

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 requirement of subsection 22(2) of the (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 registration as an investment dealer in Nova Scotia was granted on January 13, 2004;
4. HSBC 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 Dealers Association of Canada (the "IDA");

6. HSBC has determined that its business in Nova Scotia can continue as a sub-branch office in Halifax, Nova Scotia (the "Nova Scotia Office") in light of the termination of employment of the previous branch manager, William Sacre. There are 3 registered representatives conducting business in the Nova Scotia Office (the "NS Salespeople").
7. Under IDA 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;
8. At the present time, HSBC would have difficulty to comply with subsection 22(2) of the Securities Rules to have a business office manager in Nova Scotia, until HSBC has the opportunity to replace the previous branch manager in the Nova Scotia Office;
9. HSBC proposes to have the NS Salespeople supervised by HSBC's Yves Colpron, Senior Vice President and Branch Manager at the 2001 McGill College Avenue branch office in Montreal, Quebec (the "Branch Manager"), who would carry out the duties of a business office manager for the Halifax Office in compliance with the IDA by-laws and rules. Yves Colpron resides and will continue to reside in the Montreal business office (the "Business Office");
10. HSBC had 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 Yves Colpron, of all trading 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:

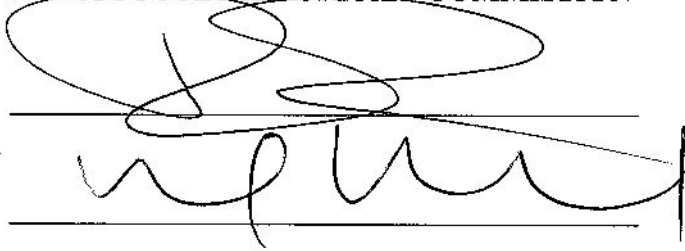
- (a) HSBC is a member in good standing of the IDA;

- (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 (the “Business Office”) in the Montreal, Quebec. The Business Office is managed by Yves Colpron who is registered in the province of Quebec and in Nova Scotia in a category similar to the registration held in Business Office;
- (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 Yves Colpron and are the only registered salespeople of HSBC resident in Nova Scotia;
- (f) Yves Colpron is designated as the Branch Manager of the Halifax Office under the IDA by-laws and rules;
- (g) The Halifax Office is approved by the IDA as a sub-branch office of HSBC under the IDA 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 and/or Business Office securities regulator (the “Regulator”) or the IDA or if the Regulator or IDA 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 (i) has at all times an appointed agent for service resident in Nova Scotia; (ii) files with the Director the name and address of the person so appointed as agent from time to time and the consent of such person to so act; and (iii) 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;

- (l) 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
- (m) This ruling will terminate upon the change in Branch Manager in the Halifax Office.

DATED at Halifax, Nova Scotia, this 17th day of October, 2007.

NOVA SCOTIA SECURITIES COMMISSION



A handwritten signature in black ink is written over two horizontal lines. The signature is stylized and appears to be a cursive name, possibly 'J. Smith' or similar, though it is difficult to decipher. The lines are positioned above and below the signature.