

Headnote:

Application for an exemption from the requirement in subsection 22(2) of the General Securities Rules to have a business office manager in Nova Scotia – An investment dealer seeks relief from the requirement to have a manager who is a permanent resident of Nova Scotia for a Halifax business office– The registrant will appoint a branch manager resident outside Nova Scotia to be the branch manager for the Halifax business office as permitted under the rules of the Investment Industry Regulatory Organization of Canada– This arrangement will be subject to compliance with the applicable rules and by-laws of the Investment Industry Regulatory Organization of Canada.

Applicable legislative provisions

General Securities Rules, previously the Securities Regulations, subsections 20(2) and 22(2)

In the Matter of the Securities Act, R.S.N.S. 1989, c.418,
as amended (the “Act”)

And

In the Matter of
HSBC Securities (Canada) Inc.

RULING

Subsection 20(2) of the Securities Rules

UPON the application of HSBC Securities (Canada) Inc. (“HSBC”) to the Nova Scotia Securities Commission (the “Commission”) for a ruling pursuant to subsection 20(2) of the rules of the Commission deemed by subsection 150A(9) of the Act to have been made pursuant to section 150 of the Act (the “Securities Rules”) that HSBC be exempted from the requirement of subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia;

AND UPON reading the application and the recommendation of staff of the Commission;

AND UPON HSBC having represented to the Commission that:

1. HSBC is a company amalgamated under the laws of Ontario; its head office is located at 70 York Street, 5th Floor, Toronto, Ontario M5J 1S9;

2. HSBC is registered as an investment dealer in the resident home province of Ontario (the “Home Jurisdiction”) and in Alberta, British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Quebec, Newfoundland, Prince Edward Island, Nunavut, Yukon Territories and Northwest Territories;
3. HSBC’s registration as an investment dealer in Nova Scotia was granted on January 13, 2004;
4. HSBC’s business in Nova Scotia is to provide dealer services to clients that reside in Nova Scotia;
5. HSBC is a member in good standing of the Investment Industry Regulatory Organization of Canada (the “IIROC”);
6. HSBC has determined that its business in Nova Scotia can continue as a sub-branch office in Halifax, Nova Scotia (the “Halifax Office”). There are 3 individuals conducting business in the Halifax Office (the “NS Salespeople”);
7. Under a ruling dated October 17, 2007, granted by the Commission to HSBC (the “Previous Ruling”), the Halifax Office is being supervised by Yves Colpron, Senior Vice President and Branch Manager at the branch office in Montreal, Quebec;
8. HSBC now proposes to have the NS Salespeople supervised by HSBC’s Benjamin Hart, Vice President and Branch Manager at the 131 Queen Street branch office in Ottawa, Ontario, who would carry out the duties of a business office manager for the Halifax Office in compliance with the IIROC by-laws and rules. Mr. Hart resides and will continue to reside in Ottawa, Ontario. Under paragraph (m) of the Previous Ruling, the Previous Ruling terminates upon the change in branch manager in the Halifax Office;
9. Under IIROC by-law No.4 Branch Office Members, Branch Offices and Sub-Branch Offices, HSBC can have a sub-branch office and designate as the supervisor of such office, a branch manager who is not normally present at such office;
10. At the present time, HSBC would have difficulty complying with subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia, until HSBC has the opportunity to retain a branch manager for the Halifax Office; and
11. HSBC has made the necessary arrangements in order to comply with the statutory and other obligations to its clients in Nova Scotia, including the

adoption of a compliance plan and specific policies and procedures to ensure the adequate supervision and review by Benjamin Hart, of all trading and advising activities of the NS Salespeople conducted at the Halifax Office.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 20(2) of the Securities Rules that HSBC is exempt from the requirement of subsection 22(2) of the Securities Rules to maintain a business office manager resident in Nova Scotia for the Halifax Office provided that:

- (a) HSBC is a member in good standing of the IIROC;
- (b) The securities, funds and other assets of Nova Scotia resident clients of HSBC, insofar as those securities, funds and other assets relate to trading done by or advice given by HSBC, are held in such a manner as the Director may specify when the Director considers it appropriate to so specify;
- (c) HSBC has a business office in Ottawa, Ontario (the “Business Office”). The Business Office is managed by Benjamin Hart who is registered in the Home Jurisdiction and in Nova Scotia in a category similar to the registration held in Home Jurisdiction;
- (d) All partners, directors, officers and salespeople of HSBC who are required to be registered in Nova Scotia are registered in Nova Scotia in a category similar to the registration they hold in the Home Jurisdiction;
- (e) The NS Salespeople are supervised by Benjamin Hart and are the only registered salespeople of HSBC resident in Nova Scotia;
- (f) Benjamin Hart is designated as the branch manager of the Halifax Office under the IIROC by-laws and rules;
- (g) The Halifax Office is approved by the IIROC as a sub-branch office of HSBC under the IIROC by-laws and rules;
- (h) The Halifax Office is the only sub-branch office of HSBC in Nova Scotia;
- (i) HSBC promptly notifies the Director if there are any terms, conditions or restrictions imposed at any time on the registration of HSBC or any of its partners, directors, officers and salespeople who are registered in Nova Scotia, by the Home Jurisdiction securities regulator (the “Regulator”) or the IIROC or if the Regulator or the IIROC reprimands any of those registrants;

- (j) HSBC promptly notifies the Director if it employs a Nova Scotia resident as a business office manager in the Halifax Office;
- (k) HSBC files a duly executed submission to jurisdiction and appointment of agent for service of process substantially in the form attached as Appendix A to Nova Scotia Blanket Order No.31-504 (“BO 31-504”);
- (l) HSBC files with the Director a written undertaking substantially in the form attached as Appendix B to BO 31-504 and complies with the undertaking;
- (m) HSBC files with the Director such reports relating to its activities with respect to Nova Scotia resident clients as the Director may require, from time to time;
- (n) HSBC agrees to the imposition of any additional conditions of registration that arise from any policies or rules adopted by the Commission regarding non-resident domestic dealers; and
- (o) This ruling will terminate upon the change in branch manager in the Halifax Office.

DATED at Halifax, Nova Scotia, this 8th day of October, 2008.

Nova Scotia Securities Commission

_____”H. Leslie O’Brien”_____

_____”R. Daren Baxter”_____