



## Information Circular: HSBC USA Inc. ELEMENTS

---

**To:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**From:** PHLX Listing Qualifications Department

---

Index-Linked Notes	Symbol	CUSIP Number
HSBC USA Inc. ELEMENTS Linked to the S&P Commodity Trends Indicator — Total Return due June 16, 2023	LSC	4042EP602

### Information on the Notes

HSBC USA Inc. (the “Issuer”) has issued ELEMENTS exchange-traded notes (“ELEMENTS” or “Notes”) linked to the S&P Commodity Trends Indicator — Total Return Index (the “Index”). The ELEMENTS were priced at \$10 each and mature on June 16, 2023.

Holders of the Notes shall receive a cash payment on the maturity date that will be equal to the then outstanding principal amount of the Note times the Index Factor on the Final Valuation Date times the Fee Factor on the Final Valuation Date, as determined by the Calculation Agent referred to below.

The Index Factor will be calculated on the Final Valuation Date by the Calculation Agent and will be equal to the average of the closing levels of the Index for the five Trading Days immediately prior to and including the Final Valuation Date divided by the Initial Index Level. On any other Valuation Date the Index Factor will be calculated by the Calculation Agent and will be equal to the closing level of the Index on that day divided by the Initial Index Level.

The Initial Index Level is the closing level of the Index on the inception date (June 10, 2008).

The Fee Factor on any Valuation Date will be equal to one minus the aggregate investor fee, which is the product of (i) the Annual Investor Fee and (ii) the number of days elapsed from the inception date (June 10, 2008) to and including such Valuation Date divided by 365.

The Annual Investor Fee is 0.75%.

A Trading Day is any day on which (i) the level of the Index is calculated and published, (ii) trading is generally conducted on the New York Stock Exchange, NYSE Arca, the PSX Stock Market and the American Stock Exchange and (iii) trading is generally conducted on the markets on which the futures contracts underlying the Index are traded, in each case as determined by the Calculation Agent in its sole discretion.

Prior to the Maturity Date, holders of the Notes may elect to offer all or a portion of the principal amount of the Note for repurchase by the Issuer on any Business Day during the

term of the Note, beginning on June 17, 2008 and ending on May 25, 2023, in a principal amount of at least \$2,500,000. The Issuer will have the right to repurchase the Note in whole but not in part on or after June 16, 2011, if, on any Business Day, on or after June 16, 2011, the outstanding principal amount of the Note is \$5,000,000 or less. If the Note is repurchased (either at the Issuer's option or the holder's), on the corresponding Repurchase Date, the holder will receive a cash payment in an amount equal to the daily Repurchase Value, which is the principal amount of the Note so subject to repurchase times the Index Factor on the applicable Valuation Date times the Fee Factor on the applicable Valuation Date, as determined by the Calculation Agent.

A Repurchase Date is the third Business Day following a Valuation Date.

Business Days are a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

Valuation Dates are each Trading Day from June 18, 2008 to June 12, 2023 inclusive, unless the Calculation Agent reasonably determines that a Market Disruption Event (as defined herein) occurs or is continuing on that day with respect to an Index Component. A Valuation Date with respect to a repurchase is the Business Day after notice of such repurchase is delivered to DTC. A Valuation Date may be postponed due to a Market Disruption Event with respect to an Index Component.

At any time, any of the commodity futures contracts included in the Index are considered Index Components.

The Calculation Agent is HSBC USA Inc. or one of its affiliates.

Please see the prospectus for the Notes for more details regarding the calculations and the mechanics of early repurchase of the Notes.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade from 9:00 a.m. until 5:00 p.m. Eastern Time. Additional risks may exist with respect to trading the Notes during PSX's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares Notes if the primary market de-lists the Notes.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PSX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.**

---

Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), PHLX Listing Qualifications, at 301.978.8088
- [PSX Market Sales](#) at 800.846.0477