

HSBC Securities (USA) Inc.

Material Aspects of Relationships with Market Centers

HSBC Securities (USA) Inc. has prepared this report pursuant to a U.S. Securities and Exchange Commission rule requiring all brokerage firms to make available to the public quarterly reports about their order routing practices.

The report provides information on the routing of "non-directed orders" -- any order that the customer has not specifically instructed to be routed to a particular venue for execution. For these non-directed orders, HSBC Securities (USA) Inc. has selected the execution venue on behalf of its customers.

This report identifies the venues most often selected by HSBC Securities (USA) Inc., sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects of HSBC Securities (USA) Inc.'s relationship with the venues.

HSBC Securities (USA), Inc. routes client and principal orders to national exchanges, alternative trading systems ("ATS"), and other market centers, which may include other broker-dealers. As such, HSBC Securities (USA) Inc. may accept payment in the form of rebates from certain market centers as part of "Maker-Taker" programs and discounts and/or reduction in fees from certain executing brokers, which in some cases may exceed the costs of execution; such cases constitute payment for order flow. However, HSBC Securities (USA) Inc.'s routing decisions are not determined by the receipt of payments, but rather on the basis of the quality of execution offered, taking into consideration various factors including, but not limited to price, transaction costs, liquidity and speed of execution.