irrevocable. Any such election made with respect to a Note by the holder will remain in effect with respect to any further payments of principal of, premium, if any, and interest on such Note payable to the holder, unless such election is revoked on or prior to the fifth Business Day following the applicable Regular Record Date for the related payment of interest and the tenth calendar day prior to the related payment date for the payment of principal. An indirect DTC participant must notify the DTC participant through which it is holding its interest in a DTC Global Note of such election and wire transfer instructions prior to 5:00 p.m., New York City time, on the first Business Day following the applicable Record Date. DTC
available, on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. Dollars, until the Specified Currency is again not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be unavailability of Specified Currency

Paying Agent.

at a bank located in, the United States of America or its possessions by any office or agency of the Bank, the Global Agent or any principal financial center of the country of the Specified Currency, provided however, payments may not be transferred to an account (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee in the Notes to be made in a Specified Currency other than in U.S. Dollars will be made by transfer to an account in the Specified Currency provided, and in accordance with its existing operating procedures.  None of the Global Agent will make such payment to the relevant clearing system.

Date or Maturity, as the case may be, will be made available to the Global Agent on such date.  As soon as possible thereafter, the Paying Agent will make such payment to the relevant clearing system.

subject to any fiscal or other laws and regulations applicable thereto in the place of payment, payments on Registered Global Notes to be made in a Specified Currency other than in U.S. Dollars will be made by transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee in the principal financial center of the country of the Specified Currency, provided however, payments may not be transferred to an account at a bank located in, the United States of America or its possessions by any office or agency of the Bank, the Global Agent or any Paying Agent.

Unavailability of Specified Currency

If the principal of, or premium, if any, or interest on, any Note is payable in a Specified Currency other than U.S. Dollars that is not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. Dollars, until the Specified Currency is again available, on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City

Interest on a Registered Note will be paid generally to the person in whose name such Note (or any predecessor Note) is registered (which, in the case of Registered Global Notes, will be DTC, its nominee or a nominee on behalf of Euroclear and Clearstream, Luxembourg) at the close of business on the Record Date next preceding the applicable Interest Payment Date; provided, however, that interest payable at Maturity will be payable to the person to whom principal shall be payable (which, in the case of Registered Global Notes, will be DTC, its nominee or a nominee on behalf of Euroclear and Clearstream, Luxembourg). The first payment of interest on any Registered Note originally issued between a Record Date and the Interest Payment Date immediately following such Record Date will be made on the second Interest Payment Date following the Original Issue Date of such Note to the registered holder on the Record Date immediately preceding such second Interest Payment Date. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, a “Record Date” with respect to any Note shall be the third calendar day, whether or not a Business Day, immediately preceding the related Interest Payment Date. Any interest not punctually paid or duly provided for (“Defaulted Interest”) shall forthwith cease to be payable to the holder thereof on the applicable Record Date, and shall instead be payable to the person in whose name such Note is registered at the close of business on a special record date (the “Special Record Date”) for the payment of such Defaulted Interest to be fixed by the Global Agent, notice whereof shall be given by the Global Agent to the holder of such Note as described herein not less than 15 days prior to such Special Record Date.

The total amount of any principal, premium, if any, and interest due on any Registered Global Note on any Interest Payment Date or Maturity, as the case may be, will be made available to the Global Agent on such date. As soon as possible thereafter, the Global Agent will make such payment to the relevant clearing system.

Each such clearing system will credit its participants with payment in amounts proportionate to their respective beneficial interests in the principal amount of such Registered Global Note in accordance with its existing operating procedures. None of the Bank, the Global Agent or the London Paying Agent shall have any responsibility or liability for such payments by the clearing system. So long as DTC, its nominee or a nominee on behalf of Euroclear and/or Clearstream, Luxembourg is the holder of any Registered Global Note, DTC, its nominee or the nominee on behalf of Euroclear and/or Clearstream, Luxembourg, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes. See “—Form of Notes and Registration.”

subject to any fiscal or other laws and regulations applicable thereto in the place of payment, payments on Registered Global Notes to be made in a Specified Currency other than in U.S. Dollars will be made by transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee in the principal financial center of the country of the Specified Currency, provided however, payments may not be transferred to an account at a bank located in, the United States of America or its possessions by any office or agency of the Bank, the Global Agent or any Paying Agent.

Unavailability of Specified Currency

If the principal of, or premium, if any, or interest on, any Note is payable in a Specified Currency other than U.S. Dollars that is not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. Dollars, until the Specified Currency is again available, on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City

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selected by the Global Agent, for the purchase of U.S. Dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in U.S. Dollars scheduled to receive U.S. Dollar payments (the “Market Exchange Rate”). Any payment made under such circumstances in U.S. Dollars where the required payment is other than in U.S. Dollars will not constitute an “Event of Default” under the Notes.

Additional Amounts

All payments of principal, premium, if any, and interest with respect to the Notes will be made without withholding or deduction at source for, or on account of, any present or future taxes, fees, duties, assessments or other governmental charges of whatever nature imposed or levied by the United States or any political subdivision or taxing authority thereof or therein, unless such withholding or deduction is required by (i) the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (ii) an official position regarding the application, administration, interpretation or enforcement of any such laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction or by a taxing authority in the United States or any political subdivision thereof). If a withholding or deduction at source is required, the Bank will, if so specified in the applicable supplement, subject to certain limitations and exceptions (set forth below), pay to a holder of Notes who is a Non-United States person such additional amounts (“Additional Amounts”) as may be necessary so that every net payment of principal, premium, if any, or interest with respect to such Notes after such withholding or deduction, will not be less than the amount provided for in the Notes. However, the Bank shall not be required to make any payment of Additional Amounts for or on account of:

(a) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for
(i) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership, limited liability company or corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, partner, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein, or
(ii) the presentation of a Note for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, excise, wealth, personal property or similar tax, fee, duty, assessment or other governmental charge;

(c) any tax, fee, duty, assessment or other governmental charge imposed by reason of such holder’s past or present status as a personal holding company, foreign personal holding company, private foundation or other tax-exempt organization, passive foreign investment company, or controlled foreign corporation with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(d) any tax, fee, duty, assessment or other governmental charge which is payable otherwise than by withholding from payments of principal, premium or interest with respect to the Notes;

(e) any tax, fee, duty, assessment or other governmental charge imposed on interest received by anyone who
(i) owns (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Bank,
(ii) is a controlled foreign corporation for United States tax purposes that is a related person (within the meaning of Section 864(d)(4) of the Code) with respect to the Bank or (iii) is a bank for United States tax purposes whose receipt of interest with respect to any Note is described in Section 881(c)(3)(A) of the Code;

provided, that such treatment was disclosed in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, and such document indicates that no Additional Amounts will be paid;

(f) any tax, fee, duty, assessment or other governmental charge that would not have been imposed or withheld but for the treatment of the interest paid by the Bank as contingent interest described in Section 871(h)(4) of the Code;

(g) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or of the beneficial owner of such Note, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, fee, duty, assessment or other governmental charge;
(h) any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(i) any tax, fee, duty, assessment or other charge with respect to any Notes presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent in a member state of the European Union;

(j) any tax, fee duty, assessment, or other charge that is imposed or withheld by reason of the payment being treated as a dividend or dividend equivalent for U.S. tax purposes;

(k) any tax, fee, duty, assessment, or other charge that is imposed or withheld by reason of the application of Sections 1471 through 1474 (or any successor provisions) of the Code, any regulation, pronouncement, or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; or

(l) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k);

nor shall Additional Amounts be paid to any holder of a Note who is a fiduciary, partnership, limited liability company, another fiscally transparent entity, or other than the sole beneficial owner of the Note to the extent a beneficiary or settlor with respect to such fiduciary or a partner or member of such partnership or limited liability company or a beneficial owner of the Note would not have been entitled to payment of the Additional Amounts had such beneficiary, settlor, partner, member or beneficial owner been the holder of the Note.

The term “Non-United States person” means any person other than a person who or which is, for United States federal income tax purposes (i) an individual citizen or resident of the United States; (ii) a corporation or partnership (or other entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States or of any political subdivision thereof; or (iii) an estate or trust treated as a United States person under Section 7701(a)(30) of the Code.

Whenever there is mentioned herein, in any context, the payment of principal of, or premium, if any, or interest on, or in respect of, a Note, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of such Note and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

Redemption for Tax Reasons

Unless otherwise set forth in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Bank may redeem any Note in whole but not in part at any time at a redemption price equal to the principal amount thereof (or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof determined as of the date of redemption), together, if appropriate, with accrued interest to but excluding the date fixed for redemption, if the Bank shall determine, that as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of (i) the United States or of any political subdivision or taxing authority thereof or therein affecting taxation or (ii) the relevant taxing jurisdiction or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in application or official interpretation of such laws, regulations or rulings, which amendment or change is effective on or after the Original Issue Date of such Note, the Bank would be required to pay Additional Amounts on the occasion of the next payment due with respect to such Note.

Notice of intention to redeem Notes will be given at least once as described herein not less than 30 days nor more than 60 days prior to the date fixed for redemption; provided, that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such Additional Amounts remains in effect and cannot be avoided by the Bank’s taking reasonable measures available to it. From and after any redemption date, if monies for the redemption of Notes shall have been made available for redemption on such redemption date, such Notes shall cease to bear interest, if applicable, and the only right of the holders of such Notes shall be to receive payment of the principal amount thereof (or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof) and, if appropriate, all unpaid interest accrued to such redemption date. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the redemption date with respect to any Floating Rate Note will be an Interest Payment Date.
Redemption at the Option of the Bank

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Notes will not be subject to any sinking fund. If so agreed upon by the Bank and the initial purchaser(s) thereof, a Note or Notes will be redeemable on and after a date fixed at the time of sale and specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any (the “Initial Redemption Date”), either in whole or in part, at the option of the Bank, on written notice given as described herein not more than 60 nor less than 30 calendar days prior to the date of redemption by the Bank to the holder thereof (unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any). On and after the Initial Redemption Date, if any, such Note will be redeemable in increments of U.S.$1,000 (or, in the case of Global Notes, €1,000) or the equivalent thereof in other currencies (provided that any remaining principal amount of such Note or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof determined as of the date of redemption, shall be at least an authorized denomination) at the option of the Bank at the applicable Redemption Price, together, if appropriate, with unpaid interest accrued thereon at the applicable rate borne by such Note to the date of redemption.

The “Redemption Price” initially will be the Initial Redemption Percentage (as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any) of the principal amount (or, in the case of an Original Issue Discount Note, the Amortized Face Amount determined as of the date of redemption) of such Note to be redeemed and will decline at each anniversary of the Initial Redemption Date by the Annual Redemption Reduction (as specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any), if any, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount (or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof determined as of the date of redemption).

Whenever less than all the Notes at any time outstanding are to be redeemed, the Notes to be so redeemed shall be selected by the Bank. If less than all the Notes with identical terms at any time outstanding are to be redeemed, the Notes to be so redeemed shall be selected by the Global Agent or the relevant Paying Agent by lot or in any usual manner approved by it. If no Initial Redemption Date is specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, such Note will not be redeemable prior to its Stated Maturity Date (other than for tax reasons). The Global Agent, in its capacity as Registrar, is not required to register the transfer of any Registered Note that has been called for redemption during a period beginning at the opening of business 15 calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the redemption date with respect to any Floating Rate Note will be an Interest Payment Date.

Restrictions on Redemption of Subordinated Notes

To the extent then required under or pursuant to applicable regulations, the Bank may not redeem any Subordinated Note without the prior approval of the OCC. With the foregoing exception, the Subordinated Notes may be subject to redemption at the option of the Bank in the manner described immediately above.

Repayment at the Option of the Holder

The Notes will be subject to repayment at the option of the holders thereof in accordance with the terms of the Notes on their respective optional repayment dates, if any, as agreed upon by the Bank and the purchasers thereof at the time of sale and specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any (each, a “Holder’s Optional Repayment Date”). If no Holder’s Optional Repayment Date is specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, such Note will not be repayable at the option of the holder thereof prior to its Stated Maturity Date. On any Holder’s Optional Repayment Date with respect to a Note, such Note will be repayable in whole, or in part in increments of U.S.$1,000 or the equivalent thereof in other currencies (provided that any remaining principal amount of such Note or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof determined as of the date of repayment, shall be at least an authorized denomination) at the option of the holder thereof at a repayment price equal to 100% of the principal amount to be repaid (or, in the case of an Original Issue Discount Note, the Amortized Face Amount thereof determined as of the date of repayment), together, if appropriate, with accrued and unpaid interest thereon payable to the date of repayment. For any Note to be repaid, such Note must be received, together with the form entitled “Option to Elect Repayment” attached thereto duly completed, by the Global Agent or the relevant Paying Agent not more than 60 nor less than 30 days prior to the Holder’s Optional Repayment Date (unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any).

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Subordinated Notes will not be repayable at the option of the holder prior to their Stated Maturity Date.
Redemption at Maturity

Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, and unless previously redeemed or purchased and cancelled as described above, each Note will, on the Stated Maturity Date, become due and payable at the redemption price specified in such Note, and from and after such date such Note will cease to bear interest. Upon surrender of any such Note for redemption, the Global Agent or the relevant Paying Agent will pay or cause to be paid such Note at the redemption price, together with unpaid interest accrued thereon at the applicable rate borne by such Note to the redemption date.

Further Issues

The Bank may from time to time, without notice to or the consent of the holders of any Series of Notes, create and issue further notes ranking pari passu with such Series of Notes and with identical terms in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes) in order that such further notes may be consolidated and form a single Series with such outstanding Series of Notes and have the same terms as to status, redemption or otherwise as such Series of Notes.

Purchase by the Bank

The Bank may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Bank, surrendered to the Global Agent or any Paying Agent for cancellation.

Events of Default

The following will be “Events of Default” with respect to the Senior Notes of any Series, as the same are described with greater particularity in the Senior Notes: failure to pay any interest (including any Additional Amounts) with respect to any of the Senior Notes when due, which continues for 30 days; failure to pay any principal of, or premium, if any, on, any of the Senior Notes when due; failure to perform any covenant or agreement of the Bank contained in the Senior Notes, which continues for 60 days after written notice as provided in the Notes; and certain events involving the appointment of a receiver or similar official in any receivership, liquidation, insolvency or similar proceeding with respect to the Bank or substantially all of its property.

“Events of Default” with respect to the Subordinated Notes will, as the same are described with greater particularity in the Subordinated Notes, be limited to certain events involving the appointment of a receiver or similar official in any receivership, liquidation, insolvency or similar proceeding with respect to the Bank or substantially all of its property. **There is no right of acceleration in the case of default in the payment of principal of, or premium, if any, or interest on, any Subordinated Note or in the performance of any other obligation of the Bank under any Subordinated Note or under any other securities issued by the Bank.** See “Description of Notes—Ranking—Subordinated Notes.”

The holder of a Note (or DTC, Euroclear or Clearstream, Luxembourg, in the case of a Registered Global Note) may declare the principal amount of and accrued interest on such Note due and payable immediately if an Event of Default with respect to such Note shall have occurred and be continuing at the time of such declaration. **In the event of an acceleration of a Subordinated Note pursuant to an Event of Default with respect thereto, to the extent then required under or pursuant to applicable capital regulations, no payment may be made by the Bank with respect to such Subordinated Note without the prior approval of the OCC.** Any Event of Default with respect to the Notes may be waived by any holder with respect to such holder’s Notes. Following an Event of Default, Beneficial Owners representing a majority in principal amount of a Registered Global Note then outstanding may act through the relevant clearing system to terminate use of the book-entry system for the Notes represented thereby. See “—Form of Notes and Registration—Registered Notes.”

Meetings, Modifications and Waivers

The Agency Agreement contains provisions that, unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, are binding on the Bank, the Noteholders, for convening meetings of holders of Notes to consider matters affecting their interests, including modification or waiver of any of the provisions of the Agency Agreement or the Notes.

The Notes may be amended by the Bank, and the Agency Agreement may be amended by the Bank, the Global Agent and the London Paying Agent, (i) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the
issuance of any additional Notes (which modifications shall not be materially adverse to the holders of outstanding Notes) or (iii) in any manner which the Bank (and, in the case of the Agency Agreement, the Global Agent and the London Paying Agent) may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, to all of which each holder of Notes shall, by acceptance thereof, be deemed to have consented. In addition, with the written consent of the holders of at least 66 2/3% of the principal amount of the Notes to be affected thereby, the Bank, the Global Agent and the London Paying Agent may from time to time and at any time enter into agreements modifying or amending the Agency Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of the Agency Agreement; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby (i) change the Stated Maturity Date with respect to any Note or reduce or cancel the amount payable at Maturity; (ii) reduce the amount payable or modify the payment date for any interest with respect to any Note or vary the method of calculating the rate of interest with respect to any Note; (iii) reduce any Minimum Interest Rate and/or Maximum Interest Rate with respect to any Note; (iv) modify the currency in which payments under any Note are to be made; (v) change the obligation of the Bank to pay Additional Amounts with respect to Notes; (vi) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is necessary to modify or amend the Agency Agreement or to waive any future compliance or past default; (vii) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is required at any meeting of holders of Notes at which a resolution is adopted; or (viii) materially modify the redemption provisions relating to the redemption price or redemption date relating to any Note. Any instrument given by or on behalf of any holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Note. Any modifications, amendments or waivers to the Agency Agreement or the provisions of the Notes will be conclusive and binding on all holders of Notes whether or not notation of such modifications, amendments or waivers is made upon the Notes. It will not be necessary for the consent of the holders of Notes to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Notes authenticated and delivered after the execution of any amendment to the Agency Agreement may bear a notation in form approved by the Global Agent and/or the London Paying Agent as to any matter provided for in such amendment.

New Notes so modified as to conform, in the opinion of the Global Agent and/or the London Paying Agent and the Bank, to any modification contained in any such amendment may be prepared by the Bank, authenticated by the Global Agent and/or the London Issuing Agent and delivered in exchange for the Notes then outstanding.

In the event that the Bank and the Global Agent and/or the London Paying Agent shall effect any modification or amendment to the provisions of any particular Note as aforesaid, the Bank will have no obligation to effect a similar modification or amendment to any other Note, irrespective of the Series to which such other Note may belong.

Notices

All notices regarding Registered Notes will be mailed to the registered owners thereof as their names appear in the Note Register. Such notices will be given to DTC, Euroclear or Clearstream, Luxembourg or its nominee, as the registered owners thereof, in the manner approved by such clearing system for this purpose.

Global Agent and Other Agents

The names of the initial Global Agent, Registrar, London Issuing Agent, London Paying Agent, Paying Agents and Transfer Agents and their initial specified offices are set out on the inside back cover of this Offering Circular. In acting under the Agency Agreement, the Global Agent, the Registrar, London Issuing Agent, London Paying Agent, the Paying Agents and the Transfer Agents will act solely as agents of the Bank and do not assume any obligations or relationships of agency or trust to or with the holders of Notes except that (without affecting the obligations of the Bank to the holders of Notes to repay Notes and pay interest thereon) funds received by the Paying Agent for the payment of the principal of, and premium, if any, or interest on, the Notes shall be held by it in trust for the holders of Notes. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Bank without being liable to account to any holder of Notes for any resulting profit.

The Notes will not be issued pursuant to an indenture and, as such, the Paying Agent will not be obligated to exercise certain responsibilities that may be exercised by an independent trustee in connection with certain other debt offerings. Among the responsibilities that may be exercised by an independent trustee in connection with certain other debt offerings that will not be exercised by the Paying Agent are discretionary actions in connection with Events of Default. Each holder of a Note will therefore be responsible for acting independently with respect to certain matters affecting such holder’s Note including, but not limited to,
responding to requests for consents or waivers, giving written notice of default in the performance of any agreement contained in the
Note and accelerating the maturity of such Note on the occurrence of an Event of Default. See “—Form of Notes and Registration.”

The Bank is entitled to vary or terminate the appointment of any Paying Agent or any Transfer Agent and/or appoint
additional or other Paying Agents or Transfer Agents and/or approve any change in the specified office through which any Paying
Agent or Transfer Agent acts, provided that:

(i) so long as any Notes are listed, quoted or traded on any securities exchange, listing authority or quotation system,
there will at all times be a Paying Agent and Transfer Agent with a specified office in each location required by the rules and
regulations of the relevant securities exchange, listing authority or quotation system;

(ii) there will at all times be a Paying Agent and Transfer Agent with a specified office in London;

(iii) so long as the Notes are issued in registered form, there will at all times be a Paying Agent and a Registrar in
The City of New York;

(iv) there will at all times be a Paying Agent in a member state of the European Union that will not be obligated to
withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive any law implementing or
complying with, or introduced in order to conform to, such Directive; and

(v) there will at all times be a Global Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall
be of immediate effect) after not less than 30 nor more than 45 days prior notice thereof shall have been given to the Global Agent and
the holders of the Notes as described herein, provided that no such variation, termination, appointment or change shall take effect
(except in the case of insolvency) within 15 days before or after any Interest Payment Date.

**Repayment of Monies**

Any monies paid by the Bank to the Global Agent for the payment of principal, premium, if any, or interest with respect to
any Registered Notes and remaining unclaimed at the end of five years after the principal of such Registered Notes shall have become
due and payable (whether at the Stated Maturity Date or otherwise) and monies sufficient therefor shall have been duly made available
for payment shall be repaid, together with any premium or interest made available for payment thereon, to the Bank, and upon such
repayment all liability of the Global Agent with respect to such funds shall thereupon cease.

**Governing Law**

The Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York, without
regard to its conflicts of law principles. The Notes will be governed by, and construed in accordance with, the laws of the State of
New York, without regard to its conflicts of laws principles, and all applicable federal laws and regulations.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain United States federal income tax considerations as of the date hereof of the acquisition, ownership and disposition of Notes to U.S. Holders and Notes to Non-U.S. Holders. Except where noted, it deals only with Notes held as capital assets within the meaning of Section 1221 of the Code and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts (“REITs”), tax-exempt entities, insurance companies, persons holding Notes as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, persons subject to special tax accounting rules under Section 451(b) of the Code, controlled foreign corporations, passive foreign investment companies, certain United States expatriates or U.S. Holders of the Notes whose “functional currency” is not the U.S. Dollar. If a partnership holds the Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Persons that are partners in a partnership holding the Notes are urged to consult their tax advisors. This summary also assumes that a taxpayer obtains any necessary consent of the Internal Revenue Service (the “IRS”) before changing a method of accounting. Unless otherwise indicated, the following summary does not address state, local or foreign tax consequences of the ownership of Notes.

Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. Any such changes may apply retroactively. Any special United States federal income tax considerations relevant to a particular issue of the Notes (including, but not limited to, Indexed Notes, Commodity-Linked Notes, Credit-Linked Notes and Equity-Linked Notes) will be provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used in this summary, the term “U.S. Holder” means a beneficial owner of a Note who or which is, for United States federal income tax purposes (i) an individual citizen or resident of the United States; (ii) a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or of any political subdivision thereof; (iii) an estate the income of which is subject to United States federal income tax regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding the previous sentence, to the extent provided in Treasury Regulations, some trusts in existence on August 20, 1996, and treated as U.S. persons prior to that date that elect to continue to be treated as U.S. persons, also will be U.S. Holders. The term “Non-U.S. Holder” means a beneficial owner of a Note (other than a partnership) that is not a U.S. Holder.

The following summary does not describe the United States federal income tax considerations of the ownership of Credit-Linked Notes, a description of which will be included in the applicable Final Terms, Pricing Supplement, Program Supplement, term sheet or other supplement to the Offering Circular.

U.S. Holders

United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes

The discussion in this section applies to Notes issued under the Program that will be classified for United States federal income tax purposes as the Bank’s indebtedness.

Taxation of Interest

The taxation of interest on a Note depends on whether the interest constitutes “qualified stated interest.” Interest on a Note that is qualified stated interest is includible in a U.S. Holder’s income as ordinary interest income when actually or constructively received (if the U.S. Holder uses the cash method of accounting for United States federal income tax purposes) or when accrued (if the U.S. Holder uses an accrual method of accounting for United States federal income tax purposes). Interest that is not qualified stated interest is includible in a U.S. Holder’s income under the rules governing “original issue discount,” described below, regardless of the U.S. Holder’s regular method of tax accounting. Notwithstanding the foregoing, interest that is payable on a Note with a maturity of one year or less from its issue date, referred to as a “Short-Term Note,” is included in a U.S. Holder’s income under the rules described below under “—Short-Term Notes.”
Fixed Rate Notes

Interest on a Fixed Rate Note will constitute “qualified stated interest” if the interest is unconditionally payable, or will be constructively received under Section 451 of the Code, in cash or in property (other than the Bank’s debt instruments) at least annually at a single fixed rate.

Floating Rate Notes

Interest on a Floating Rate Note that is unconditionally payable, or will be constructively received under Section 451 of the Code, in cash or in property (other than the Bank’s debt instruments) at least annually will constitute “qualified stated interest” if the Note is a variable rate debt instrument under the rules described below and the interest is payable at a single “qualified floating rate” or single “objective rate.” If the Note is a variable rate debt instrument but the interest is payable at a rate other than a single qualified floating rate or a single objective rate, special rules apply to determine the portion of the interest that constitutes “qualified stated interest.” See “—Taxation of Original Issue Discount—Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes—Notes that are Variable Rate Debt Instruments” below.

Definition of a Variable Rate Debt Instrument. A Floating Rate Note generally is a variable rate debt instrument if all of the four following conditions are met.

First, the “issue price” (as described below) of the Note must not exceed the total non-contingent principal payments by more than an amount equal to the lesser of (i) .015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date (or, in the case of a Note that provides for payment of any amount other than qualified stated interest before maturity, its weighted average maturity); or (ii) 15% of the total non-contingent principal payments.

Second, except as provided in the preceding paragraph, the Floating Rate Note must not provide for any principal payments that are contingent.

Third, the Note must provide for stated interest (compounded or paid at least annually) at (i) one or more qualified floating rates; (ii) a single fixed rate and one or more qualified floating rates; (iii) a single objective rate; or (iv) a single fixed rate and a single objective rate that is a “qualified inverse floating rate.”

Fourth, the Note must provide that a qualified floating rate or objective rate in effect at any time during the term of the instrument is set at the current value of that rate. A current value is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Definition of a Qualified Floating Rate. Subject to certain exceptions, a variable rate of interest on a Note is a “qualified floating rate” if variations in the value of the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated. A variable rate is considered a qualified floating rate if the variable rate equals (1) the product of an otherwise qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35; or (2) an otherwise qualified floating rate (or the product described in clause (1)) plus or minus a fixed rate. If the variable rate equals the product of an otherwise qualified floating rate and a single fixed multiple greater than 1.35 or less than or equal to 0.65, however, the rate generally may be an objective rate, described more fully below. If a Note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the Note to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the Note).

Definition of an Objective Rate and Qualified Inverse Floating Rate. Subject to certain exceptions, an “objective rate” is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information that is neither within the control of the issuer (or a related party) nor unique to the circumstances of the issuer (or a related party). For example, an objective rate generally includes a rate that is based on one or more qualified floating rates or on the yield or price of actively traded personal property (within the meaning of Section 1092(d)(1) of the Code). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note’s term. An objective rate is a “qualified inverse floating rate” if (1) the rate is equal to a fixed rate minus a
qualified floating rate and (2) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate).

If interest on a Note is stated at a fixed rate for an initial period of one year or less, followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and (i) the value of the variable rate on the issue date is intended to approximate the fixed rate or (ii) the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points, then the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate.

**Taxation of Original Issue Discount**

**Definition of OID**

U.S. Holders of Notes issued with original issue discount (“OID”) will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Notes having OID that are denominated in or determined by reference to a Specified Currency other than the U.S. Dollar are described under “—Foreign Currency Notes” below.

OID is the excess, if any, of a Note’s “stated redemption price at maturity” over its “issue price,” if such excess equals or exceeds a specified *de minimis* amount (generally 0.0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity (or, in the case of a Note that provides for payment of any amount other than qualified stated interest prior to maturity, the weighted average maturity of the Note)). A Note’s “stated redemption price at maturity” is the sum of all payments provided by the Note (whether designated as interest or principal) other than payments of qualified stated interest. The “issue price” and “issue date” of a Note will be the first price and the first settlement or closing date (whichever is applicable), respectively, at which a substantial amount of the Notes in the issuance that includes such Note is sold for money (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

As described more fully below, U.S. Holders of Notes with OID that mature more than one year from their issue date generally are required to include the OID in income as it accrues in accordance with the constant yield method described below, irrespective of the receipt of the related cash payments. A U.S. Holder’s tax basis in a Note is increased by each accrual of OID and decreased by each payment other than a payment of qualified stated interest.

In the case of a Note issued with *de minimis* OID, the Note is not treated as issued with OID, and the *de minimis* OID that is not included in payments of stated interest is generally included in income as capital gain as principal payments are made. The amount includible with respect to a principal payment equals the product of the total amount of *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment and the denominator of which is the stated principal amount of the Note.

**Inclusion of OID in Income—Fixed Rate Notes**

The amount of OID includible in the income of a U.S. Holder for any taxable year is determined under the constant yield method, in four steps.

In the first step, the “yield to maturity” of the Note is computed. The yield to maturity is the discount rate that, when used in computing the present value of all interest and principal payments to be made under the Note (including payments of qualified stated interest), produces an amount equal to the issue price of the Note. The yield to maturity is constant over the term of the Note and, when expressed as a percentage, must be calculated to at least two decimal places.

In the second step, the term of the Note is divided into “accrual periods.” Accrual periods may be of any length and may vary in length over the term of the Note; provided, that each accrual period is no longer than one year and that each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

In the third step, the total amount of OID on the Note is allocated among accrual periods. In general, the OID allocable to an accrual period equals the product of the “adjusted issue price” of the Note at the beginning of the accrual period and the yield to maturity of the Note, less the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of a Note at the beginning of the first accrual period is its issue price. Thereafter, the adjusted issue price of the Note is its issue price, increased by the amount of OID previously includible in the gross income of any U.S. Holder and decreased by the amount of any payment previously made on the Note other than a payment of qualified stated interest. For purposes of computing the adjusted issue price of a
In the fourth step, the “daily portions” of OID are determined by allocating to each day in an accrual period its ratable portion of the OID allocable to the accrual period.

A U.S. Holder includes in income in any taxable year the daily portions of OID for each day during the taxable year that the U.S. Holder held Notes. In general, under the constant yield method described above, U.S. Holders are required to include in income increasingly greater amounts of OID in successive accrual periods.

In the case of a Note that is redeemable at the Bank’s option or repayable by the Bank at the option of the U.S. Holder, the maturity and the yield to maturity of the Note are determined by assuming that the Bank and the U.S. Holder will exercise or not exercise the options in a manner that minimizes the yield, in the case of options available to the Bank, or maximizes the yield, in the case of options available to the U.S. Holder. The foregoing rule applies, however, only if the timing and amount of the payments that comprise each possible payment schedule are known as of the issue date of the Note.

**Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes**

The taxation of OID (including interest that does not constitute qualified stated interest) on a Floating Rate Note, an Indexed Note, a Commodity-Linked Note or an Equity-Linked Note will depend on whether the Note is a variable rate debt instrument, as that term is described above under “—Taxation of Interest—Floating Rate Notes—Definition of a Variable Rate Debt Instrument.”

**Notes that are Variable Rate Debt Instruments.** In the case of a variable rate debt instrument that provides for qualified stated interest at a single qualified floating rate or objective rate, the amount of qualified stated interest and OID, if any, includible in income during a taxable year are determined under the rules applicable to Fixed Rate Notes (described above) by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or a qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), the rate that reflects the yield that is reasonably expected for the Note. Qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period.

If a Note that is a variable rate debt instrument does not provide for qualified stated interest at a single variable rate as described above, the amount of interest and OID accruals are determined by constructing an equivalent fixed rate debt instrument, as follows.

First, in the case of an instrument that provides for interest at one or more qualified floating rates or at a qualified inverse floating rate and, in addition, at a fixed rate, replace the fixed rate with a qualified floating rate (or qualified inverse floating rate) such that the fair market value of the instrument, so modified, as of the issue date would be approximately the same as the fair market value of the unmodified instrument.

Second, determine the fixed rate substitute for each variable rate provided by the Note. The fixed rate substitute for each qualified floating rate provided by the Note is the value of that qualified floating rate on the issue date. If the Note provides for two or more qualified floating rates with different intervals between interest adjustment dates (for example, the 30-day Commercial Paper Rate and quarterly LIBOR), the fixed rate substitutes are based on intervals that are equal in length (for example, the 90-day Commercial Paper Rate and quarterly LIBOR, or the 30-day Commercial Paper Rate and monthly LIBOR). The fixed rate substitute for an objective rate that is a qualified inverse floating rate is the value of the qualified inverse floating rate on the issue date. The fixed rate substitute for an objective rate (other than a qualified inverse floating rate) is a fixed rate that reflects the yield that is reasonably expected for the Note.

Third, construct an equivalent fixed rate debt instrument that has terms that are identical to those provided under the Note, except that the equivalent fixed rate debt instrument provides for the fixed rate substitutes determined in the second step, in lieu of the qualified floating rates or objective rate provided by the Note.

Fourth, determine the amount of qualified stated interest and OID for the equivalent fixed rate debt instrument under the rules (described above) for Fixed Rate Notes. These amounts are taken into account as if the U.S. Holder held the equivalent fixed rate debt instrument. See “—Taxation of Interest” and “—Taxation of Original Issue Discount —Inclusion of OID in Income —Fixed Rate Notes” above.
Fifth, make appropriate adjustments for the actual values of the variable rates. In this step, qualified stated interest or OID allocable to an accrual period is increased (or decreased) if the interest actually accrued or paid during the accrual period exceeds (or is less than) the interest assumed to be accrued or paid during the accrual period under the equivalent fixed rate debt instrument. In general, this increase or decrease is an adjustment to qualified stated interest for the accrual period if the equivalent fixed rate debt instrument constructed under the third step provides for qualified stated interest and the increase or decrease is reflected in the amount actually paid during the accrual period, and otherwise the increase or decrease is an adjustment to OID, if any, for the accrual period.

**Contingent Notes.** Unless otherwise noted in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes that are not variable rate debt instruments (collectively referred to as “Contingent Notes”) will be treated as “contingent payment debt instruments” and will be taxable under the rules applicable thereto (the “Contingent Debt Regulations”) for United States federal income tax purposes. As a result, the Contingent Notes will generally be subject to the OID provisions of the Code and the Treasury Regulations thereunder, and a U.S. Holder will be required to accrue interest income on the Contingent Notes as set forth below.

At the time the Contingent Notes are issued, the Bank will be required to determine a “comparable yield” for the Contingent Notes. The comparable yield takes into account the yield at which the Bank could issue a fixed rate debt instrument with terms and conditions similar to those of the Contingent Note (including the level of subordination, term, timing of payments and general market conditions, but not taking into consideration the riskiness of the contingencies or the liquidity of the Contingent Note), but is not less than the applicable federal rate (based on the overall maturity of the Contingent Note) announced monthly by the IRS (the “AFR”) and in effect for the month in which the Contingent Note is issued. The comparable yield may be greater than or less than the stated interest rate, if any, with respect to the Contingent Notes. In certain cases where contingent payments with respect to Contingent Notes are not based on market information and where Contingent Notes are marketed or sold in substantial part to tax-exempt investors or other investors for whom the prescribed inclusion of interest is not expected to have a substantial effect on their United States tax liability, the comparable yield for the Contingent Note, without proper evidence to the contrary, is presumed to be the AFR.

Solely for purposes of determining the amount of interest income that a U.S. Holder will be required to accrue (and which the Bank will be required to report on an IRS Form 1099), the Bank will be required to construct a “projected payment schedule” for the Contingent Notes, determined under the Contingent Debt Regulations (the “Schedule”), representing a series of payments the amount and timing of which would produce a yield to maturity on the Contingent Notes equal to the comparable yield. The Schedule is determined as of the issue date and generally remains in place throughout the term of the Contingent Notes. The Schedule includes each non-contingent payment and an amount for each contingent payment as determined below. If a contingent payment is based on market information, the amount of the projected payment is the forward price of the contingent payment. If a contingent payment is not based on market information, the amount of the projected payment is the expected value of the contingent payment as of the issue date. The Schedule must produce the comparable yield determined as set forth above. Otherwise, the Schedule must be adjusted under the rules set forth in the Contingent Debt Regulations to produce the comparable yield. **Neither the comparable yield nor the projected payment schedule constitutes a representation by the Bank regarding the actual amount, if any, that the Contingent Notes will pay.** The Bank is required to provide each U.S. Holder of a Contingent Note with the Schedule described above. If the Bank does not create a Schedule or the Schedule is unreasonable, a U.S. Holder must set its own projected payment schedule and explicitly disclose the use of the schedule and the reason therefor. Unless otherwise prescribed by the IRS, the U.S. Holder must make the disclosure on a statement attached to the U.S. Holder’s timely filed United States federal income tax return for the taxable year in which the Contingent Note was acquired.

A U.S. Holder of a Contingent Note, regardless of its regular accounting method, will be required to accrue as OID the sum of the daily portions of interest on the Contingent Note for each day in the taxable year on which the U.S. Holder held the Contingent Note, calculated by reference to the comparable yield and adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Contingent Note as set forth below. The daily portions of interest in respect of a Contingent Note are determined by allocating to each day in an accrual period the ratable portion of interest on the Contingent Note that accrues in the accrual period. The amount of interest on a Contingent Note that accrues in an accrual period is determined by multiplying the comparable yield of the Contingent Note (adjusted for the length of the accrual period) by the Contingent Note’s adjusted issue price at the beginning of the accrual period. The adjusted issue price of a Contingent Note at the beginning of the first accrual period will equal its issue price and for any accrual period after the first accrual period will be (i) the sum of the issue price of the Contingent Note and any interest previously accrued on the Contingent Note by a U.S. Holder, disregarding any positive or negative adjustments (as discussed below), minus (ii) the amount of any non-contingent payment and projected contingent payments on the Contingent Note for previous accrual periods.

A U.S. Holder will be required to recognize additional interest income equal to the amount of any net positive adjustment (i.e., the excess of actual payments over projected payments, in respect of a Contingent Note for a taxable year). A net negative
adjustment (i.e., the excess of projected payments over actual payments) in respect of a Contingent Note for a taxable year will first reduce the amount of interest in respect of the Contingent Note that a U.S. Holder would otherwise be required to include in income in the taxable year and, to the extent of any excess, will give rise to an ordinary loss but only to the extent that the amount of all previous interest inclusions with respect to the Contingent Note exceed the total amount of the U.S. Holder’s net negative adjustments treated as ordinary loss on the Contingent Note in prior taxable years.

A net negative adjustment is not subject to the limitations imposed on miscellaneous itemized deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the Contingent Note or to reduce the amount realized on a sale, exchange or retirement of the Contingent Note. Where a U.S. Holder purchases a Contingent Note at a price other than the adjusted issue price of the Note, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the Contingent Note over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

If a contingent payment becomes fixed (within the meaning of applicable Treasury Regulations) more than six months before its due date, a positive or negative adjustment, as appropriate, is made to reflect the difference between the present value of the amount that is fixed and the present value of the projected amount. The present value of each amount is determined by discounting the amount from the date the payment is due to the date the payment becomes fixed, using a discount rate equal to the comparable yield. If all contingent payments on a Contingent Note become fixed, substantially contemporaneously, applicable Treasury Regulations provide that, with regard to contingent payments that become fixed on a day that is more than six months before their due date, U.S. Holders should take into account positive or negative adjustments in respect of such contingent payments over the period to which they relate in a reasonable manner. U.S. Holders should consult their tax advisors as to what would be a “reasonable manner” in their particular situation.

Upon a sale, exchange, retirement or other disposition of a Contingent Note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition and the U.S. Holder’s tax basis in the Contingent Note. If the Bank delivers property, other than cash, to a holder in retirement of a Contingent Note, the amount realized will equal the fair market value of the property, determined at the time of retirement plus the amount of cash, if any, received in lieu of property. A U.S. Holder’s tax basis in a Contingent Note generally will equal the cost of the Contingent Note, increased by the amount of interest income previously accrued by the U.S. Holder in respect of the Contingent Note, disregarding any positive or negative adjustments, and decreased by the amount of any non-contingent payment and all prior projected contingent payments in respect of the Contingent Note. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses by U.S. Holders is subject to limitations.

Other Rules

The Treasury Regulations relating to the tax treatment of OID contain certain language (“aggregation rules”) stating in general that, with some exceptions, if more than one type of Note is issued in connection with the same transaction or related transactions, the Notes may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for purposes of calculating and accruing any OID. Unless otherwise provided in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, the Bank does not expect to treat different types of Notes as being subject to the aggregation rules for purposes of computing OID.

Market Discount

If a U.S. Holder acquires a Note having a maturity date of more than one year from the date of its issuance and has an initial tax basis in the Note that, in the case of a Note that does not have OID, is less than its stated redemption price at maturity, or, in the case of a Note that has OID, is less than its adjusted issue price, the difference is treated as “market discount” for United States federal income tax purposes, unless the difference is less than 0.0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity (from the date of acquisition).

Under the market discount rules of the Code, a U.S. Holder is required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the accrued market discount that has not previously been included in income. Thus, partial principal payments are treated as ordinary income to the extent of accrued market discount that has not previously been included in income. If the Note is disposed of by the U.S. Holder in certain otherwise
nontaxable transactions, accrued market discount is includible as ordinary income by the U.S. Holder as if the U.S. Holder had sold the Note at its then fair market value.

In general, market discount accrues on a straight-line basis over the remaining term of the Note. A U.S. Holder may, however, elect to accrue market discount on a constant-yield-to-maturity basis. This election is made on a Note-by-Note basis and is irrevocable.

With respect to Notes with market discount, the ability of a U.S. Holder to deduct immediately the interest expense on any indebtedness incurred or continued to purchase or to carry the Notes may be limited. A U.S. Holder may elect to include market discount in income currently as it accrues (either on a straight-line basis or, if the U.S. Holder so elects, on a constant-yield basis), in which case the interest deduction deferral rule set forth in the preceding sentence does not apply. Such an election applies to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and is irrevocable without the consent of the IRS. A U.S. Holder’s tax basis in a Note is increased by the amount of market discount included in the U.S. Holder’s income under the election.

In lieu of the foregoing rules, different rules apply in the case of Contingent Notes where a U.S. Holder’s initial tax basis in a Contingent Note is less than the Contingent Note’s adjusted issue price (determined under special rules set out in the Contingent Debt Regulations). Accordingly, prospective purchasers of Contingent Notes should consult with their tax advisors with respect to the application of the market discount rules.

**Premium and Acquisition Premium**

If a U.S. Holder purchases a Note at a “premium,” the U.S. Holder does not include any OID in gross income. A Note is purchased at a premium (or “amortizable bond premium”) if its adjusted basis in the hands of the purchaser immediately after the purchase exceeds the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest. U.S. Holders may elect to amortize the premium as an offset to qualified stated interest income, using a constant yield method similar to that described above, over the remaining term of the Note (where the Note is not redeemable prior to its maturity date). In the case of Notes that may be redeemed prior to maturity, the premium is calculated assuming that the Bank or the U.S. Holder will exercise or not exercise redemption rights in a manner that maximizes the U.S. Holder’s yield. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of the premium used to offset qualified stated interest income as set forth above. If this election is made with respect to any Note, it will also apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt instruments acquired by the U.S. Holder, and will be binding for all subsequent taxable years unless the election is revoked with the consent of the IRS.

If a Note is purchased at an acquisition premium, the U.S. Holder reduces the amount of OID otherwise includible in income during an accrual period by multiplying such OID by a fraction. The numerator of this fraction is the excess of the adjusted basis of the Note immediately after its acquisition by the purchaser over the adjusted issue price of the Note. The denominator of the fraction is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

As an alternative to reducing the amount of OID otherwise includible in income by multiplying such OID by this fraction, the U.S. Holder may elect to compute OID accruals by treating the purchase as a purchase at original issuance and applying the constant yield method described under “—Taxation of Original Issue Discount” above.

In lieu of the foregoing rules, different rules apply in the case of Contingent Notes where a U.S. Holder’s initial tax basis in a Contingent Note is greater than the Contingent Note’s adjusted issue price (determined under special rules set out in the Contingent Debt Regulations). Accordingly, prospective purchasers of Contingent Notes should consult with their tax advisors with respect to the application of the acquisition premium and amortizable bond premium rules.
Pre-Issuance Accrued Interest

If (1) a portion of the initial purchase price of a Note is attributable to interest that has accrued prior to the issue date ("pre-issuance accrued interest"), (2) the first stated interest payment on the Note is to be made within one year of the Note’s issue date and (3) the payment will equal or exceed the amount of pre-issuance accrued interest, then the U.S. Holder may elect to decrease the issue price of the Note by the amount of the pre-issuance accrued interest. In this event, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

Short-Term Notes

In the case of a Note with a maturity of one year or less from its issue date (a “Short-Term Note”), no interest is treated as qualified stated interest and therefore all interest is included in the stated redemption price at maturity. U.S. Holders that report income for United States federal income tax purposes on an accrual method and certain other U.S. Holders, including banks and dealers in securities, are required to include OID in income on the Short-Term Notes on a straight-line basis, unless an election is made to accrue the OID according to a constant yield method based on daily compounding.

Any other U.S. Holder of a Short-Term Note is not required to accrue OID for United States federal income tax purposes, unless it elects to do so, with the consequence that the reporting of the income is deferred until it is received. In the case of a U.S. Holder that is not required, and does not elect, to include OID in income currently, stated interest will generally be taxable at the time it is received and any gain realized on the sale, exchange or other disposition of a Short-Term Note will be treated as ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of disposition. In addition, non-electing U.S. Holders that are not subject to the current inclusion requirement are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Short-Term Note in an amount not exceeding the deferred interest income with respect to the Short-Term Note (which includes both the accrued OID and accrued interest that are payable but that have not been included in gross income), until the deferred interest income is recognized. A U.S. Holder of a Short-Term Note may elect to apply the foregoing rules (except for the rule characterizing gain on disposition as ordinary) with respect to “acquisition discount” rather than OID. Acquisition discount is the excess of the stated redemption price at maturity of the Short-Term Note over the U.S. Holder’s basis in the Short-Term Note. This election applies to all obligations acquired by the taxpayer on or after the first day of the first taxable year to which the election applies, unless revoked with the consent of the IRS. A U.S. Holder’s tax basis in a Short-Term Note is increased by the amount included in the U.S. Holder’s income on the Note.

Election to Treat All Interest as OID

A U.S. Holder may elect to include in gross income all interest that accrues on a Note, including any stated interest, acquisition discount, OID, market discount, de minimis OID, de minimis market discount and unstated interest (as adjusted by amortizable bond premium and acquisition premium), by using the constant yield method described above under “—Taxation of Original Issue Discount.” In applying the constant yield method to a Note with respect to which this election has been made, the issue price of the Note will equal the electing U.S. Holder’s adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may be revoked only with the permission of the IRS. An election for a Note with amortizable bond premium results in a deemed election to amortize bond premium for all debt instruments owned and later acquired by the U.S. Holder with amortizable bond premium, which deemed election may be revoked only with the permission of the IRS. Similarly, an election for a Note with market discount results in a deemed election to accrue market discount in income currently for the Note and for all other debt instruments acquired by the U.S. Holder with market discount on or after the first day of the taxable year to which the election first applies, which deemed election may be revoked only with the permission of the IRS. A U.S. Holder’s tax basis in a Note is increased by each accrual of the amounts treated as OID under the constant yield election described in this paragraph.

The application of the foregoing rules may be different in the case of Contingent Notes. Accordingly, prospective purchasers should consult with their tax advisors with respect to the application of the market discount, acquisition premium and amortizable bond premium rules.

Sale, Exchange, Retirement or Other Disposition of Notes

A U.S. Holder generally recognizes gain or loss upon the sale, exchange, retirement or other disposition of a Note equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition (not including any amount
attributable to accrued but unpaid qualified stated interest) and the U.S. Holder’s adjusted basis in the Note. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received for the Note. The adjusted basis in the Note generally equals the cost of the Note, increased by OID, acquisition discount or market discount previously included in income in respect thereof, and reduced (but not below zero) by any payments on the Note (other than payments of qualified stated interest) and by any premium previously amortized that the U.S. Holder has taken into account. To the extent attributable to accrued but unpaid qualified stated interest, the amount realized by the U.S. Holder is treated as a payment of interest.

Subject to the discussion under “— Foreign Currency Notes” below, any gain or loss will be treated as capital gain or loss, except as provided under “— Market Discount” and “—Short-Term Notes,” above. Special rules apply in determining the tax basis of a Contingent Note and the amount realized and the character of gain or loss realized on the sale, exchange or other disposition of a Contingent Note. (See “— Taxation of Original Issue Discount — Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked — Contingent Notes” above.) Gains and losses derived from the sale, exchange, retirement or other disposition of a Note held for more than one year constitute long-term capital gains and losses. The excess of net long-term capital gains over net short-term capital losses is taxed at a lower rate than ordinary income for certain non-corporate taxpayers. The distinction between capital gain and loss and ordinary income or loss is also relevant for purposes of, among other things, limitations on the deductibility of capital losses.

Physical Settlement of Commodity-Linked Notes and Equity-Linked Notes

If the Bank elects to satisfy its obligations with respect to a Commodity-Linked Note or an Equity-Linked Note at Maturity through delivery of the specified commodity or commodities or equity instruments of an Equity Issuer, respectively, a U.S. Holder will have a tax basis in such commodity or commodities or such equity instruments equal to the fair market value of such commodity or commodities or such equity instruments determined at the time of delivery.

Foreign Currency Notes

The following summary describes special rules that apply, in addition to the rules described above, to Notes denominated in, or that provide for payments determined by reference to, a Specified Currency other than the U.S. Dollar (“Foreign Currency Notes”). The treatment of a debt instrument, such as a Foreign Currency Note, that provides for interest payments that are not fixed in amount at the time that the debt instrument is issued (like the treatment of a Floating Rate Note) depends on whether the debt instrument qualifies as a variable rate debt instrument. A Foreign Currency Note qualifying as a variable rate debt instrument is subject to the rules discussed above in “—Taxation of Interest—Floating Rate Notes” and “— Taxation of Original Issue Discount—Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes — Notes that are Variable Rate Debt Instruments” in addition to the rules discussed below. Foreign Currency Notes that are Contingent Notes may be subject to the rules discussed above in “—Taxation of Original Issue Discount—Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes — Contingent Notes” in addition to the rules discussed below.

Interest Includible In Income Prior To Receipt

An interest payment on a Foreign Currency Note made in a foreign currency that is not required to be included in income by the U.S. Holder prior to the receipt of that payment (for example, qualified stated interest received by a cash method U.S. Holder) is includible in income by the U.S. Holder based on the U.S. Dollar value of the foreign currency determined on the date the payment is received, regardless of whether the payment is in fact converted to U.S. Dollars at that time. The U.S. Holder’s basis in the foreign currency received will be such U.S. Dollar value. No exchange gain or loss will be recognized with respect to the receipt of such payment.

Interest Includible In Income Prior To Receipt

In the case of interest income on a Foreign Currency Note that is required to be included in income by the U.S. Holder prior to the receipt of payment (for example, stated interest on a Foreign Currency Note held by an accrual basis U.S. Holder or accrued OID or accrued market discount that is includible in income as it accrues), a U.S. Holder is required to include in income the U.S. Dollar value of the amount of interest income (including OID or market discount but reduced by acquisition premium and amortizable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during the relevant accrual period. OID, market discount, acquisition premium and amortizable bond premium of a Foreign Currency Note are to be determined in the relevant foreign currency. Unless the U.S. Holder makes the election discussed in the next paragraph, the U.S. Dollar value of the accrued income is determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the portion of the accrual period within the taxable year. The average rate of exchange for the accrual period (or partial period) is the simple average
of the exchange rates for each business day of the period (or other method if the method is reasonably derived and consistently applied). The U.S. Holder recognizes, as ordinary gain or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date such income is actually received, reflecting fluctuations in currency exchange rates between the last day of the relevant accrual period and the date of payment. The amount of gain or loss recognized equals the difference between the U.S. Dollar value of the foreign currency payment received (determined on the date such payment is received) and the U.S. Dollar value of interest income that has accrued during the accrual period (as determined above).

Under the so-called “spot rate convention election,” a U.S. Holder may, in lieu of applying the rules described in the preceding paragraph, elect to translate accrued interest income (including OID and market discount) into U.S. Dollars at the exchange rate in effect on the last day of the relevant accrual period for OID, market discount or accrued interest, or in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the taxable year. Additionally, if a payment of the income is actually received within five business days of the last day of the accrual period, an electing U.S. Holder may instead translate the income into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Such U.S. Holder will recognize ordinary income or loss with respect to accrued interest income on the date such income is actually received, equal to the difference (if any) between the U.S. Dollar value of the foreign currency payment received (determined on the date such payment is received) and the U.S. Dollar value of interest income translated at the relevant exchange rate described in the preceding sentence. Any election applies to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

Purchase, Sale, Exchange, Retirement or Other Disposition

A U.S. Holder that converts U.S. Dollars to a foreign currency and immediately uses that currency to purchase a Foreign Currency Note denominated in the same foreign currency normally does not recognize gain or loss in connection with such conversion and purchase. However, a U.S. Holder that purchases a Foreign Currency Note with previously owned foreign currency does recognize ordinary income or loss in an amount equal to the difference, if any, between the U.S. Holder’s tax basis in the foreign currency and the U.S. Dollar market value of the Foreign Currency Note on the date of the purchase. A U.S. Holder’s tax basis in a Foreign Currency Note (and the amount of any subsequent adjustment to the U.S. Holder’s tax basis) is the U.S. Dollar value of the foreign currency amount paid for the Foreign Currency Note (or the U.S. Dollar value of the foreign currency amount of the adjustment) determined on the date of the purchase or adjustment. In the case of an adjustment resulting from accrual of OID or market discount, such adjustment is made at the rate at which the OID or market discount is translated into U.S. Dollars under the rules described above.

Gain or loss realized upon the sale, exchange, retirement or other disposition of, or the receipt of principal on, a Foreign Currency Note, to the extent attributable to fluctuations in currency exchange rates, is generally ordinary income or loss. Gain or loss attributable to fluctuations in exchange rates equals the difference between (1) the U.S. Dollar value of the foreign currency purchase price for the Note, determined on the date such Foreign Currency Note is disposed of, and (2) the U.S. Dollar value of the foreign currency purchase price for such Foreign Currency Note, determined on the date the U.S. Holder acquired such Foreign Currency Note. Any portion of the proceeds of the sale, exchange, retirement or other disposition attributable to accrued interest income may result in exchange gain or loss under the rules set forth above. The foreign currency gain or loss is recognized only to the extent of the overall gain or loss realized by a U.S. Holder on the sale, exchange, retirement or other disposition of the Foreign Currency Note. In general, the source of such foreign currency gain or loss is determined by reference to the residence of the U.S. Holder or the “qualified business unit” of the U.S. Holder on whose books the Foreign Currency Note is properly reflected. Any gain or loss realized by a U.S. Holder in excess of the foreign currency gain or loss is capital gain or loss (except with respect to the disposition of a Contingent Note, or to the extent of any accrued market discount not previously included in the U.S. Holder’s income or, in the case of a Short-Term Note having OID, to the extent of any OID not previously included in the U.S. Holder’s income).

The tax basis of a U.S. Holder in any foreign currency received on the sale, exchange, retirement or other disposition of a Foreign Currency Note is equal to the U.S. Dollar value of the foreign currency, determined at the time of the sale, exchange, retirement or other disposition. Treasury Regulations provide a special rule for purchases and sales of publicly traded debt instruments by a cash method taxpayer under which units of foreign currency paid or received are translated into U.S. Dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss results from currency fluctuations between the trade date and the settlement of such purchase or sale. An accrual method taxpayer may elect the same treatment required of cash method taxpayers with respect to the purchase and sale of publicly traded debt instruments; provided, the election is applied consistently. Such election cannot be changed without the consent of the IRS. U.S. Holders should consult their tax advisors concerning the applicability to Foreign Currency Notes of the special rules summarized in this paragraph.
Market Discount and Premium

The amount of the market discount or acquisition premium that is included in (or reduces) income currently is to be determined for any accrual period in the relevant foreign currency and then translated into U.S. Dollars on the basis of the average exchange rate in effect during the accrual period or with reference to the spot rate convention election as described above. Exchange gain or loss realized with respect to the accrued market discount or acquisition premium is determined and recognized in accordance with the rules relating to accrued interest described above. The amount of accrued market discount (other than market discount that is included in income currently) taken into account upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of a Foreign Currency Note is the U.S. Dollar value of the accrued market discount, determined on the date of receipt of the partial principal payment or upon the sale, exchange, retirement or other disposition, and no portion of the accrued market discount is treated as exchange gain or loss. Exchange gain or loss with respect to amortizable bond premium is determined by treating the portion of premium amortized with respect to any period as a return of principal. With respect to a U.S. Holder of a Foreign Currency Note that does not elect to amortize premium, the amount of premium, if any, is treated as a capital loss when the Note matures.

Dual Currency Notes and Other Foreign Currency Notes that do not Qualify as Variable Rate Debt Instruments

If so specified in an applicable Final Terms or applicable Pricing Supplement relating to a Foreign Currency Note, the Bank may have the option to make all payments of principal and interest scheduled after the exercise of such option in an Optional Payment Currency. The Bank may also issue Foreign Currency Notes that do not qualify as variable rate debt instruments under the rules described above. Applicable Treasury Regulations generally (i) apply the principles contained in the Contingent Debt Regulations to Foreign Currency Notes in the “predominant currency” of the Foreign Currency Notes and (ii) apply the rules discussed above with respect to Foreign Currency Notes with OID for the translation of interest and principal into U.S. Dollars. Persons considering the purchase of Foreign Currency Notes should carefully examine the applicable Final Terms or Pricing Supplement, and the applicable Program Supplement, if any, and should consult their own tax advisors regarding the United States federal income tax consequences of the holding and disposition of such Notes.

Reportable Transactions

Pursuant to certain Treasury Regulations (the “Disclosure Regulations”), any taxpayer that has participated in a “reportable transaction” and who is required to file a United States federal income tax return must generally attach a disclosure statement disclosing such taxpayer’s participation in the reportable transaction to the taxpayer’s tax return for each taxable year for which the taxpayer participates in the reportable transaction. The Disclosure Regulations provide that, in addition to certain other transactions, a “loss transaction” constitutes a “reportable transaction.” A “loss transaction” is any transaction resulting in the taxpayer claiming a loss under Section 165 of the Code in an amount equal to or in excess of certain threshold amounts. For certain taxpayers, the Disclosure Regulations specifically provide that a loss resulting from a “Section 988 transaction” will constitute a Section 165 loss. In general, a Foreign Currency Note will be subject to the rules governing foreign currency exchange gain or loss. Therefore, any exchange loss realized with respect to a Foreign Currency Note will constitute a loss resulting from a Section 988 transaction. Based upon the foregoing, in the absence of future administrative pronouncements to the contrary, certain U.S. Holders of Foreign Currency Notes that recognize an exchange loss with respect to the Foreign Currency Notes in an amount that exceeds the loss threshold amount applicable to such U.S. Holder may be required to file a disclosure statement (i.e., IRS Form 8886 or other applicable form) as an attachment to the U.S. Holder’s tax return for the first taxable year in which the threshold amount is reached and to any subsequent tax return that reflects any amount of such Section 165 loss realized with respect to the Foreign Currency Notes. U.S. Holders purchasing Foreign Currency Notes should consult their own tax advisors regarding the potential application of the Disclosure Regulations to their investment in such Foreign Currency Notes.

Partly Paid Notes

The tax treatment of a U.S. Holder of a Partly Paid Note will depend on the specific terms and conditions of such a Note. Persons considering the purchase of Partly Paid Notes should carefully examine the applicable Final Terms, Pricing Supplement and Program Supplement, if any, and should consult their own tax advisors regarding the United States federal income tax consequences of the holding and disposition of such Notes.

United States Federal Income Tax Treatment of Notes Treated as Other Than Indebtedness for United States Federal Income Tax Purposes

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The discussion in this section applies to Notes issued under the Program that will be classified for United States federal income tax purposes as other than indebtedness. Depending on their terms, such Notes may be treated as a put option and a deposit, or as an executory contract, for United States federal income tax purposes. In respect of each of the treatments discussed below, it is possible that the IRS could assert that a U.S. Holder’s holding period in respect of the Notes should end on the date on which the amount the holder is entitled to receive upon the maturity of the Notes is determined, even though the holder will not receive any amounts in respect of the Notes prior to the maturity of the Notes. In such case, a U.S. Holder may be treated as having a holding period in respect of the Notes that is one year or less even if the Holder receives cash upon maturity of the Notes at a time that is more than one year after the beginning of its holding period.

**Certain Notes Treated as a Put Option and a Deposit**

Certain Notes may be treated as consisting of a put option and a deposit for United States federal income tax purposes. The applicable Pricing Supplement will indicate whether such Notes are intended to be treated as consisting of a put option and a deposit for United States federal income tax purposes. This section describes the United States federal income tax consequences of the purchase, beneficial ownership and disposition of Notes that are intended to be treated as consisting of a put option and a deposit.

There are no regulations, published rulings or judicial decisions addressing the treatment for United States federal income tax purposes of Notes with terms that are substantially the same as such Notes described in this section. Each Note described in this section is intended to be treated as consisting of a put option (the “Put Option”) that requires the holder to purchase the equities referenced in the Note (the “Reference Shares”) for an amount equal to the principal amount of the Note if certain conditions are satisfied, and a deposit of cash with the Bank, in an amount equal to the principal amount of the Note (the “Deposit”) to secure the U.S. Holder’s potential obligation to purchase the Reference Shares. Pursuant to the terms of the Notes, each holder agrees to such treatment for all United States federal income tax purposes. Except for the possible alternative treatments described below, the balance of this summary assumes that the Notes are so treated.

A portion of the stated interest payments on a Note described in this section is intended to be treated as interest or original issue discount on the Deposit, and the remainder as put premium in respect of the Put Option (the “Put Premium”). The portion of the stated interest rate on a Note described in this section that constitutes interest or OID on the Deposit and the portion that constitutes Put Premium will be specified in the applicable Pricing Supplement.

If the term of a Note described in this section is more than one year, U.S. Holders should include the portion of the stated interest payments on such Note that is treated as interest in income, as described above under “—United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes—Taxation of Interest.” If any portion of the stated interest payments on a Note described in this section is treated as OID its treatment will be as described above under “—United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes—Taxation of Original Issue Discount.”

If the term of a Note described in this section is one year or less, the Deposit should be treated as a short-term obligation as described above under “—United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes—Short-Term Notes.”

The Put Premium should not be taxable to a U.S. Holder upon its receipt. If the Put Option expires unexercised, the U.S. Holder should recognize the total Put Premium received as short-term capital gain at such time.

If the Put Option is exercised and a U.S. Holder receives Reference Shares, the U.S. Holder should not recognize any gain or loss with respect to the Put Option (other than with respect to cash received in lieu of fractional shares, as described below). In this event, the U.S. Holder should have an adjusted tax basis in all Reference Shares received (including for this purpose any fractional shares) equal to the Deposit, plus accrued but unpaid interest or discount, as applicable, on the Deposit less the total Put Premium received. The U.S. Holder’s holding period for any Reference Shares received should start on the day after the delivery of the Reference Shares. The U.S. Holder should generally recognize a short-term capital gain or loss with respect to cash received in lieu of fractional shares in an amount equal to the difference between the amount of such cash received and the U.S. Holder’s basis in the fractional shares, which is equal to the U.S. Holder’s basis in all of the Reference Shares (including the fractional shares), times a fraction, the numerator of which is the fractional shares and the denominator of which is all of the Reference Shares (including fractional shares).
If the Bank elects to cash settle the Put Option, a U.S. Holder should generally recognize a short-term capital gain or loss equal to (i) the amount of cash received less (ii) the amount of the Deposit, plus accrued but unpaid acquisition discount or original issue discount on the Deposit, less the total Put Premium received.

Upon the exercise or cash settlement of a Put Option, a cash method U.S. Holder of a short-term obligation that does not elect to accrue acquisition discount in income currently will recognize ordinary income equal to the accrued and unpaid acquisition discount.

Upon a sale, or other taxable disposition of a Note described in this section for cash, a U.S. Holder should allocate the cash received between the Deposit and the Put Option on the basis of their respective values on the date of sale. The U.S. Holder should generally recognize gain or loss with respect to the Deposit in an amount equal to the difference between the amount of the sales proceeds allocable to the Deposit (less accrued and unpaid “qualified stated interest” or accrued acquisition discount that the U.S. Holder has not included in income, which will be treated as ordinary interest income) and the U.S. Holder’s adjusted tax basis in the Deposit (which will generally equal the initial purchase price of the note increased by any accrued acquisition discount or OID previously included in income on the Deposit and decreased by the amount of any payment (other than an interest payment that is treated as qualified stated interest) received on the Deposit). Such gain or loss should be capital gain or loss and should be long-term capital gain or loss if the U.S. Holder has held the Deposit for more than one year at the time of such disposition. The ability of U.S. Holders to use capital losses to offset ordinary income is limited. If the Put Option has a positive value on the date of a sale of a Note, the U.S. holder should recognize short-term capital gain equal to the portion of the sale proceeds allocable to the Put Option plus any previously received Put Premium. If the Put Option has a negative value on the date of sale, the U.S. Holder should be treated as having paid the buyer an amount equal to the negative value in order to assume the U.S. Holder’s rights and obligations under the Put Option. In such a case, the U.S. Holder should recognize a short-term capital gain or loss in an amount equal to the difference between the total Put Premium previously received and the amount of the payment deemed made by the U.S. Holder with respect to the assumption of the Put Option. The amount of the deemed payment will be added to the sales price allocated to the Deposit in determining the gain or loss in respect of the Deposit. The ability of U.S. Holders to use capital losses to offset ordinary income is limited.

U.S. Holders should consult the offering documents for the Reference Shares for the United States federal income tax treatment of acquiring, owning and selling the Reference Shares.

Although the Bank intends to treat each Note described in this section as a Deposit and a Put Option, there are no regulations, published rulings or judicial decisions addressing the characterization of securities with terms that are substantially the same as those of the Notes described in this section, and therefore the Notes could be subject to some other characterization or treatment for United States federal income tax purposes. For example, the Notes could be treated as contingent payment debt instruments for United States federal income tax purposes. In this case, in general, U.S. Holders should be treated as described above under “—United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes—Taxation of Original Issue Discount—Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes—Contingent Notes.”

Other characterizations and treatments of Notes described in this section are possible. Prospective investors in the Notes described in this section should consult their tax advisors as to the tax consequences to them of purchasing Notes described in this section, including any alternative characterizations and treatments.

**Certain Notes Treated as Executory Contracts**

The Bank may treat certain Notes as an executory contract for United States federal income tax purposes. The applicable Pricing Supplement will indicate whether a Note is intended to be treated as an executory contract for United States federal income tax purposes. This section describes the principal United States federal income tax consequences of the purchase, beneficial ownership and disposition of a Note that is intended to be treated as an executory contract.

There are no regulations, published rulings or judicial decisions addressing the treatment for United States federal income tax purposes of Notes with terms that are substantially the same as those described in this section. Accordingly, the proper United States federal income tax treatment of the Notes described in this section is uncertain. Under one approach, the Notes would be treated as pre-paid cash-settled executory contracts with respect to the reference index or asset. The Bank intends to treat each Note described in this section consistent with this approach, and pursuant to the terms of such Notes, each holder agrees to such treatment for all United States federal income tax purposes. Except for the possible alternative treatments described below, the balance of this summary assumes that the Notes described in this section are so treated.
Unless otherwise indicated in the applicable Pricing Supplement, if a Note that is treated as an executory contract provides for current interest payments, the Bank intends to treat that interest as ordinary income at the time it accrues or is received in accordance with the U.S. Holder’s normal method of accounting for tax purposes.

A U.S. Holder’s tax basis in a note described in this section generally will equal the U.S. Holder’s cost for the Note. Upon receipt of cash upon maturity or redemption and upon the sale, exchange, retirement or other disposition of the Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized at maturity or on the redemption, sale, exchange, retirement or other disposition and the U.S. Holder’s tax basis in such Note. Any such gain upon the maturity, redemption, sale, exchange, retirement or other disposition of the Note generally will constitute capital gain. Capital gain of non-corporate taxpayers from the maturity, redemption, sale, exchange, retirement or other disposition of a Note not treated as indebtedness for United States federal income tax purposes held for more than one year may be eligible for reduced rates of taxation. Any loss from the maturity, redemption, sale, exchange, retirement or other disposition of a Note not treated as indebtedness for United States federal income tax purposes will generally constitute a capital loss. The ability of U.S. Holders to use capital losses to offset ordinary income is limited.

Although the Bank intends to treat each Notes described in this section as a pre-paid cash-settled executory contract as described above, there are no regulations, published rulings or judicial decisions addressing the characterization of securities with terms that are substantially the same as those of the Notes described in this section, and therefore the Notes could be subject to some other characterization or treatment for United States federal income tax purposes. For example, the Notes could be treated as “contingent payment debt instruments” for United States federal income tax purposes. In this case, in general, U.S. Holders should be treated as described above under “—United States Federal Income Tax Treatment of Notes Treated as Indebtedness for United States Federal Income Tax Purposes—Taxation of Original Issue Discount—Taxation of OID on Floating Rate Notes, Indexed Notes, Commodity-Linked Notes and Equity-Linked Notes—Contingent Notes.”

It is possible that the Notes could be treated as representing an ownership interest in the Reference Asset for United States federal income tax purposes, in which case a U.S. Holder’s federal income tax treatment could be different than described above.

If a Reference Asset, or one or more of the entities included in, or owned by, a Reference Asset, as the case may be, are treated as a regulated investment company, REIT, partnership, trust, or “passive foreign investment company” (“PFIC”) for United States federal income tax purposes, or otherwise as a “pass-thru entity” for purposes of section 1260 of the Code, it is possible that U.S. Holders will be subject to the “constructive ownership” rules of section 1260 of the Code. Moreover, section 1260 of the Code authorizes the Treasury Department to promulgate regulations (possible with retroactive effect) to expand the application of the section 1260 of the Code. If section 1260 applies to a Note, the portion of any gain recognized on the sale, exchange, maturity, or other taxable disposition of the Note that would be treated as long-term capital gain and relates to a pass-through entity (or if section 1260 is expanded by regulations, to such other entity) could be treated as ordinary income and subject to an interest charge. It is possible that these rules could apply, for example, to recharacterize long-term capital gain on the Notes to the extent that a U.S. Holder’s return reflects dividend income or the U.S. Holder would have recognized short-term capital gain (rather than long-term capital gain) had the holder owned the Reference Asset or the constituents of the Reference Asset by reason of, for example, a rebalancing of the Reference Asset. Finally, other alternative federal income tax characterizations or treatments of the Notes described in this section are possible, and if applied could also affect the timing and the character of the income or loss with respect to the Notes.

In addition, the Bank will not attempt to ascertain whether a Reference Asset or any of the entities whose stock is included in, or owned by, a Reference Asset, as the case may be, would be treated as a PFIC, as defined for United States federal income tax purposes. If a Reference Asset or one or more of the entities whose stock is included in, or owned by, a Reference Asset, as the case may be, were so treated, certain adverse United States federal income tax consequences might apply. You should refer to information filed with the Commission and other authorities by a Reference Asset or entities whose stock is included in, or owned by, a Reference Asset, as the case may be, and consult your tax advisor regarding the possible consequences to you if a Reference Asset or one or more of the entities whose stock is included in, or owned by, a Reference Asset, as the case may be, is or becomes a PFIC.
If a Reference Asset, or one or more components of a Reference Asset, is a “section 1256 contract” as defined in section 1256(b) of the Code, it is possible that the IRS could assert that section 1256 of the Code should apply to the Notes or a portion of the Notes. If section 1256 were to apply to the Notes, gain or loss recognized with respect to the Notes (or the relevant portion of the Notes) would be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss, without regard to the U.S. Holder’s holding period in the Notes. The U.S. Holder would also be required to mark the Notes (or a portion of the Notes) to market at the end of each year (i.e., recognize income as if the Notes or relevant portion of Notes had been sold for fair market value). Alternatively, it is also possible that a U.S. Holder could be required to recognize gain or loss each time a Reference Asset or any component of a Reference Asset rolls and/or when the composition or weighting of a Reference Asset or any component of a Reference Asset changes. Such gain or loss may also be subject to section 1256 as discussed above, under which 60% of the gain or loss would be treated as long-term capital gain or loss and 40% would be treated as short-term capital gain or loss.

Finally, if a Reference Asset, or one or more components of a Reference Asset, is a “collectible” as described in section 1(h)(5)(A) of the Code, it is possible that the IRS could assert that the Notes (or a portion of the Notes) should be treated as giving rise to “collectibles” gain or loss if the U.S. Holder has held the Notes for more than one year, although the Bank does not think such a treatment would be appropriate because a sale or exchange of the Notes is not a sale or exchange of a collectible but is rather a sale or exchange of a pre-paid executory contract that reflects the value of a collectible. “Collectibles” gain is currently subject to tax at marginal rates of up to 28%.

Prospective investors in the Notes described in this section should consult their tax advisors as to the tax consequences to them of purchasing the Notes, including any alternative characterizations and treatments.

**Additional Medicare Tax on Unearned Income**

Certain U.S. Holders, including individuals, estate, and trusts, are subject to an additional 3.8% Medicare tax on unearned income. For individual U.S. Holders, the additional Medicare tax applies to the lesser of (i) “net investment income” or (ii) the excess of “modified adjusted gross income” over $200,000 ($250,000 if married and filing jointly, or $125,000 if married and filing separately). “Net investment income” generally equals the taxpayer’s gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as interest, dividends, annuities, royalties, rents, and capital gains. U.S. Holders are urged to consult with their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the Notes.

**Base Rate Modifications**

In the event U.S. dollar LIBOR (or, if specified in the applicable Final Terms or Pricing Supplement, non-U.S. dollar LIBOR or EURIBOR) is discontinued, the Calculation Agent may substitute the applicable rate with a successor rate (a “Base Rate Modification”). It is possible a Base Rate Modification will be treated as a deemed exchange of old Notes for new Notes, which may be taxable to U.S. Holders. U.S. Holders should consult with their own tax advisors regarding the potential consequences of a Base Rate Modification. The Treasury Department released proposed regulations describing circumstances under which a Base Rate Modification (or other related adjustments to the calculation of the interest rate on the Notes) by the Calculation Agent would not be treated as a deemed exchange of old Notes for new Notes and would not affect the calculation of OID. Generally, an alteration of the terms of a debt instrument to replace a rate referencing an interbank offered rate (such as LIBOR or EURIBOR) with a “qualified rate” as defined in the proposed regulations, and associated alterations reasonably necessary to adopt or implement that replacement, would not be treated as a deemed exchange and would not affect the calculation of OID. It cannot be determined at this time whether the final regulations on this issue will contain the same standards as the proposed regulations. The Calculation Agent intends to use commercially reasonable efforts to satisfy any applicable IRS guidance so that the Notes will not be treated as having been exchanged for U.S. federal income tax purposes as a result of any Base Rate Modification. U.S. Holders should consult their own tax advisors with regards to the potential impact of the proposed regulations on a Base Rate Modification for the Notes.

**Non-U.S. Holders**

**Withholding Tax**

**Notes Treated as Indebtedness for United States Federal Income Tax Purposes.** Except as discussed below, payments of principal and interest (including OID) with respect to a Note that is treated as indebtedness for United States federal income tax purposes by the Bank or any paying agent to a Non-U.S. Holder are not subject to the withholding of United States federal income tax; provided, in the case of interest (including OID), that (i) the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the Bank’s stock entitled to vote, is not a “controlled foreign corporation” for United States federal income tax purposes by the Bank or any paying agent to a Non-U.S. Holder are not subject to the withholding of United States federal income tax, respectively.
United States federal income tax purposes related, directly or indirectly, to the Bank through stock ownership, and is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; (ii) the payments are not payments of contingent interest (generally, interest (including OID), the amount of which is determined by reference to receipts, sales, cash flow, income, profits, property values, dividends or comparable attributes of the Bank or a party related to the Bank); and (iii) the statement requirement set forth in Section 871(h) or Section 881(c) of the Code has been fulfilled with respect to the Non-U.S. Holder, as discussed in the following paragraph. Interest, including any OID, may be subject to a 30% withholding tax (or less under an applicable treaty, if any) to the extent that the payments do not meet the requirements set forth above.

The statement requirement set forth in Section 871(h) or 881(c) of the Code is satisfied if either (1) the beneficial owner of the Note certifies, under penalties of perjury, to the last United States payor (or non-United States payor who is an authorized foreign agent of the United States payor, a qualified intermediary, a United States branch of a foreign bank or foreign insurance company, a withholding foreign partnership or a withholding foreign trust) in the chain of payment (the "withholding agent") that such owner is a Non-U.S. Holder and provides other required certifications and such owner’s name and address(508,160),(978,175) or (2) a securities clearing organization, a bank or another financial institution that holds customers’ securities in the ordinary course of its trade or business (a "financial institution") that holds the Note certifies to the withholding agent, under penalties of perjury, that the certificate has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the withholding agent with a copy thereof. The beneficial owner’s certificate statement must be made on an IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8EXP, or substantially similar form, each of which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, an IRS Form W-8BEN, W-8BEN-E or an IRS Form W-8EXP with a United States taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect; provided, that the withholding agent reports at least one payment annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the withholding agent (or financial institution) within 30 days of any change in circumstances that makes any information on the form incorrect by furnishing a new IRS Form W-8BEN, W-8ECI or W-8EXP, or substantially similar form (and the financial institution must promptly so inform the withholding agent). A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for United States federal income tax purposes) holding Notes on its own behalf may have substantially increased reporting requirements. In particular, in the case of Notes held by a non-withholding foreign partnership (or non-withholding foreign trust), the partners (or grantors or beneficiaries), rather than the partnership (or trust), are required to provide the certifications discussed above, and the partnership (or trust) is required to provide, in general, an IRS Form W-8IMY and certain additional information. If a Note is held through a non-U.S. securities clearing organization or a non-U.S. financial institution (other than a United States branch or office of such organization or institution) or a non-U.S. branch or office of a United States financial institution or United States clearing organization, the organization or institution must provide a signed statement on an IRS Form W-8IMY to the withholding agent. However, in such case, unless the organization or institution is a qualified intermediary, a withholding foreign partnership or withholding foreign trust, the signed statement must be accompanied by a copy of the IRS Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP or W-9 or the substantially similar form provided by the beneficial owner (or IRS Form W-8IMY provided by another intermediary along with the beneficial owner’s forms) to the organization or institution and such other information that is required by the IRS Form W-8IMY and Treasury Regulations, and such information must be updated as required. If the institution or organization is a qualified intermediary, withholding foreign partnership or withholding foreign trust that has entered into a qualified intermediary or similar agreement with the IRS, it must provide the withholding agent or other intermediary such additional information as is required by the agreement, IRS Form W-8IMY and Treasury Regulations.

Notes Treated as Other than Indebtedness for United States Federal Income Tax Purposes. Because the United States federal income tax treatment (including the applicability of withholding) of stated periodic interest payments on Notes that are not treated as indebtedness for United States federal income tax purposes is uncertain, the Bank will withhold United States federal income tax at a 30% rate (or at a lower rate under an applicable income tax treaty) on the entire amount of stated periodic interest payments made. The Bank will not pay any additional amounts in respect of such withholding.

Withholding Tax on Dividend Equivalent Payments. A “dividend equivalent” payment is treated as a dividend from sources within the United States and such payments generally would be subject to a 30% U.S. withholding tax if paid to a Non-U.S. Holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, IRS guidance provides that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2021. Except as otherwise set forth in any applicable pricing supplement, we expect that the delta of Notes with respect to a Reference Asset issued pursuant to this Offering Circular will not be one, and therefore, we expect that Non-U.S. Holders should not be subject
to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as
deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting a Reference Asset or the Notes,
and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S.
Holders that enter, or have entered, into other transactions in respect of a Reference Asset or the Notes should consult their tax
advisors as to the application of the dividend equivalent withholding tax in the context of the notes and their other transactions. If any
payments are treated as dividend equivalents subject to withholding, we (or the applicable paying agent) would be entitled to withhold
taxes without being required to pay any additional amounts with respect to amounts so withheld.

Effectively Connected income. If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States and if
payments (including OID) on the Note are effectively connected with the conduct of that trade or business, the Non-U.S. Holder,
although exempt from the withholding of tax discussed in the preceding paragraphs, will generally be subject to regular United States
federal income tax on premium (if any), interest and/or any gain realized on the disposition of the Note in the same manner as if it
were a U.S. Holder. The Non-U.S. Holder will be required to provide to the withholding agent an appropriate form (generally IRS
Form W-8ECI), executed under penalties of perjury, in order to claim an exemption from withholding tax. In addition, if the Non-
U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or the lower rate provided by an
applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Purchase, Sale, Exchange, Retirement or Other Disposition

Generally, any gain or income (other than that attributable to accrued interest (including OID), which is taxable in the manner
described above) realized by a Non-U.S. Holder on the disposition of a Note is not subject to United States federal income tax unless
(i) such gain or income is effectively connected with a United States trade or business of the Non-U.S. Holder; or (ii) in the case of a
Non-U.S. Holder who is an individual, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of
the disposition and either (1) the individual has a “tax home” (as defined in Section 911(d)(3) of the Code) in the United States or (2)
the gain is attributable to an office or other fixed place of business maintained by the individual in the United States.

Withholding of United States federal income tax with respect to accrued OID may apply to payments on a redemption (or
certain other sales or dispositions) of a Note by a Non-U.S. Holder that does not provide appropriate certification to the withholding
agent. Non-U.S. Holders that receive Reference Shares (as described above under “—United States Federal Income Tax Treatment of
Notes Treated as Other Than Indebtedness for United States Federal Income Tax Purposes—Certain Notes Treated as a Put Option
and a Deposit”) should consult the offering documents for the Reference Shares for the United States federal income tax treatment of
acquiring, owning and selling the Reference Shares.

Alternative Treatments

It is possible that Notes linked to a Reference Asset could be treated as representing an ownership interest in the Reference
Asset for United States federal income tax purposes, in which case a Non-U.S. Holder’s United States federal income tax treatment
could be different than described above.

The Bank will not attempt to ascertain whether a Reference Asset or any of the entities whose stock is included in, or owned
by, a Reference Asset, as the case may be, would be treated as a United States real property holding corporation (“USRPHC”), as
defined for United States federal income tax purposes. If a Reference Asset or one or more of the entities whose stock is included in,
or owned by, a Reference Asset, as the case may be, were so treated, certain adverse United States federal income tax consequences
might apply. Prospective investors should refer to information filed with the Commission and other authorities by a Reference Asset
or entities whose stock is included in, or owned by, a Reference Asset, as the case may be, and consult their tax advisor regarding the
possible consequences if a Reference Asset or one or more of the entities whose stock is included in, or owned by, a Reference Asset,
as the case may be, is or becomes a USRPHC.

In Notice 2008-2, the IRS and the United States Treasury Department requested comments as to whether the purchaser of an
exchange traded note or pre-paid forward contract (which may include a Note that the Bank intends (and the holder agrees) to treat as
an executory contract, or as a put and a deposit, for United States federal income tax purposes) should be required to accrue income
during its term under a mark-to-market, accrual or other methodology, whether income and gain on such a Note or contract should be
ordinary or capital, and whether foreign holders should be subject to withholding tax on any deemed income accrual. Accordingly, it
is possible that regulations or other guidance could provide that a U.S. Holder of such a Note is required to accrue income in respect of
the Note prior to the receipt of payments under the Note or its earlier sale. Moreover, it is possible that any such regulations or other
guidance could treat all income and gain of a U.S. Holder in respect of a Note as ordinary income (including gain on a sale). Finally,
it is possible that a Non-U.S. Holder of the Note could be subject to United States withholding tax in respect of a note. It is unclear
whether any regulations or other guidance would apply to the Notes (possibly on a retroactive basis). Prospective investors are urged to consult with their tax advisors regarding Notice 2008-2 and the possible effect to them of the issuance of regulations or other guidance that affects the United States federal income tax treatment of the Notes.

**Information Reporting and Backup Withholding**

**U.S. Holders**

In general, information reporting requirements will apply to payments of principal, interest, OID and premium paid on Notes and to the proceeds of sale of a Note paid to U.S. Holders other than certain exempt recipients (such as corporations). Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number and required certifications (generally on IRS Form W-9) or certification of foreign or other exempt status or if the withholding agent is notified by the IRS that the U.S. Holder failed to report in full dividend and interest income.

Any amounts withheld under backup withholding rules will be allowed as a refund or credit against such U.S. Holder’s United States federal income tax liability; provided, the required information is furnished to the IRS in a timely manner.

**Non-U.S. Holders**

Information reporting will generally apply to payments of interest (including OID) and the amount of tax, if any, withheld with respect to such payments to Non-U.S. Holders. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

Backup withholding generally will not be required if the statement requirement set forth in Section 871(h) or Section 881(c) of the Code has been fulfilled with respect to the Non-U.S. Holder, as discussed above.

In addition, except as otherwise set forth in this discussion (and provided that the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person), backup withholding and information reporting will not apply to the amount payable (whether in respect of principal, interest, OID, premium or otherwise) in respect of a Note paid or collected by a foreign office of a foreign custodian, foreign nominee or other foreign agent on behalf of the beneficial owner of such Note, or to the payment outside the United States of the proceeds of a sale (including a redemption) of a Note through a foreign office of a foreign “broker” (as defined in applicable Treasury Regulations). If, however, such nominee, custodian, agent or broker is, for United States federal income tax purposes, a United States person, a controlled foreign corporation, a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a United States trade or business or a foreign partnership, in which one or more United States persons, in the aggregate, own more than 50% of the income or capital interests in the partnership or which is engaged in a trade or business in the United States, then such payments will not be subject to backup withholding, but will be subject to information reporting unless such custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

Payments on a Note to the beneficial owner thereof by a United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of sale (including a redemption) of a Note, will be subject to both backup withholding and information reporting unless the beneficial owner certifies as to its non-U.S. status under penalties of perjury, and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person, or the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against such Non-U.S. Holder’s United States federal income tax liability; provided, the required information is furnished to the IRS in a timely manner.

**Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on certain United States source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income and on the gross proceeds from a disposition of property of a type that can produce United States source interest or dividends (“Withholdable Payments”) if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of the holder), unless such institution enters into an agreement with the United States Treasury Department to collect and provide to the United States Treasury Department certain information regarding United States financial account holders, including certain account holders that are
foreign entities with United States owners, with such institution, or otherwise complies with FATCA. Recently proposed regulations eliminate the requirement of withholding on gross proceeds from the sale or disposition of financial instruments. The U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization. Accordingly, we do not intend to treat gross proceeds from the sale, exchange, redemption, or other disposition of the Notes as Withholdable Payments. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial United States owners or a certification identifying the direct and indirect substantial United States owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

These withholding and reporting requirements generally apply to United States source periodic payments made after June 30, 2014. If we determine withholding is appropriate with respect to the Notes, we will withhold tax at the applicable statutory rate, and we will not pay any additional amounts in respect of such withholding.

FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial United States owners or a certification identifying the direct and indirect substantial United States owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

In particular, no additional amounts will be payable on account of any withholding obligation that is imposed with respect to payments on the Notes as a result of the failure of any holder or beneficial owner of a Note, or any intermediary through which it directly or indirectly owns such Note, to comply with the requirements of FATCA. Prospective investors should consult their tax advisors regarding the possible implications of FATCA on their investment in the Notes.

THE EUROPEAN COMMISSION’S PROPOSAL FOR A FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common Financial Transaction Tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate or withdraw from the proposed FTT.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT and its potential impact on the Notes.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuing basis for sale by the Bank through HSBC Securities (USA) Inc., as U.S. Dealer, and HSBC Bank plc, as International Dealer (collectively, the “Dealers”). The Dealers will purchase Notes issued pursuant to Part 16.6 of the OCC’s securities offering Regulations (12 C.F.R. Part 16.6) or in reliance on Regulation S (as that Regulation is incorporated in to the OCC’s securities offering regulations by 12 C.F.R. Part 16.5(g)), as principal, from the Bank, for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Dealer, or, if so specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, for resale at a fixed public offering price. Unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, any Note sold to a Dealer as principal will be purchased by such Dealer at a price equal to 100% of the principal amount thereof less a percentage of the principal amount to be set forth in such Final Terms or Pricing Supplement. If agreed to by the Bank and the applicable Dealer, such Dealer may utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any. With respect to Notes sold through a Dealer on an agency basis, the Bank will pay a commission to such Dealer to be set forth in the applicable Final Terms or Pricing Supplement. Notes issued in accordance with Regulation D under the Securities Act (as that Regulation is incorporated into the OCC’s securities offering regulations by 12 C.F.R. Part 16.7) (as used in this Plan of Distribution
section, “Regulation D Notes”) will be sold to institutional accredited investors through the Dealers on an agency basis. The Dealers have entered into a Fifth Amended and Restated Distribution Agreement with the Bank dated October 25, 2019 (as amended, modified or supplemented from time to time, the “Distribution Agreement”).

A Dealer may sell Notes it has purchased from the Bank as principal to other dealers for resale to investors, and may allow any portion of the discount received in connection with such purchases from the Bank to such dealers. After the initial public offering of Notes, the public offering price (in the case of Notes to be resold on a fixed public offering price basis), the concession and the discount may be changed.

The Bank has reserved the right to sell Notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so. The Bank will have the sole right to accept offers to purchase Notes and may reject any such offer in whole or in part.

The Bank reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with the Bank or through one of the Dealers. The Dealers will have the right, in their discretion, to reject in whole or in part any offer to purchase Notes received by them on an agency basis.

Each of the Dealers may from time to time purchase and sell Notes in the secondary market, but no Dealer is obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Dealers may make a market in the Notes, but no Dealer is obligated to do so and may discontinue any market-making activity at any time.

The Bank has agreed to indemnify the Dealers against, and to provide contribution with respect to certain liabilities, including liabilities under the U.S. federal securities laws. The Bank has agreed to reimburse the Dealers for certain other reasonable expenses.

In connection with the offer and sale of the Notes (other than Regulation D Notes), the Dealers may engage in overallotment, stabilizing transactions and syndicate covering transactions in accordance with Regulation M under the Exchange Act or, at their election, in accordance with Regulation (EU) 2016/1052, supplementing Article 5 of Regulation (EU) No 596/2014 and the price stabilizing rules made pursuant to Section 137Q of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”).

Overallotment involves sales in excess of the offering size, which creates a short position for the Dealers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Such stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of such transactions. Such activities, if commenced, may be discontinued at any time.

The Bank agrees to indemnify the Dealers against, and to provide contribution with respect to certain liabilities, including liabilities under the U.S. federal securities laws. The Bank agrees to reimburse the Dealers for certain other reasonable expenses.

HSBC Securities (USA) Inc., or other affiliates of the Bank, may use this Offering Circular in connection with offers and sales related to market-making activities. HSBC Securities (USA) Inc. may act as principal or agent in any such transactions. Such sales will be made at negotiated prices related to prevailing market prices at the time of sale.

Certain of the Dealers and their affiliates may be customers of, including borrowers from, engage in transactions with, and perform services for, the Bank, HSBC USA and their affiliates in the ordinary course of business.

If the Bank appoints other dealers, some of those dealers and their affiliates may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They may have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, certain dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the dealers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
Conflicts of Interest

HSBC Securities (USA) Inc., an affiliate of the Bank, is acting as the arranger and a Dealer with respect to the Program. Each offering of the Notes will be conducted in compliance with any applicable requirements of FINRA Rule 5121.

SELLING RESTRICTIONS

General

Unless otherwise stated in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, no action has been taken by the Bank that would permit an offer to the public of the Notes or possession or distribution of this Offering Circular or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, each Dealer has agreed and each further Dealer appointed under the Program and each other Purchaser will be required to agree that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Company shall have no responsibility therefor. With regard to each Series, the relevant Purchaser will be required to comply with such other additional restrictions as the Company and the relevant Purchaser shall agree and as shall be set out in the applicable Final Terms or applicable Pricing Supplement.

United States

The Notes have not been, and are not required to be, registered with the Commission under the Securities Act. The Notes are exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(2) of the Securities Act and, unless otherwise specified in the applicable Final Terms, Pricing Supplement or Program Supplement, if any, are being offered and sold only (i) pursuant to the abbreviated securities registration procedure of the OCC set forth in Part 16.6 of the OCC’s securities offering regulations (12 C.F.R. Part 16.6) to accredited investors within the meaning of Rule 501(a) of Regulation D under the Securities Act (“accredited investors”), and each beneficial owner of a global note will be required to hold such beneficial interest in a principal amount of U.S.$250,000 (or the equivalent thereof in other currencies), (ii) to accredited investors in accordance with Regulation D under the Securities Act (as such Regulation is incorporated by reference into the OCC’s securities offering regulations by 12 C.F.R. 16.7) or (iii) outside the United States in compliance with Regulation S under the Securities Act (as such regulation is incorporated into the OCC’s securities offering regulations by 12 C.F.R. 16.5(g)). Unless otherwise provided in the applicable Final Terms or Pricing Supplement, Notes offered as described in clauses (i) or (ii) of the preceding sentence will be offered to institutional investors that are accredited investors, within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act (“institutional accredited investors”). With respect to Notes being offered and sold pursuant to (i) above, the OCC’s securities offering regulations (12 C.F.R. Section 16.6) provide that a national bank meeting certain requirements that issues nonconvertible debt securities such as the Notes may offer and sell such securities pursuant to an abbreviated registration system provided for in the securities offering regulations if, among other things, such securities are offered and sold only to accredited investors in minimum denominations of U.S.$250,000. With respect to Notes being offered and sold pursuant to such abbreviated registration system or, in the case of Notes offered and sold pursuant to (ii) above, or Notes with maturities of 270 days or less, in each case pursuant to an exemption from the OCC’s registration requirements, each Dealer has agreed, and each other dealer will be required to agree, with the Bank that such Notes will be offered and sold by the Dealers in any initial offering hereunder only to accredited investors. Each purchaser of Notes offered and sold pursuant to (i) above, in making its purchase, will be deemed to have represented and agreed with the Bank that it is an accredited investor or an institutional accredited investor, as applicable, that it is purchasing such Notes for its own account or the account of one or more other accredited investors or institutional accredited investors, and, that it, or each of such other accredited investors or institutional accredited investors, as applicable, owning a beneficial interest in such Notes, will hold a beneficial interest therein in a principal amount of not less than U.S.$250,000 (or the equivalent thereof in other currencies) at all times. Each purchaser of Notes being offered and sold pursuant to clause (ii) above, in making its purchase, will be deemed to have represented and agreed with the Bank that it is an accredited investor or an institutional accredited investor, as applicable, and that it is purchasing such Notes for its own account or the account of one or more other accredited investors or institutional accredited investors, as applicable. Each purchaser of Notes being sold pursuant to Regulation S, in making its purchase, will be deemed to have represented and agreed with the Bank that it is a non-U.S. person (as defined in Regulation S) and is acting in reliance upon Regulation S under the Securities Act.

The Bank and each Dealer have agreed, and each other dealer will be required to agree with the Bank, that, except as permitted by the Distribution Agreement, such Dealer or dealer will offer or sell Notes of any Series issued in reliance on Regulation S (as such Regulation is incorporated into the OCC’s securities offering regulations by 12 C.F.R. Part 16.5(g)) (i) as part of
their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes of such Series, as determined and certified to the Global Agent or the Bank by each Dealer as to Notes purchased by or through it, in which case the Global Agent or the Bank shall notify such Dealer when all Dealers have so certified, only in accordance with Rule 903 of Regulation S under the Securities Act (as such Regulation is incorporated into the OCC’s securities offering regulations by 12 C.F.R. Part 16.5(g)). Accordingly, none of the Bank, the Dealers, their affiliates (if any) or any person acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and the Bank, the Dealers, their affiliates (if any) and any person acting on their behalf have complied and will comply with the offering restrictions requirements of Regulation S (as they are incorporated into the OCC’s securities offering regulations by 12 C.F.R. Part 16.5(g)). The Bank and each Dealer agree that, at or prior to confirmation of sale of Notes of any such Series, such Dealer will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes of such Series from it or through it during the restricted period a confirmation or notice substantially to the following effect:

“The Notes covered hereby have not been registered under the Securities Act. In addition, the Notes covered hereby have not been registered under the OCC’s regulations relating to securities offerings by national banks (12 C.F.R. Part 16) and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Tranche represented by the Notes as determined and certified by the Dealers, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S, as such Regulation is incorporated into the OCC’s securities offering regulations by 12 C.F.R. Part 16.5(g).”

In addition, until 40 days after the commencement of the offering of any Series of such Notes, an offer or sale of such Series within the United States by a dealer that is not participating in the offering may violate the OCC’s securities offering regulations.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Notwithstanding the foregoing paragraph, Notes that have a term to maturity of one year or less and meet certain other requirements may be sold in Canada in reliance on the “short-term debt” prospectus exemption under section 2.35 of NI 45-106. A Dealer relying on the international dealer exemption or the short-term debt exemption in section 8.22.1 of NI 31-103 may only sell the short-term debt to permitted clients. There are no restrictions applicable to Canadian investment dealers in respect of who may purchase Notes sold pursuant to the short-term debt prospectus exemption. Notes sold pursuant to the short-term debt prospectus exemption are not subject to resale restrictions.

Certain Relationships

The Bank and HSBC Securities (USA) Inc. are indirect subsidiaries of HSBC Holdings. As a result, the Bank is a “related issuer” of HSBC Securities (USA) Inc. for purposes of Canadian securities legislation. The decision to establish the Program was made by the Bank and the determination of the terms of any distribution of Notes will be negotiated between the Dealers, including HSBC Securities (USA) Inc., and the Bank. See “Plan of Distribution—Conflicts of Interest”.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular or any applicable Program Supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, Pricing Supplement or, as the case may be, Program Supplement, each Dealer has represented and agreed, and
each further Dealer appointed under the Program will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “Belgian Consumer”), and that: (a) it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes to any Belgian Consumer, and (b) it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

**European Economic Area**

Unless the Final Terms, Pricing Supplement or, as the case may be, Program Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms, Pricing Supplement or, as the case may be, Program Supplement in relation thereto to any EEA Retail Investor. For the purposes of this provision, (a) “EEA Retail Investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”), (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”) and (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms, Pricing Supplement or, as the case may be, Program Supplement specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, then, in relation to each Member State of the European Economic Area (each, a “Member State”), each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes to the public in that Member State except that it may make an offer of Notes to the public in that Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Bank or the Dealers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

**United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that:

(a) in relation to Notes with a maturity of less than one year, it is a person whose ordinary activities involve it in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons:

i. whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses; or

ii. who it is reasonable to expect will acquire, hold, manage, or dispose of investments (as principal or agent) for the purposes of their businesses,
where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Bank;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Italy

The offering of the Notes has not been cleared by the Commissione Nazionale per le Società e la Borsa (“CONSOB”) pursuant to Italian Securities legislation. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly and copies of this Offering Circular or any other document relating to the Notes may not be distributed in the Republic of Italy unless such offer, sale or delivery of Notes or distribution of copies of this Offering Circular or other documents relating to the Notes in the Republic of Italy is:

(a) made only to “qualified investors” (investitori qualificati), as defined pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the “Regulation on Issuers”); or

(b) in other circumstances which are exempt from the rules on public offers pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “Italian Securities Act”) and its implementing CONSOB regulations, including the Regulation on Issuers.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and:

(i) made by soggetti abilitati (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Italian Securities Act), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Securities Act, CONSOB Regulation 16190 of October 29, 2007, as amended, Legislative Decree No. 385 of September 1, 1993, as amended (the “Italian Banking Act”) and any other applicable laws and regulations; and

(ii) in compliance with any other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes it purchased occurs in compliance with applicable laws and regulations.

Please note that in accordance with Article 100-bis of the Italian Securities Act, the subsequent resale on the secondary market in the Republic of Italy of the Notes (which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus) constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Italian Securities Act and the Regulation on Issuers unless an exemption applies. Failure to
comply with such rules may result in the subsequent resale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damage suffered by the investors.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended, the “FIEL”). The Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan or Japanese corporation, except in accordance with the provisions of, or pursuant to an exemption in accordance with the provisions of, or pursuant to an exemption available under, the applicable laws and regulations of Japan including the FIEL. For the purpose hereof, “resident of Japan” means an individual whose address is in Japan, and “Japanese corporation” means a legal entity organized under the laws of Japan.

Singapore

Neither this document nor any Pricing Supplement or Final Terms has been registered or will be registered as a prospectus with the Monetary Authority of Singapore. The Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, whether directly or indirectly, nor may this document, any Pricing Supplement, Final Terms or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (b) to a relevant person (as defined in Section 275(2) of the SFA) who is also an Exempt Investor pursuant to Section 275(1) of the SFA, or any Exempt Investor pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2 (1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

An “Exempt Investor” refers to any person mentioned under Regulation 2 of the Securities and Futures (Capital Markets Products) Regulations 2018, under which an issuer is exempt from complying with Section 309B(1) of the SFA in relation to an offer of any capital markets products, if the offer is made to any such person.
TRANSFER RESTRICTIONS

Each purchaser of a Note, by its acceptance of the Notes, will be deemed to have acknowledged, represented to and agreed with us and the applicable Dealer as follows:

(1) If it is a purchaser of a Note sold pursuant to Regulation D and Part 16.7 of the OCC’s securities offering regulations (12 C.F.R. Part 16.7), it understands and acknowledges that:
   • the Notes have not been registered under the Securities Act, the rules and regulations of the OCC or any other applicable securities law; and
   • the Notes are being offered for sale in transactions that do not require registration under the Securities Act, the OCC’s securities offering regulations or any other securities laws; and
   • unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred except in compliance with the registration requirements of the Securities Act, the OCC’s securities offering regulations or any other applicable securities laws, under an exemption from the securities laws or in a transaction not subject to the securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) If it is a purchaser of a Note sold pursuant to Regulation D and 12 C.F.R. Part 16.7, it represents that:
   • it is an “accredited investor,” as defined in Rule 501 under the Securities Act, and is aware that any sale of the Notes to it will be made in reliance on Regulation D of the Securities Act (as that Regulation is incorporated by reference into the OCC’s securities offering regulations by 12 C.F.R. Part 16.7) and the acquisition will be for its own account; and
   • it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes and is able to bear the economic risks of, and withstand the complete loss of, such investment.

(3) It acknowledges that none of the Bank, any Dealer or any person representing the Bank or any Dealer has made any representation to it with respect to us or the offering of the Notes, other than the information contained in this offering circular or the applicable Pricing Supplement, Final Terms or Program Supplement, if any, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes.

(4) If it is a purchaser of a Note sold pursuant to Regulation D and 12 C.F.R. Part 16.7, it has had access to financial and other information concerning the Bank and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us and the applicable Dealer.

(5) If it is a purchaser of a Note sold pursuant to Regulation D and 12 C.F.R. Part 16.7, it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes as permitted hereby. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, to offer, sell or otherwise transfer the Notes only:
   (a) to the Bank or one of its subsidiaries;
   (b) to a person it reasonably believes is a QIB that is purchasing for its own account or for the account of a QIB, in each case, to whom notice is given that the transfer is being made in reliance on Rule 144A; or
   (c) in another transaction that is exempt from registration under the rules and regulations of the Commission and the OCC, provided that the Bank and any Paying Agent will have the right to request an opinion of counsel from the transferor prior to effecting any such transfer.

(6) That each applicable Note will contain a legend setting forth the applicable transfer restrictions in paragraph (5) above.
(7) It acknowledges that the Bank, the Dealers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Bank and the applicable Dealer. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has full investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgments, representations and agreements on behalf of each account.

A Dealer may obtain a written agreement from any purchaser of the Notes, or conduct such other inquiry, as it may deem necessary to determine the accuracy of an investor’s representations and acknowledgments set forth herein. Please see “ERISA Considerations” below for additional representations that may be deemed to be given by investors in the Notes.
ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974 (“ERISA”) imposes certain restrictions on employee benefit plans as defined in Section 3(3) of ERISA that are subject to Title I of ERISA (“ERISA Plans”) and on persons who are fiduciaries with respect to such ERISA Plans. In accordance with the ERISA’s general fiduciary requirements, a fiduciary with respect to any such ERISA Plan who is considering the purchase of Notes on behalf of such ERISA Plan should determine whether such purchase is permitted under the governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans and any entity whose underlying assets include plan assets by reason of any Plan’s investment in the entity, “Plans”) and persons who have certain specified relationships to the Plan (“parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary considering the purchase of Notes should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code.

The Bank or Dealers selling Notes may each be considered a “party in interest” or a “disqualified person” with respect to many Plans and the Bank and several of its subsidiaries are each considered a “disqualified person” under the Code or “party in interest” under ERISA with respect to many Plans.

The purchase of Notes by a Plan that is subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 4975 of the Code (including individual retirement accounts and other plans described in Section 4975(c)(1) of the Code) and with respect to which the Bank or the Dealers selling Notes is a party in interest or a disqualified person may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless such notes are acquired pursuant to and in accordance with an applicable statutory or administrative exemption. Administrative exemptions include Prohibited Transaction Class Exemption (“PTCE”) 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 95-60 (an exemption for certain transactions involving life insurance general accounts) or PTCE 96-23 (an exemption for certain transactions determined by in house investment managers).

In addition, ERISA Section 408(b)(17) and Code Section 4975(d)(20) contain a statutory exemption from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for transactions involving certain parties in interest or disqualified persons who are such merely because they are a service provider to a Plan, or because they are related to a service provider. Generally, the exemption would be applicable if the party to the transaction with the Plan is a party in interest or a disqualified person to the Plan but is not (i) an employer, (ii) a fiduciary who has or exercises any discretionary authority or control with respect to the investment of the Plan assets involved in the transaction, (iii) a fiduciary who renders investment advice (within the meaning of ERISA and Section 4975 of the Code) with respect to those assets, or (iv) an affiliate of (i), (ii) or (iii). Any Plan fiduciary relying on this statutory exemption (Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code) and purchasing Notes on behalf of a Plan will be deemed to represent that (x) the fiduciary has made a good faith determination that the Plan is paying no more than, and is receiving no less than, adequate consideration in connection with the transaction and (y) neither the Bank nor any affiliates of the Bank directly or indirectly exercises any discretionary authority or control or renders investment advice (as defined above) with respect to the assets of the Plan which such fiduciary is using to purchase the Notes, both of which are necessary preconditions to utilizing this exemption. Any purchaser that is a Plan is encouraged to consult with counsel regarding the application of the foregoing exemptions or any other statutory or administrative exemption.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations substantially similar to the foregoing provisions of ERISA or the Code (“Similar Law”). Fiduciaries of such plans (“Similar Law Plans”) should consider applicable Similar Law when investing in the notes.

By its purchase of any Note, the purchaser or transferee thereof will be deemed to represent, on each day from the date on which the purchaser or transferee acquires the Note through and including the date on which the purchaser or transferee disposes of its interest in such Note, either that (a) it is not a Plan, a Similar Law Plan or an entity whose underlying assets include the assets of any Plan or Similar Law Plan or (b) its purchase, holding and disposition of such Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law. Each purchaser and holder of the
Notes has exclusive responsibility for ensuring that its purchase, holding and/or disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Laws.

The sale of Notes to a Plan or a Similar Law Plan is in no respect a representation by the Bank or any of its affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such an investment is appropriate for a Plan or a Similar Law Plan generally or any particular Plan or Similar Law Plan.

Any person proposing to acquire any Notes on behalf of a Plan or Similar Law Plan should consult with counsel regarding the applicability of the prohibited transaction rules and the applicable exemptions thereto and all other relevant considerations.

The above discussion may be modified or supplemented with respect to a particular offering of Notes, including the addition of further ERISA restrictions on purchase and transfer set forth in any applicable Final Terms, Pricing Supplement or Program Supplement, if any.

LEGAL MATTERS

Mayer Brown LLP, New York, New York, has acted as special tax counsel to the Bank in connection with certain United States federal income tax matters related to the issuance of the Notes. Certain legal matters will be passed upon for the Bank, the Dealers and HSBC USA by Mayer Brown LLP.
ANNEX A

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS]

The Notes are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any retail investor in the European Economic Area (each an “EEA Retail Investor”). For these purposes: (a) a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”), (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to EEA Retail Investors has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any EEA Retail Investor might be unlawful under the PRIIPs Regulation.¹

¹ Only applicable where paragraph 39 of the Final Terms is marked as “Applicable.”

[MIFID II PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY]

TARGET MARKET

Solely for the purposes of [each][the] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”), and (b) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.² Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.³

³ Delete where none of the Managers/Dealers are MiFID II investment firms that are manufacturers pursuant to MiFID II for the purposes of the offering of the relevant Tranche of Notes, or revise where the relevant manufacturers have determined that an alternative target market is appropriate for the offering of the relevant Tranche of Notes. If this paragraph is included but the paragraph regarding the PRIIPs Regulation is not included, then include the definition of MiFID II in this paragraph.

FINAL TERMS DATED [ ]
HSBC BANK USA, NATIONAL ASSOCIATION  
(a national banking association)  

Legal Entity Identifier (LEI): 1IE8VN30JCEQV1H4R804  

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the US$40,000,000,000  

Global Bank Note Program  
for the issue of Senior and Subordinated Notes  

PART A – CONTRACTUAL TERMS  

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Offering Circular dated October 25, 2019. This document constitutes the final terms of the Notes described herein and must be read in conjunction with such Offering Circular.  

[The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under an Offering Circular with an earlier date.  

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Offering Circular dated October 25, 2019. This document constitutes the final terms of the Notes described herein and must be read in conjunction with the Offering Circular dated October 25, 2019 save in respect of the Conditions which are extracted from the Offering Circular dated October 25, 2019.  

[If the Notes have a maturity of less than one year from their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other Specified Currency.]  

The Notes offered under this Final Terms have not been registered under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, the Notes [are being offered outside the United States in compliance with Regulation S under the Securities Act] [are being offered only to [institutional investors that are] “accredited investors” within the meaning of Rule 501 under the Securities Act, and each owner of a beneficial interest in a Note will be required to hold such beneficial interest in a minimum principal amount of U.S.$250,000 (or its equivalent in other currencies calculated as described in the Offering Circular)] [are being offered only to [institutional investors that are] “accredited investors” within the meaning of Rule 501 under the Securities Act and in accordance with Regulation D under the Securities Act (as such Regulation is incorporated by reference into the U.S. Office of the Comptroller of the Currency’s securities offering regulations by 12 C.F.R. Part 16.7)].  

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]  

1.  
   [(i)] Issuer:  
   [(ii)] Issuing Office:  

2.  
   [(i)] Series Number:  
   [(ii)] Tranche Number:  

   (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)  

3.  
   Specified Currency or Currencies:  

4.  
   Aggregate Principal Amount of Notes admitted to trading:  

[Specify currency of denomination and currency of Payment]
5. Issue Price; Dealer’s Discount or Commission: [If interchangeable with existing Series]
   [   ] per cent. of the Aggregate Nominal Amount [plus
   accrued interest from [insert date (if applicable)]]

6. Authorized Denominations:
   [   ] 4

7. [i] Issue Date:
   [   ]

   [ii] Interest Commencement Date (if different from the Issue Date):
   [   ]

8. Stated Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]

9. Interest Basis:
   [   ] per cent. Fixed Rate
   [specify reference rate] +/-[   ] per cent.
   Floating Rate
   [Zero Coupon]
   [Indexed Interest]
   [Other (specify)]
   (further particulars specified below)

10. Interest Payment Period:
    [One Month][Three Months][Six Months][Twelve Months][Other (specify)]

11. Redemption/Payment Basis:
    [Redemption at par]
    [Indexed Redemption]
    [Dual Currency]
    [Partly Paid]
    [Installment]
    [Other (specify)]

12. Change of Interest or Redemption/Payment Basis:
    [Not Applicable / Applicable] [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]

13. Regular Record Dates (for Registered Notes with maturities greater than one year):
    [   ]

14. Exchange Agent (DTC Registered Notes and Dual Currency)
    [   ]

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4 Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the United Kingdom Financial Services and Markets Act 2000, as amended, unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.
15. Default Rate (if other than Interest Rate): [   ] % per annum
16. Put/Call Options: [Investor Put]
   [Issuer Call]
   [further particulars specified below]
17. (i) Status of the Notes: [Senior/Subordinated]

(ii) Date of Board approval for issuance of Notes obtained: [   ] (N.B: Only relevant where Board (or similar) authorization is required for the particular Tranche of Notes)
18. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

19. **Fixed Rate Note Provisions:**

   (i) Rate[(s)] of Interest: [   ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

   (ii) Interest Payment Date(s): [   ] in each year, up to and including the Maturity Date [adjusted in accordance with [specify Business Day Convention and any applicable Additional Financial Centre(s) for the definition of Business Day] / not adjusted] (Amend as applicable in the case of long or short Coupons)

   (iii) Fixed Coupon Amount[s]: [Not Applicable/if applicable, specify [   ] per [   ] in Principal Amount]

   (iv) Broken Amount[s]: [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[s]]

   (v) Day Count Convention: [30/360 for the period from [   ] to [   ]]

   (vi) Determination Date[s]: [Actual/360 for the period from [   ] to [   ]]

   (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

20. **Floating Rate Note Provisions:**

   (i) Interest Period[s]: [   ]

   (ii) Specified Interest Payment Dates: [Specify dates (or if the Applicable Business Day Convention
(iii) Business Day Convention:           

(Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Other (give details) / No Adjustment)

(iv) Business Centre:                   

[v]

(v) Manner in which the Rate(s) of Interest is/are to be determined:    

[Reference Rate Determination / ISDA Determination / Other (give details)]

(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):

[Name and specified office]

(vii) Reference Rate Determination:       

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

—Initial Interest Rate:              

[ ]

—Index Maturity:                    

[ ]

—Interest Rate Basis or Bases:      

[Designated CMT Reuters Screen Page]

[Designated CMT Index Maturity]

[Reuters LIBOR Screen Page]

—Index Currency:                    

[ ]

—Spread:                            

[+/-] [ ] per cent. per annum

—Spread Multiplier:                 

[ ]

—Initial Interest Reset Date:       

[ ]

—Initial Reset Period:              

[ ]

—Initial Reset Dates:               

[ ]

—Initial Calculation:               

[Regular Floating Rate Note]

[Fixed Rate Commencement Date: [ ]]

[Fixed Interest Rate: [ ] % per annum]

[Inverse Floating Rate Note]

[Fixed Interest Rate: [ ] % per annum]

(viii) ISDA Determination:              

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

—Margin:                             

[+/-] [ ] per cent. per annum

—Floating Rate Option:              

[ ]

—Designated Maturity:               

[ ]

—Reset Date:                        

[ ]
(ix) Margin(s): [+/-] [ ] per cent. per annum
(x) Minimum Rate of Interest: [ ] per cent. per annum
(xi) Maximum Rate of Interest: [ ] per cent. per annum
(xii) Day Count Convention: [30/360 for the period from [ ] to [ ]]
   [Actual/360 for the period from [ ] to [ ]]
   [Actual/Actual for the period from [ ] to [ ]]
   [Other (specify)]
(xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
   [ ]
(xiv) Calculation Agent: [ ]

   *(If not applicable, delete the remaining subparagraphs of this paragraph)*

   (i) Total Amount of OID: [ ]
   (ii) [Amortization/Accrual] Yield: [ ] per cent. per annum
   (iii) Reference Price: [ ]
   (iv) Initial Accrual Period: [ ]
   (v) Any other formula/basis of determining amount payable: [ ]

22. **Indexed Notes/other variable linked interest Note Provisions**: [Applicable/Not Applicable]
   *(If not applicable, delete the remaining subparagraphs of this paragraph)*

   (i) Index/Formula/other variable: [ ]
   (ii) Calculation Agent responsible for calculating the interest due: [ ]
   (iii) Provisions for determining Coupon where calculated by reference in Index and/or Formula and/or other variable: [ ]
   (iv) Determination Date(s): [ ]
   (v) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest payable where calculation by reference to the Index/Formula is impossible or impractical: [ ]
   (vi) Interest or calculation period: [ ]
   (vii) Specify Interest Payment Dates: [ ]
   (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
(ix) Business Centre: [ ]

(x) Minimum Rate/Amount of Interest: [ ] per cent. per annum

(xi) Maximum Rate/Amount of Interest: [ ] per cent. per annum

(xii) Day Count Fraction: [ ]

23. **Dual Currency Note Provisions:** [Applicable/Not Applicable]

*If not applicable, delete the remaining subparagraphs of this paragraph*

(i) Face Amount: [ ]

(ii) Face Amount Currency: [ ]

(iii) Optional Payment Currency: [ ]

(iv) Option Election Dates: [ ]

(v) Rate of Exchange/method of calculating Rate of Exchange: [ ]

(vi) Calculation Agent (if any) responsible for calculating the principal and/or interest due: [ ]

(vii) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest payable where calculation by reference to Rate(s) of Exchange is impossible or impracticable: [ ]

(viii) Person at whose option Specified Currency(ies) is/are payable: [ ]

24. **Installment Note Provisions:** [Applicable/Not Applicable]

*If not applicable, delete the remaining subparagraphs of this paragraph*

Additional provisions relating to Installment Notes: [ ]

25. **Partly Paid Note Provisions:** [Applicable/Not Applicable]

*If not applicable, delete the remaining subparagraphs of this paragraph*

Additional provisions relating to Partly Paid Notes: [ ]

**PROVISIONS RELATING TO REDEMPTION**

26. **Call Option:** [Applicable/Not Applicable]

*If not applicable, delete the remaining subparagraphs of this paragraph*

(i) Initial Redemption Date: [ ]

(ii) Initial Redemption Percentage: [ ]

(iii) Annual Redemption Percentage Reduction: [ ]

(iv) Optional Redemption Date(s): [ ]

(v) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Note of [ ] Specified Denomination.

(vi) If redeemable in part: [Specify, otherwise redemption will only be permitted of entire]
(a) Minimum Redemption Amount: [ ]
(b) Maximum Redemption Amount: [ ]

(vii) Notice period: [ ]

27. **Put Option:**

   (i) Initial Redemption Date: [ ]
   (ii) Initial Redemption Percentage: [ ]
   (iii) Annual Redemption Percentage Reduction: [ ]
   (iv) Optional Redemption Date(s): [ ]
   (v) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
   (vi) Notice period: [ ]

28. **Final Redemption Amount of each Note:**

   In cases where the Final Redemption Amount is Index-Linked or other variable Linked:

   (i) Index/Formula/Variable: [ ]
   (ii) Calculation Agent Responsible for calculating the Final Redemption Amount: [ ]
   (iii) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [ ]
   (iv) Determination Date(s): [ ]
   (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
   (vi) Payment Date: [ ]
   (vii) Minimum Final Redemption Amount: [ ]
   (viii) Maximum Final Redemption Amount: [ ]

29. **Early Redemption Amount**

   Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable/ Specify]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

30. **Form of Notes:**

   (i) Registered Notes: [Not Applicable/ Specify]
   (ii) Regulation S Global Note: [Not applicable/[( ] nominal amount) registered in the name of [a nominee for DTC] [a common depositary for Euroclear.
31. Financial Centre(s) or other provisions relating to Payment Dates:
   [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 19(ii), 20(iv) and 22(ix) relate]

32. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
   [Not Applicable/give details]

33. Details relating to Installment Notes: amount of each installment, date on which each payment is to be made:
   [Not Applicable/give details]

34. Redenomination, renominalization and reconventioning provisions:
   [Not Applicable / The provisions [in Condition [ ] apply]

35. Consolidation provisions:
   [Not Applicable / The provisions [in Condition [ ] apply]

36. Other final terms:
   [Not Applicable/give details]

DISTRIBUTION

37. (i) If syndicated, names of Managers:
   [Not Applicable/give names of Relevant Dealer/Lead Manager and other Dealers/Managers (if any)]

   (ii) Date of Distribution Agreement:
        [ ]

   (iii) Stabilizing Manager (if any):
        [ ]

38. If non-syndicated, name of Dealer:
   [Not Applicable/give name]

39. Prohibition of sales to EEA Retail Investors:
   [Applicable][Not Applicable]

   (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, then “Not Applicable” should be specified. If the Notes might constitute “packaged” products and no key information document will be prepared, then “Applicable” should be specified.)

40. Prohibition of sales to Belgian Consumers:
   [Applicable][Not Applicable]

   (N.B. advice should be taken from Belgian counsel before disapplying this selling restriction.)

41. Additional selling restrictions:
   [Not Applicable/give details]

42. Other Information:
   [Not Applicable] [ ]
RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of HSBC Bank USA, National Association:

By: ____________________________

Duly authorized
PART B – OTHER INFORMATION

1. **LISTING**

   (i) Listing: [London][Not Applicable]

   (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the Professional Securities Market] on or about [Not Applicable.]

   (iii) Estimate of total expenses related to admission to trading: [ ]

2. **RATINGS**

   Ratings: The Notes to be issued have been rated:

   [S&P: [ ]]

   [Moody’s: [ ]]

   [[Other]: [ ]]

   (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

   [Not Applicable][Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

   “Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

   (i) Reasons for the offer: [ ]

   (See [“Use of Proceeds”] wording in Offering Circular – if reasons for offer differ from general financing requirements and/or making profit and hedging certain risks will need to include those reasons here.)

   [(i)/(ii)] Estimated net proceeds: [ ]

   (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

   [(ii)/(iii)] [Estimated total expenses: [ ] [Include breakdown of expenses.] (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is)

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1 To the extent that an application to list any Tranche of Notes on the Professional Securities Market (or any other European MTF or EEA regulated market) is envisaged, this Offering Circular may require amendments to its content to ensure compliance with the relevant listing and disclosure rules of such market.
5. **[Fixed Rate Notes Only] – YIELD**

   Indication of yield: [ ]

   [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Index-Linked or other variable-linked Notes only] – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

   Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.

7. **[Dual Currency Notes only] – PERFORMANCE OF RATE[S] OF EXCHANGE**

   Need to include details of where past and future performance and volatility of relevant rate[s] can be obtained.

8. **OPERATIONAL INFORMATION**

   ISIN Code: [ ]

   Common Code: [ ]

   CFI: [See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN][Not Applicable][Not Available]

   FISN: [See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN][Not Applicable][Not Available]

   (If the CFI and/or FISN is not required or requested as of the completion of the Final Terms, then it/they should be specified to be “Not Applicable,” but if it/they is/are not available as of the completion of the Final Terms, then it/they should be specified to be “Not Available.”)

   Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

   Delivery: Delivery [against/free of] payment

   Names and addresses of Additional Paying Agent(s) (if any): [Not applicable/give names and addresses]
ANNEX B\(^1\)

FORM OF PRICING SUPPLEMENT

PRICING SUPPLEMENT DATED \(\, 20[\ ]\)

(To Offering Circular dated October 25, 2019)

HSBC BANK USA, NATIONAL ASSOCIATION

(a national banking association)

Global Bank Notes

This Pricing Supplement should be read in conjunction with the accompanying Offering Circular, dated October 25, 2019 (the "Offering Circular"), relating to the U.S.$40,000,000,000 Global Bank Note Program of HSBC Bank USA, National Association. Unless otherwise defined herein, terms used herein shall have the meanings ascribed to them in the Offering Circular.

[Include whichever of the following apply]

The Notes offered under this pricing supplement have not been registered under the Securities Act of 1933 (the "Securities Act"). Accordingly, the Notes [are being offered outside the United States in compliance with Regulation S under the Securities Act] [are being offered only to [institutional investors that are] “accredited investors” within the meaning of Rule 501 under the Securities Act, and each owner of a beneficial interest in a Note will be required to hold such beneficial interest in a minimum principal amount of U.S.$250,000 (or its equivalent in other currencies calculated as described in the Offering Circular)] [are being offered only to [institutional investors that are] “accredited investors” within the meaning of Rule 501 under the Securities Act and in accordance with Regulation D under the Securities Act (as such Regulation is incorporated by reference into the U.S. Office of the Comptroller of the Currency’s securities offering regulations by 12 C.F.R. 16.7)].

DESCRIPTION OF THE NOTES

1. Issuing Office:

2. Specified Currency and Principal Amount:

3. Senior or Subordinated:

4. Original Issue Date:

5. Stated Maturity Date:

6. Issue Price; Dealer’s Discount or Commission:

7. Authorized Denomination(s):

8. Form of Note:

9. (a) Series Number:

   (b) If forming part of an existing Series (Yes/No): [If yes, give details]

10. Interest Payment Period:

    [ ] One Month

\(^1\) Once finalised, proposed changes made to the pro forma Final Terms should also be included, as applicable, in this form of Pricing Supplement.
11. Interest Payment Date(s):

12. Regular Record Dates (for Registered Notes with Maturities Greater than One Year):

13. Exchange Agent (DTC Registered Notes and Dual Currency Notes):

14. Default Rate (if other than Interest Rate):  % per annum

15. Listing:

16. Ratings:

   A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE
FIXED RATE NOTES

17. Interest Rate:  % per annum

18. Day Count Convention:

   [ ] 30/360 for the period from     to     

   [ ] Actual/360 for the period from     to     

   [ ] Actual/Actual for the period from     to     

   [ ] Other (specify convention and applicable period):

FLOATING RATE NOTES

19. Interest Rate Determination:

   [ ] ISDA Rate

   [ ] Reference Rate Determination

20. Calculation Agent:

21. Maximum Interest Rate:  % per annum

22. Minimum Interest Rate:  % per annum

23. Day Count Convention:

   [ ] 30/360 for the period from     to     

   [ ] Actual/360 for the period from     to     

   [ ] Actual/Actual for the period from     to     

   [ ] Other (specify convention and applicable period):

24. Business Day Convention:
[ ] Floating Rate Convention
[ ] Following Business Day Convention
[ ] Modified Following Business Day Convention
[ ] Preceding Business Day Convention
[ ] Other (specify):

ISDA RATE

25. Margin:  

26. Floating Rate Option:

27. Designated Maturity:

28. Reset Date:

REFERENCE RATE DETERMINATION

29. Initial Interest Rate:

30. Index Maturity:

31. Interest Rate Basis or Bases:

   If CMT Rate:  Designated CMT Reuters Screen page:

   Designated CMT Index Maturity:

   If LIBOR:  Reuters LIBOR Screen page:

32. Index Currency:

33. Spread:  

34. Spread Multiplier:

35. Initial Interest Reset Date:

36. Interest Reset Period:

37. Interest Reset Dates:

38. Interest Calculation:

   [ ] Regular Floating Rate Note

   [ ] Floating Rate/Fixed Rate Note

   Fixed Rate Commencement Date:

   Fixed Interest Rate:  

   [ ] Inverse Floating Rate Note

   Fixed Interest Rate:  

PROVISIONS REGARDING REDEMPTION/REPAYMENT

39. Initial Redemption Date:
40. Initial Redemption Percentage:
41. Annual Redemption Percentage Reduction:
42. Holder’s Optional Repayment Date(s):

ORIGINAL ISSUE DISCOUNT NOTES (INCLUDING ZERO COUPON NOTES)

43. Original Issue Discount Note (Yes/No):
   If Yes: Total Amount of OID:
   Yield to Maturity:
   Initial Accrual Period:
   Issue Price: %

INDEXED NOTES

44. Index: [give details]
45. Formula:
46. Calculation Agent responsible for calculating the principal interest due:
47. Provisions where calculation by reference to Index and/or Formula is impossible or impracticable:

DUAL CURRENCY NOTES

48. Dual Currency Notes (Yes/No):
   If Yes: Face Amount:
   Face Amount Currency:
   Optional Payment Currency:
   Option Election Dates: [give details]
49. Designated Exchange Rate:
50. Option Value Calculation Agent:
51. Calculation Agent, if any, responsible for calculating the principal and/or interest payable:

INSTALLMENT NOTES

52. Additional provisions relating to Installment Notes:

PARTLY PAID NOTES

53. Additional provisions relating to Partly Paid Notes:

GENERAL PROVISIONS

54. Additional or different Paying Agents:
55. “Business Day” definition (if other than as defined in the Offering Circular):
   [If yes, give details]
56. Additional selling restrictions: [give details]
57. CUSIP:  

ISIN:  

Common Code:  

CINS:  

Other (specify):  

58. Details of additional/alternative clearance system approved by the Bank:  

59. Syndicated Issue (Yes/No): If Yes, names of managers and details of relevant stabilizing manager, if any:  

60. Clearance System(s):  

[ ] DTC only  

[ ] Euroclear and Clearstream, Luxembourg only  

[ ] DTC; and Euroclear and Clearstream, Luxembourg through DTC  

[ ] DTC, Euroclear and Clearstream, Luxembourg  

[ ] Other:  

61. Name(s) of relevant Dealer(s):  

62. Other terms or special conditions:  

63. Redenomination:  

64. Tax considerations:  

[LISTING APPLICATION]  

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$40,000,000,000 Global Bank Note Program for the Issue of Senior and Subordinated Notes of HSBC Bank USA, National Association dated October 25, 2019.]

RESPONSIBILITY  

The Bank accepts responsibility for the information contained in this Pricing Supplement.  

Signed on behalf of HSBC Bank USA, National Association:  

By:  

Duly authorized
ISSUER
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McLean, Virginia 22102-19801

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