

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF the *Securities Act*,  
R.S.A. 2000, c. S-4 (“Act”)

- and -

IN THE MATTER OF  
the Alberta Securities Commission rules (the “Rules”)

- and -

IN THE MATTER OF HSBC Capital Canada Fund (IV) Limited Partnership

R E C O G N I T I O N  
(Subsection 69(1)(b) of the Rules)

1. WHEREAS HSBC Capital Canada Fund (IV) Limited Partnership (“Fund IV”) has applied to the Alberta Securities Commission (the “Commission”) for an order under subsection 69(1)(b) of the Rules to renew its recognition by the Commission as an exempt purchaser under subsections 86(1)(d) and 131(1)(c) of the Act for the purpose of acquiring securities for Fund IV;
2. AND WHEREAS it was represented by Fund IV to the Commission that:
  - 2.1 Fund IV is a limited partnership established under the laws of British Columbia on December 29, 1999;
  - 2.2 Fund IV is not a reporting issuer under the Act;
  - 2.3 Fund IV is not in default of any of the requirements of the Act;
  - 2.4 Fund IV is in the business of providing investment capital to mid-sized Canadian companies;
  - 2.5 under the terms of a co-investment agreement among HSBC Capital Canada Fund (I) Limited Partnership, HSBC Capital Canada Fund (II) Limited Partnership, HSBC Capital Canada Fund (V) Limited Partnership (the “Limited Partnerships”) and Fund IV, Fund IV is required to make its investments and divestments concurrently with three other limited partnerships on a pro rata basis established by the co-investment agreement;

- 2.6 as at December 31, 2002, the approximate value of the investment portfolio of Fund IV alone was \$650,000 together with the other investment portfolios of the Limited Partnerships was approximately \$64,000,000;
- 2.7 HSBC Capital (Canada) Inc. (“HCCA”) is the general partner of Fund IV and the other Limited Partnerships and is solely responsible for the management, and the formulation of the investment policies, of Fund IV and the Limited Partnerships;
- 2.8 the names of all persons in HCCA responsible for the management and the formulation of Fund IV investment policies are attached to Schedule “A” of the Form 11 filed in connection with this Recognition;
- 2.9 Fund IV, through the directors, officers and employees of HCCA, possesses sufficient investment expertise to enable HSBC Fund IV to evaluate the merits of any particular investment without the need of assistance from a registrant or the requirement of a prospectus;
- 2.10 Fund IV has sufficient resources to engage the services of an adviser registered under the Act or under foreign securities laws if it deems such services to be necessary in making an investment decision;
- 2.11 all limited partnership units of Fund IV are currently held by and in the future may only be issued to:
  - 2.11.1 a director, officer and employee of HCCA or affiliates of HCCA (an “HSBC Professional”);
  - 2.11.2 the spouse, child, step-child, or grandchild of an HSBC Professional (an “Eligible Family Member”);
  - 2.11.3 a corporation wholly-owned by an HSBC Professional and/or an Eligible Family Member (an “Eligible Holding Company”);
  - 2.11.4 a trust the only beneficiaries of which are an HSBC Professional and/or the spouse, children, step-children or grandchildren of the HSBC Professional and the trustee of which will be the HSBC Professional, or if the trust has two or more trustees, the HSBC Professional or his or her spouse, or both, will constitute at least 50% of the trustees, or at least one trustee will be either the HSBC Professional or his or her spouse in which case the unanimous vote of the trustees will be required for decisions of the trust (an “Eligible Trust”);
  - 2.11.5 a registered retirement savings plan within the meaning of the Income Tax Act (Canada) under which the annuitant of each such plan is an HSBC Professional or his or her spouse (an “Eligible RRSP”); or

2.11.6 an affiliate of HCCA;

provided that the decision to invest in limited partnership units of Fund IV by any Eligible Family Member, Eligible Holding Companies, Eligible Trusts or Eligible RRSPs will be made by the HSBC Professional that is or is related to such person, company, trust or RRSP;

2.12 the HSBC Professionals are, and future HSBC Professionals will be, highly skilled individuals with experience and expertise in investment banking, money management, venture capital investing and/or banking who at the time of their investment in the limited partnership units of Fund IV were spending a significant amount of time and devoting significant attention to the business and affairs of Fund IV, and had a relationship with Fund IV at the time of investment in limited partnership units that permitted the HSBC Professionals to be knowledgeable in respect of the business and affairs of the investments made by Fund IV, such that they were capable of evaluating the merits and risks of an investment in Fund IV;

- 3. AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;
- 4. THE COMMISSION HEREBY RECOGNIZES Fund IV as an exempt purchaser under the Act for the 5-year period from July 27, 2003 to and including July 27, 2008.

DATED at the City of Calgary )  
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 in the Province of Alberta ) “original signed by”  
 ) Glenda A. Campbell, Q.C., Vice-Chair  
 this 20<sup>th</sup> day of June, 2003 )  
 )  
 ) “original signed by”  
 ) Stephen R. Murison, Vice-Chair  
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