

# HSBC Market-Linked Certificates of Deposit

Market participation  
The security of FDIC insurance\*



# Market-Linked Certificates of Deposit (CDs)

An important tool in helping investors address the question “How do I try to grow my money without losing it?”

Over the past two decades, the marketplace for structured investments has grown significantly as investors ranging from young families to retirees have increasingly looked to these investments to help address wealth management objectives such as pursuing growth opportunities, generating income, and protecting principal.

Structured investments can take many different forms – registered notes and CDs to name a few. A very common method in which structured investments are issued is in the form of principal protected Market-Linked Certificates of Deposit (CDs).

Market-Linked CDs offer investors the potential to earn enhanced returns compared to those available with traditional deposit products.

## Benefits and features



All of HSBC's Market-Linked CDs are issued by HSBC Bank USA, National Association. In both rising and falling equity markets, these Market-Linked CDs are 100% principal protected, subject to issuers ability to pay, when held to maturity. In addition, the CDs are FDIC-insured up to the statutory limits\*, but are subject to the credit risk of the issuer.

HSBC Market-Linked CDs can offer clients access to a wide range of markets such as US and international equities, commodities, and foreign exchange\*\* by linking the returns on these CDs to the performance of these asset classes.

### Equity indices and other reference assets

|                                    |                              |
|------------------------------------|------------------------------|
| S&P 500®                           | Commodity indices            |
| NASDAQ 100®                        | Precious metals              |
| Dow Jones Industrial Average®      | Foreign currencies           |
| Nikkei 225® (Japan)                | Interest rate benchmarks     |
| DJ EuroStoxx 50® (Eurozone)        | Equities                     |
| Hang Seng China Enterprise (China) | Exchange traded funds (ETFs) |

\* See back cover for more information

\*\* See back cover for more information

## Financial objectives

Market-Linked CDs are flexible investment solutions. Designed for buy and hold strategies, the investor profile is broad, including retirees, millennials, and families saving for college expenses.

**Investors may be attracted by Market-Linked CDs' ability to provide:**



100% principal protection when held to maturity regardless of the performance of the reference asset, subject to the issuer's credit risk



The potential for enhanced returns compared to those available with traditional bank deposit products



Focused exposure to a specific financial view



Investment horizons of one to seven years

## Tools for shaping portfolios

Market-Linked CDs may have broad applications in a well-balanced portfolio and have become a tool that individuals and their financial advisors should consider to meet certain financial objectives. These CDs can be used as a complement to existing assets in a portfolio or as a way to employ a tactical or strategic view.



Market-Linked CDs can also provide an efficient means to attain the true benefits of portfolio diversification, allowing investors to conveniently invest in alternative asset classes that may be difficult to invest in directly.

Market-linked CDs payoff structures can range from simple to complex; some pay coupons (e.g., fixed, floating, or a combination), while others pay at maturity; some may be callable, with the issuer terminating the investment early for a full return of principal.

No two clients or investment objectives are the same, which is why HSBC continuously seeks to develop innovative investment products to provide clients with financial strategies to help balance risk and reward.

# ABOUT HSBC



## **International banking reach**

The CDs are issued by HSBC Bank USA, NA, which is part of the HSBC Group, one of the largest banking and financial services organizations in the world, with a network of over 2,600 offices in 62 countries and territories worldwide.

## **Financial strength and security**

HSBC Bank USA, NA **credit ratings:**

- Fitch: AA-
- Moody's: Aa3
- S&P: A+

As of March 31, 2023

# Risks and Considerations

Market-Linked CDs are linked to the performance of specific underlying assets and are not equivalent to investing directly in that asset. It is important to note that Market-Linked CDs may not always reflect the actual performance of the underlying assets and have different risks than traditional CDs. For example, a Market-Linked CD may have features such as a cap or averaging, which could result in the performance of the CD differing from a direct investment in the underlying index or reference asset. A Market-Linked CD might not earn any interest and some participate in only a limited amount of the increase of an index (e.g., a cap rate).

There is currently no established secondary trading market for Market-Linked CDs. In the event that clients are able to redeem Market-Linked CDs prior to maturity, the CDs may redeem at less than the original amount due to fluctuations in the underlying assets and other market factors.

In all instances, like other investments, Market-Linked CDs should be carefully evaluated with respect to financial objectives, suitability, duration, calculation methods, tax considerations, and other risk factors. In addition, under US tax rules, investors may be subject to US taxes on interest income that have not been paid during the tax year. Investors should consult their own tax advisors prior to investment.

For any Market-Linked CD, please read the disclosure materials provided by your registered financial representative carefully before investing.

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**\*FDIC Insurance:** A Market-Linked CD represents a bank deposit obligation and is FDIC insured together with all other deposits you may have with the issuing bank, up to USD250,000 per depositor. Any funds deposited with the issuing bank (including other CDs issued by such bank) in excess of these limits will not be eligible for FDIC insurance, so you should consider and inform your financial advisor if you have other deposits at the issuing bank. For more detailed information regarding FDIC insurance coverage, you may contact the FDIC Call Center at (877) 275-3342 or refer to the FDIC public website at [www.fdic.gov](http://www.fdic.gov), where you can obtain a copy of the FDIC's brochure, Your Insured Deposits, FDIC's Guide to Deposit Insurance Coverage. Products and services are offered by HSBC Bank USA, NA, member FDIC.

\*\*Depending on the underlying asset to which the Market-Linked CD is linked, there may be certain risks to consider. For information on a particular Market-Linked CD, see the relevant offering documents for a full discussion of risks and considerations related to the underlying asset(s) of such CD.

\*\*\*The credit ratings pertain only to the creditworthiness of HSBC Bank USA, NA long-term debt, and are not indicative of the performance of the CDs nor are any third party awards received by HSBC Bank USA NA.

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Market-Linked CD Products are: bank deposits; obligations of the issuing bank; FDIC insured within applicable limits; not a liquid investment; and are designed to be held to maturity. Market-Linked CDs are subject to investment risk and any early repayment could result in a loss of principal investment.

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