

**ALBERTA SECURITIES COMMISSION**

**DECISION**

**Citation: HSBC Securities (Canada) Inc., Re, 2011 ABASC 157**

**Date: 20110330**

In the Matter of the Securities Legislation of  
Alberta and Newfoundland and Labrador (the **Jurisdictions**)

and

In the Matter of the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of HSBC Securities (Canada) Inc. (the **Filer**)

**Background**

The securities regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision (the **Relief**) under the securities legislation of the Jurisdictions (the **Legislation**) that the provision of the Legislation requiring a registered dealer who has acted as principal or agent in connection with any trade in securities to send to the customer a written confirmation of the transaction (the **Trade Confirmation Requirement**) shall not apply to clients of the Filer (**Participating Clients**) who receive discretionary managed services pursuant to the Filer's Private Investment Management Service (the **PIM Service**) with respect to trades in securities in the accounts of Participating Clients under the PIM Service (**PIM Accounts**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) this decision is the decision of the principal regulator and evidences the decision of the Decision Maker.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined in this decision.

## Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is registered under National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**) in the category of investment dealer in each of the provinces and territories of Canada and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
2. The head office of the Filer is located in Ontario. The Filer is not seeking exemptive relief in Ontario as the requested relief is not required under the securities legislation of Ontario.
3. The Filer is an indirect wholly-owned subsidiary of HSBC Bank Canada, which in turn is an indirect wholly-owned subsidiary of HSBC Holdings plc. HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London, United Kingdom.
4. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in any jurisdiction.
5. The Filer provides investment dealer and portfolio management services to individuals and corporate clients resident in Alberta and the other provinces and territories of Canada where it is qualified to provide such services.
5. The Filer intends to engage its affiliate, HSBC Global Asset Management (Canada) Limited (the **Adviser**), as a sub-adviser to provide portfolio management and investment advisory services in connection with the PIM Accounts. The Adviser is registered under NI 31-103 as an adviser in each of the provinces and territories of Canada, with the exception of Prince Edward Island.
6. Participating Clients will open PIM Accounts with the Filer that are separate and distinct from any other account the Participating Clients may have with the Filer.
7. The PIM Accounts will be “managed accounts” as defined under rule 1300 of the IIROC Dealer Member Rules (the **IIROC Rules**) and the Filer will comply with all applicable IIROC Rules with respect to managed accounts.
8. To participate in the PIM Service, Participating Clients will, among other things, enter into a written account agreement (the **PIM Account Agreement**) with the Filer which, in accordance with applicable IIROC Rules, sets out the terms, conditions, rights, duties and obligations relating to the PIM Service. Under a PIM Account Agreement:
  - (a) the Participating Clients will:
    - (i) grant full discretionary authority to the Filer to trade in securities on their behalf without obtaining their specific consent to individual trades; and

- (ii) authorize the Filer to retain the Adviser;
  - (b) the Filer or another recognized securities custodian will act as custodian of the securities and other assets in the Participating Clients' PIM Accounts;
  - (c) the Participating Clients will acknowledge and agree that securities transactions in the Participating Clients' PIM Accounts will generally be executed through the Filer without obtaining the specific consent of the Participating Clients to each individual trade; and
  - (d) unless requested otherwise, the Participating Clients will waive receipt of all trade confirmations in respect of securities transactions conducted by the Filer for the Participating Clients' PIM Accounts.
9. The Filer will provide to each of the Participating Clients a statement of account with respect to the PIM Accounts as required under the Legislation and the IIROC Rules.
  10. In the absence of the Relief, the Filer would be subject to the Trade Confirmation Requirement in the Jurisdictions.
  11. Rule 200.1(h) of the IIROC Rules prescribes circumstances in which IIROC permits withholding delivery of trade confirmations in respect of managed accounts (the **IIROC Trade Confirmation Exemption**).
  12. The PIM Service will be conducted in compliance with the requirements of the IIROC Trade Confirmation Exemption, including the provision of a trade confirmation to a client at his or her request.
  13. Trade confirmations are no longer required in the provinces of British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island and in the Yukon, Nunavut and Northwest Territories (the **Exempting Jurisdictions**), either because there is no longer such a requirement under the applicable securities legislation, or because section 9.3(1) of NI 31-103 applies to exempt members of IIROC from the requirement to deliver trade confirmations contained in the applicable securities legislation. The Relief will result in the Filer having obligations in relation to the delivery of trade confirmations under the Legislation that are similar to those under the securities legislation of the Exempting Jurisdictions.

**Decision**

The Decision Maker is satisfied that this decision meets the test set out in the Legislation for the Decision Maker to make this decision.

The decision of the Decision Maker under the Legislation is that the Relief is granted provided that the Filer is a member of IIROC and complies with all IIROC Rules, including all IIROC Trade Confirmation Exemption requirements.

**For the Alberta Securities Commission:**

*“original signed by”*

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Glenda Campbell, QC  
Vice-Chair

*“original signed by”*

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Stephen Murison  
Vice-Chair