

HSBC Securities (Canada) Inc.

# Institutional Account Client Terms & Conditions

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## Terms and Conditions

In consideration of HSBC Securities (Canada) Inc. ("HSBC Securities") providing the services to the applicant ("Client") as described in the Institutional Account Application and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Client agrees with HSBC Securities, to be bound by this Agreement including the Terms and Conditions, the Disclosure Regarding Conflicts of Interest and the Client Information Consent in respect of all Accounts and Transactions in which the Client has any interest, alone or with others, and which have been opened or will be opened by HSBC Securities whether for the purchase and sale of Securities or otherwise.

**1. Definitions, the following terms shall have the following meanings** *(Reference to the singular includes the plural [and vice versa]):*

- "Account" shall mean any and all present and future accounts of the Client at HSBC Securities.
- "Agreement" means these Terms and Conditions, the applicable Institutional Account Application, the disclosure documents attached to these Terms and Conditions, including the Client Information Consent, as amended or replaced from time to time and any other supporting documents provided to the Client.
- "Authorities" include judicial, administrative, public, or regulatory bodies, as well as governments, Tax Authorities, securities or futures exchanges, courts, and central banks or law enforcement bodies with jurisdiction over any part of the HSBC Group. They also include agents of any of these bodies.
- "Client Information" means Personal Information, confidential information and/or Tax Information or that of a Connected Person.
- "Compliance Obligations" means the HSBC Group's obligations to comply with laws or international guidance, internal policies or procedures, demands from Authorities and laws requiring us to verify identity.
- "Connected Person" means a person or entity (other than Client) whose information (including Personal Information or Tax Information) we have in connection with providing Client services. A Connected Person may include a guarantor, a director, or officer of a company or an authorised signatory; partners or members of a partnership; a Substantial Owner, Controlling Person, or beneficial owner; trustee, settlor or protector of a trust; account holder of a designated account; a payee of a designated payment; or other persons or entities with whom Client has a relationship relevant to Client's relationship with the HSBC Group. A Connected Person also includes Client's representative, agent, or nominee.
- "Controlling Person" means an individual who exercises control over an entity. For a trust, this is the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and anybody else who exercises ultimate effective control over the trust. For entities other than a trust, these are persons in similar positions of control.
- "Financial Crime" means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, and evasion of economic or trade sanctions. It also includes acts or attempts to circumvent or violate Laws relating to these matters.
- "HSBC Group" means HSBC Holdings plc, its affiliates, subsidiaries, associated entities, and their branches and offices (together or individually). Member of the HSBC Group has the same meaning.
- "HSBC's Prime Rate" shall mean the floating annual rate of interest established and announced by HSBC Bank Canada from time to time as a reference rate for the purposes of determining rates of interest it will charge on loans in Canada denominated in Canadian dollars.
- "HSBC's U.S. Base Rate" shall mean the floating annual rate of interest established and announced by HSBC Bank Canada from time to time as a reference rate for the purpose of determining rates of interest it will charge on loans in Canada denominated in United States dollars.
- "Laws" includes local or foreign laws, regulations, judgments or court orders, voluntary codes, sanctions regimes, agreements between any member of the HSBC Group and an Authority, or agreements or treaties between Authorities that apply to HSBC or a member of the HSBC Group.
- "Loss" means any claims, charges, costs (including, but not limited to, any legal or other professional costs), damages, debts, expenses, taxes, liabilities, and any other payments or losses of any kind (including, but not limited to, any currency or exchange loss), obligations, allegations, suits, actions, demands, causes of action, proceedings or judgments of any kind however calculated or caused, and whether direct or indirect, consequential, punitive or incidental.
- "Personal Information" means any information about an identifiable individual, which can include sensitive personal information.

- “Securities” shall include, without limitation, shares, stock, warrants, rights, bonds, notes, debentures, trust and deposit certificates, and contracts relating thereto, gold, and all other rights to property of any nature or kind whatsoever, including those belonging to the Client which may be in HSBC Securities’ possession or control or in transit to or from HSBC Securities.
- “Services” means (without limitation) (a) the opening and maintaining of the Client’s accounts, (b) the provision of credit facilities and other banking products and services to the Client, including broker, agency, custodian, clearing or technology procuring services, and (c) the maintenance of HSBC’s overall relationship with the Client.
- “Tax Authorities” means domestic or foreign tax, revenue, fiscal or monetary authorities.
- “Tax Certification Forms” means forms or documentation a Tax Authority or HSBC Group may issue or require to confirm your tax status or the tax status of a Connected Person.
- “Tax Information” means any documentation or information (and accompanying statements, waivers and consents) relating, directly or indirectly, to the tax status of a Client (regardless of whether that Client is an individual or a business, non-profit or other corporate entity) and any owner, Controlling Person, Substantial Owner or beneficial owner of a Client, that HSBC considers, acting reasonably, is needed to comply (or demonstrate compliance, or avoid non-compliance) with any HSBC Group member’s obligations to any Tax Authority. “Tax Information” includes, but is not limited to, information about: tax residence and/ or place of organization (as applicable), tax domicile, tax identification number, Tax Certification Forms, certain Personal Information (including name(s), residential address(es), age, date of birth, place of birth, nationality, citizenship).
- “Transaction” shall mean the purchase, sale or exercise of, or otherwise dealing in, Securities.
- “We,” “our,” “us” and “HSBC” mean HSBC Securities.
- “You” and “your” refer to the Client.

Capitalized terms not otherwise defined herein have the meaning ascribed to them in this Agreement.

- 2. Legal Capacity:** The Client represents that it has all necessary power and capacity to enter into this Agreement, to perform its obligations hereunder and to effect the Transactions contemplated herein and that the execution and delivery of this Agreement has been duly authorized.
- 3. Applicable By-laws, Laws, Rules, etc.:** Each Transaction executed for an Account will be subject to, and the Client will abide by, the prevailing by-laws, rules, regulations, policies and customs of the appropriate regulatory authorities including, without limitation, all securities, laws and regulations. Where a Transaction in an Account is in contravention of prevailing by-laws, rules, regulations, policies and customs of the appropriate regulatory authorities, HSBC Securities reserves the right to reverse or cancel the Transaction with any losses attributable to the Client.
- 4. Operation of the Account:** (a) HSBC Securities has the right to determine in its discretion whether or not any order for Transactions for an Account is acceptable and whether to execute said order. The Client acknowledges that HSBC Securities may require written instructions prior to making any transaction in respect of an Account. The Client agrees to provide all instructions to HSBC Securities on a timely basis. (b) HSBC Securities will credit to the applicable Account any interest, dividends, or other monies received in respect of Securities held in the Account, and any monies (net of all charges) received as proceeds from the sale or other disposition of Securities from the Account, and will debit from the Account any amounts owing, including interest. HSBC Securities will maintain a record of receipts and deliveries of Securities and the Client’s resulting positions in each Account. (c) HSBC Securities may transfer and convert between the Client’s Canadian and U.S. dollar Accounts as considered necessary or advisable by HSBC Securities to meet obligations in either of those currencies which are not covered by the Client’s payment to HSBC Securities. (d) The Client will pay all service fees or service charges relating to the services provided by HSBC Securities for the administration of the Accounts or in connection with a Transaction.
- 5. Settlement and Commissions:** (a) Full and timely settlement will be made of each Transaction in Securities for the applicable Account. (b) The Client will pay to HSBC Securities all commissions and other Transaction charges in respect of each Transaction and interest on outstanding indebtedness. Such commissions and other charges shall be at HSBC Securities’ customary rates in the circumstances or as negotiated from time to time.
- 6. Good Delivery of Securities:** Except for any declared short sale, the Client will not order any sale or other disposition of any Securities not owned by the Client or of which the Client will be unable to make delivery

in acceptable delivery form on or before the settlement date. Client shall ensure that all Securities are in negotiable form prior to the sale of such Securities.

- 7. Payment:** The Client agrees to pay for all Securities purchased for the Client and to deliver all Securities sold for the Client, on or before the settlement date. If upon the purchase or sale of any Security HSBC Securities is unable to settle the Transaction by reason of the failure of the Client to make payment or deliver Securities in good form, the Client authorizes HSBC Securities to take the steps necessary to complete the Transaction, in which event the Client will reimburse HSBC Securities for all costs, losses or liabilities incurred by HSBC Securities in that connection. Moreover, the Client agrees to repay to HSBC Securities all amounts debited to the Account(s) of the Client in accordance with the provisions of this Agreement, and further agrees that HSBC Securities may from time to time make and debit to the Account(s) of the Client its usual charges for the keeping of such Accounts which the Client hereby agrees to pay.
- 8. Cheque Clearing:** HSBC Securities may wait until a cheque deposited to an Account has cleared prior to permitting the Client to access such funds from the Account. Where any cheque is not duly paid HSBC Securities may debit the amount of that item to the Account and the Client shall immediately pay to HSBC Securities all costs and charges (whether costs and charges of HSBC Securities or a third party) associated with such item.
- 9. Default and Elimination or Reduction of Indebtedness:** If:
  - a. the Client fails to pay any indebtedness when due;
  - b. on or before any settlement date the Client fails to provide HSBC Securities any required Securities in acceptable delivery form;
  - c. there is any unsecured or potentially unsecured indebtedness in an Account;
  - d. the Client becomes bankrupt or insolvent, ceases to carry on business or if any Collateral becomes subject to execution, attachment or other process; or
  - e. the Client fails to comply with any other requirement contained in this Agreement;
  - f. any representation or warranty given by the Client to HSBC Securities is untrue in any material respect;

HSBC Securities may take any such steps as HSBC Securities considers necessary in its sole discretion, including steps to protect itself against loss. In addition to any other right or remedy to which HSBC Securities is entitled under this or any other agreements or at law or in equity, HSBC Securities may, at any time and from time to time without notice or demand to the Client:

- a. apply and appropriate monies or Securities held to the credit of the Client in any other Account with HSBC Securities to eliminate or reduce indebtedness;
- b. restrict or close any or all Accounts;
- c. reverse or cancel any Transaction in any Account;
- d. take the Securities in payment or sell, contract to sell or otherwise dispose of any or all of the Securities held by HSBC Securities for the Client and apply the net proceeds therefrom to eliminate or reduce indebtedness;
- e. purchase or borrow any Securities necessary to cover short sales or any other sales made on the Client's behalf in respect of which delivery of certificates in an acceptable delivery form has not been made; or
- f. cancel any outstanding orders.

Such rights may be exercised separately, successively or concurrently. HSBC Securities shall not be required by this Agreement to exercise any such rights nor shall it be required to exercise any right prior to exercising any other right. The failure to exercise any or all such rights or the granting of any indulgence shall not in any way limit, restrict or prevent HSBC Securities from exercising such rights at any subsequent time and shall not limit, reduce or discharge any indebtedness or part hereof. Any such sales or purchases for an Account may be made upon any exchange or market or at a public or private sale upon such terms and in such manner as HSBC Securities deems advisable. If demand is made or notice is given to the Client by HSBC Securities, it shall not constitute a waiver of any of HSBC Securities' rights to act hereunder without demand or notice. Any and all expenses (including any legal expenses) reasonably incurred by HSBC Securities in connection with exercising any right pursuant to this Agreement may be charged to an Account. The Client acknowledges that the Client shall remain liable to HSBC Securities for any deficiency remaining following the exercise by HSBC Securities of any or all of the foregoing rights and that the rights which HSBC Securities is entitled to exercise pursuant to this section are reasonable and necessary for HSBC Securities' protection having regard to the nature of the securities market, including, in particular, their volatility.

**10. Canadian Investor Protection Fund:** The net equity of the Securities and cash in the Account(s) at HSBC Securities is protected by the Canadian Investor Protection Fund within specified limits (a brochure describing the nature and limits of coverage is available on request). HSBC Securities is not a member of the Canada Deposit Insurance Corporation. Monies or Securities held by HSBC Securities are not deposits and are not insured under the Canada Deposit Insurance Corporation Act. Securities sold by HSBC Securities to the Client are not guaranteed by HSBC Bank Canada or any other person and the value of Securities sold by HSBC Securities is subject to market fluctuation.

**11. Security Interest:** Any and all credit balances, Securities or contracts relating thereto, and other property held or carried in any of the Accounts for any purpose, including any property in which the Client has an interest at any time (the "Collateral"), shall be subject to a security interest in favour of HSBC Securities, and are hereby hypothecated and pledged to, assigned to, and held by HSBC Securities as a continuing collateral security for payment and performance of all (obligations) of the Client to HSBC Securities, howsoever arising and in whatever account appearing, whether direct or indirect, absolute or contingent, including any Obligation arising by reason of any guarantee by the Client of the account of any other person, and HSBC Securities may transfer any of the Collateral in any of the Accounts of the Client from or to any other of the Accounts of the Client, and may deliver all or any part of the Collateral when it deems it necessary for its protection. In enforcing its security interest, lien, hypothec, pledge, and prior claim, HSBC Securities may close Transactions in any Account of the Client if it deems there to be inadequate security for the Obligations of the Client or upon the happening of any event which in its opinion jeopardizes such Account.

Whenever in HSBC Securities' discretion it deems it desirable for its protection, HSBC Securities may, without prior demand or tender, and without any notice of the time or place of sale, all of which are expressly waived, sell or take in payment of any Obligations outstanding any or all Securities or contracts relating thereto which may be in its possession, or which it may be carrying for the Client, in order to repay any Obligations on behalf of the Client. Such sale or taking in payment or purchase may be made at the discretion of HSBC Securities on any exchange or other market where such business is then transacted, or at public sale or private sale, with or without advertising and without giving prior notice or observing any time limits prescribed in respect of such taking in payment or such sales in the Civil Code of Québec, and neither any demands, calls, tenders, or notices which HSBC Securities may make or give in any one or more instances, nor any prior course of conduct or dealings shall invalidate the aforesaid waivers on the part of the Client. HSBC Securities may at any time, without notice, whenever HSBC Securities carries more than one Account for the Client, enter credit or debit balances, whether in respect of Securities or money, to any such Accounts, and make such adjustments between such Accounts as HSBC Securities may in its sole discretion deem fit. Any reference to the Client's Account(s) in this section shall include any account in which the Client has an interest, whether jointly or otherwise, offered in conjunction with the Account(s).

**12. Use of Collateral:** Collateral in any of the Accounts need not be segregated nor held separately but may be commingled with HSBC Securities' general funds and used for the general purpose of HSBC Securities' balance, including a pledge for its own indebtedness, a loan by HSBC Securities to others to the extent not prohibited by applicable laws, rules and regulations. Use of such credit balance shall constitute a loan from the Client to HSBC Securities and such Collateral shall be an item in a debtor and creditor account between the Client and HSBC Securities.

The Client shall rely on the liability of HSBC Securities with respect to loans from the Collateral. HSBC Securities is not a member of the Canada Deposit Insurance Corporation. The liability incurred by HSBC Securities to the Client through this borrowing is not a deposit.

**13. Communications:** All communications and notices required to be given under this Agreement may be sent to the Client by facsimile, electronic or standard mail. All communications and notices so sent, whether by standard or electronic mail, facsimile, delivery, or otherwise, shall be considered effectively delivered to the Client on the same day if personally delivered or emailed, the next business day if sent by facsimile and on the fifth (5th) business day after mailing if sent by standard mail whether the Client actually received them or not.

The Client hereby designates facsimile, electronic mail as information systems through which HSBC Securities can deliver electronic information to your organization. You consent to HSBC providing your organization with the following disclosures through those information systems: all trade confirmations, notices, documents, statements and other information that HSBC is required by law to provide your organization about product and services, fees including HSBC Securities' policies and procedures (the "Documents"). You understand that: a) your consent to these terms is effective immediately and you can revoke your consent at any time by contacting your Relationship

Manager; b) you must inform HSBC Securities of any changes to your organization's designated information systems, such as changes to your facsimile or email address; and c) you must print and keep a copy of each document HSBC Securities provides to you electronically as HSBC Securities will only keep and make them available to you for the period specified in HSBC Securities' record retention policy.

You understand that some Documents made available to you will be in Adobe® Portable Document Format (PDF), which requires you to have Adobe Reader® software in order to open, save and/or print a Document. HSBC Securities does not own or operate, and is not responsible for, Adobe Reader® software. You acknowledge that any Document delivered to you through email is deemed to be delivered to you on the day that the Document is sent and not on the day that you actually review the Document. You agree that it is your responsibility to monitor on a regular basis the email address or fax number you have provided to us. Your organization is solely responsible to ensure that only employees or representatives who are properly authorized have access to your organization's email and/or equipment. Other than as a result of the proven willful misconduct or gross negligence of HSBC Securities, HSBC Securities and its representatives will not be liable to your organization or any other party for any direct or indirect losses, damages, claims, costs, however caused, which arise or relate directly or indirectly to any misuse or unauthorized access to your organization's email, fax or systems, the security or confidentiality associated thereto, the failed, interrupted, intercepted or garbled receipt of a Document through your systems, any viruses or other harmful components associated with your organization's receipt of email or systems, or your organization's failure to review your fax or email. You understand that HSBC Securities, in its sole discretion and without giving advance notice, may elect to provide you with a paper copy of any Document through standard mail if it is of the view that a paper copy is necessary or if it is unable to deliver any Document electronically.

The Client agrees that it will examine every statement, notice and confirmation of Transaction(s) at the time of receipt. The Client will notify HSBC Securities in the case of confirmation of Transaction(s), within 10 days of the date of the confirmation, and in the case of statements, notices and reports, within 30 days of the date of the statement, notice or report, of notice of any errors or any objections that the Client may have to such records. If the Client does not notify HSBC Securities within such time period, then the Client agrees that all Transactions and information shown in such confirmation, report, statement or notice were authorized by the Client, that all charge amounts were properly charged to the Client and there are no monies or Securities owing to the Client which are not shown in the statement or notice, and HSBC Securities shall be released from all claims by the Client in connection with the statement, confirmation, notice, statement or report, or any action taken or not taken by HSBC Securities regarding the Client's Account.

- 14. Use of Facsimile:** The Client may not give, and HSBC Securities will not accept, trading instruction of any kind (whether involving equities, bonds, options, mutual funds, or any other security) that is forwarded by fax. The Client, may, however, fax documents and communication of an administrative nature which can include items such as change of address instructions, letters of authorization and cheque requests. HSBC Securities will use reasonable efforts to monitor its communications facilities to determine if it has received any fax documentation or communication from the Client. Since HSBC Securities' ability to act on the Client's communication depends on the normal functioning of various communication facilities, HSBC Securities is not liable for any delay or failure to receive the Client's communication.

The Client agrees that HSBC Securities reserves the right, but not the obligation, to first obtain verbal or original written confirmation before executing any such instructions. The Client further acknowledges that HSBC Securities does not have to act upon any fax communication from the client if HSBC Securities is unsure whether the communication is accurate or from the Client, or if it is not understood. The Client agrees that HSBC Securities will not be liable for damages, demands and expenses arising from HSBC Securities acting, or declining to act, on any of the Client's fax communication.

- 15. Relationship between the Parties:** The Client confirms that it is solely responsible for seeking its own advice, including without limitation, actuarial, tax, regulatory and legal advice regarding the Accounts and any trading activity therein. The Client confirms that it does not and will not rely upon HSBC Securities to provide such advice and shall not hold HSBC Securities responsible in any way for such advice, and HSBC Securities, its affiliates, including all directors, officers, employees and agents are in no way liable and are released from all direct and indirect claims and losses relating thereto. The Client confirms that HSBC Securities is not acting in an advisory or fiduciary capacity and HSBC Securities is not responsible for determining the suitability of the holdings in the Accounts or of any particular transaction or any investment decision (including any profits or losses that may arise) unless expressly and mutually agreed upon in advance and in writing.

**16. Extraordinary Events:** HSBC Securities shall not be liable for any loss however caused, whether directly or indirectly, by government restrictions, by exchange or market rulings, the suspension of trading, wars, strikes, or by reason of any other fact which shall not have been caused by the gross negligence of HSBC Securities or any agent or employees of HSBC Securities.

**17. U.S. Income:**

- a. Unless the Client informs HSBC Securities otherwise, the Client represents that it is a Canadian resident for tax purposes. If the Client becomes a non-resident for Canadian tax purposes, the Client will notify HSBC Securities within 30 days and advise new country of residence. If the Client is presently a U.S. person, the Client agrees to complete and sign the appropriate Internal Revenue Service W-series form and represents that all information in the form is accurate and complete.
- b. The Client understands and acknowledges that failure to provide an accurate and complete W-series form may result in higher withholding tax on U.S. income.

**18. Miscellaneous:**

- a. The first use by the Client of an Account shall be deemed to be the time at which the Account is opened.
- b. No provision of this Agreement can be waived except in writing by a director of HSBC Securities and this Agreement shall continue in force until its termination by the Client, as acknowledged in writing by an officer of HSBC Securities, or until written notice of termination by HSBC Securities is mailed or otherwise provided to the Client.
- c. No waiver of any provision of this Agreement shall be deemed a waiver of any other provision nor the continuing waiver of the provision or provisions so waived.
- d. The Client hereby acknowledges the Client's obligation to pay all commissions, if any, on Securities bought and sold for an Account or the Client's account.
- e. Notwithstanding the Client's country of residence, incorporation, location of registered and records office, or usual place of business, as the case may be, or the location from where the Client accesses automated services or other services, this Agreement and all services and issues relating to the operation of the Account(s) will be governed exclusively by the laws of the Province of Canada in which the Account was opened and the laws of Canada applicable therein. The Client hereby agrees to exclusively attorn to and be bound by the courts of the applicable Province in Canada to the exclusion of the jurisdiction of any other country. The Client agrees that the courts of the applicable Province is presumed to be the most convenient forum in which to litigate any dispute in relation to this Agreement.
- f. HSBC Securities has made no representations, warranties/conditions or agreements except as disclosed in this Agreement.
- g. HSBC Securities has the right to make any changes to any services as HSBC Securities may deem necessary, provided however, that HSBC Securities will give the Client at least 60 days' notice of such changes by providing the Client with at its option: (a) written notice; or (b) posting notice on HSBC Securities' web site or any other place designated by HSBC Securities.
- h. Nothing in this Agreement shall be deemed or construed as creating a relationship of principal and agent, partnership or joint venture between HSBC Securities and the Client, or any other financial institution.
- i. HSBC Securities shall not be responsible or liable for any delay or failure in the performance of any of the obligations of HSBC Securities under this Agreement as a result of any act of God, strike, lockout or labour disruption, war, riot, civil commotion, fire, flood, loss of power, computer hardware or software malfunction, or other event beyond our reasonable control.
- j. The Client and HSBC Securities expressly request that this Agreement and all related documents, including notices, be drawn up in the English language. *HSBC Securities et le Client ont expressément demandé que la présente convention et tous les documents y afferent, y compris tous les avis, soient rédigés en anglais.*
- k. Conversion of any foreign currency funds, when necessary, shall take place on the trade date using the current spot rate or rate otherwise agreed upon.
- l. This Agreement shall be binding upon the successors and assigns of the Client, and each of them if more than one. The Client may not assign this Agreement without the express written approval of HSBC Securities.



- m. The Client agrees that HSBC Securities may require the Client to give 72 hours' notice of any intended cash withdrawal.
- n. Unless the context requires otherwise, in this Agreement words which are in the singular shall include the plural and vice versa and the term "including" shall mean "including without limitation".
- o. If this Agreement is signed by more than one Client, the rights and obligations of each Client under this Agreement shall be joint and several. In Québec, the terms "joint and several" and "jointly and severally" shall be construed as meaning "solidarity" and "solidarily," respectively.
- p. If any provision or condition of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall only affect such provision or condition. The validity of the remainder of the Agreement shall not be affected and the Agreement shall be carried out as if such invalid or unenforceable provision were not contained therein.
- q. HSBC Securities may in its sole discretion use, the services of any financial institution or third party as selected by HSBC Securities in carrying out its obligations hereunder or in connection with an Account or a Transaction.
- r. If you have any complaints about the quality of the service provided to you under the Agreement, you should liaise with your usual business contact at HSBC Securities.

**19. Use and Authorization of Accounts:** The Client agrees as follows:

- a. Use of Account  
The Client will use each Account in accordance with the terms of this Agreement and only for lawful brokerage purposes, and will not use any Account for business inconsistent with generally accepted market standards of conduct or propriety, including products, services or businesses that are engaged in or associated with illegal, fraudulent or improper activities and, if any part of an Account or a Transaction is used for, or HSBC Securities has reason to suspect that any Account or Transaction is being used for, such illegal, fraudulent or improper purposes, HSBC Securities is entitled, at its option, to close the Accounts (or place a hold on the Accounts pending investigation) or reverse or cancel any Transaction without notice to the Client. The Client agrees to indemnify and save harmless HSBC Securities from any damage the Client may suffer as a result of such action taken by HSBC Securities.
- b. The Client agrees that:
  - i. HSBC Securities is authorized to act upon the instructions that reasonably appear to have come from an individual designated as (Authorized Signing Officers or Authorized Persons) by the Client without enquiring as to the validity of the instructions and to consider the instructions of like force and effect;
  - ii. If either HSBC Securities seeks to verify the validity of the instructions and is unable to do so to its satisfaction, it may delay or prevent HSBC Securities as the case may be, acting upon such instructions. Nothing in this section will obligate HSBC Securities to verify the validity of the instructions or signatures in any particular case;
  - iii. The Client will bear the risk of all unauthorized instructions, by any of the Client's representatives, employees, or agents, Authorized Signing Officers or Authorized Persons; and agrees to indemnify, save harmless HSBC Securities and its directors, officers and affiliates from all losses, costs, fees, damages, expenses, claims, suits, demands and liabilities whatsoever that HSBC Securities may suffer or incur or that may be brought against it in any way relating to or arising out of HSBC Securities acting upon, delaying in acting upon or refusing to act upon any instruction or information provided to HSBC Securities by the Client, including improper, unauthorized or fraudulent instructions given by any of the Client's Authorized Signing Officers or Authorized Persons, even if such instructions were not in fact made with the Client's authority; or
  - iv. HSBC Securities is not obliged to act on any instruction which is not properly given according to the terms of this Agreement.

**20. Interest:**

*Interest on Cash Balances in Accounts:* Interest on Canadian dollar Accounts and U.S. dollar Accounts will be calculated on the daily closing cash balance and paid monthly determined by HSBC Securities' prevailing interest rates. Interest shall not be payable on the closing credit balance in a short margin account. No interest is paid on closing cash balances in an Account if the amount of interest computed in a month is less than \$5.00.

*Interest on Debit Balances in Cash Accounts:* Interest will be charged on Canadian dollar debit balances at the prevailing rate based on HSBC's Prime Rate plus a specified percent per annum and on U.S. dollar debit balances at HSBC's U.S. Base Rate plus a specified percent per annum, and shall be calculated on the daily closing balance of the Cash Account and payable monthly. No interest is charged on closing cash balances in an Account if the amount of interest computed in a month is less than \$2.50.

- 21. Applicable in the Province of Nova Scotia Only:** The Client and HSBC Securities agree that if the laws of the Province of Nova Scotia apply to any matter that may arise between them they agree to submit and attorn to the jurisdiction of the courts of the Province of Nova Scotia with respect to that matter. HSBC Securities' address for service of legal proceedings is: Cox Hanson O'Reilly Matheson, 1100 Purdy's Wharf Tower One, 1959 Upper Water St., Halifax, NS, B3J 3E5. The Client acknowledges and agrees that, because HSBC Securities does not have a place of business in Nova Scotia, the Client may have difficulty in enforcing any legal rights the Client has against HSBC Securities.
- 22. Applicable in the Province of Prince Edward Island Only:** The Client and HSBC Securities agree that if the laws of the Province of Prince Edward Island apply to any matter that may arise between them they agree to submit and attorn to the jurisdiction of the courts of the Province of Prince Edward Island with respect to that matter. HSBC Securities' address for service of legal proceedings is: Patterson Palmer, 20 Great George Street, Charlottetown, PEI, C1A 7L1. The Client acknowledges and agrees that, because HSBC Securities does not have a place of business in Prince Edward Island, the Client may have difficulty in enforcing any legal rights the Client has against HSBC Securities.
- 23. Recording and Monitoring Communications:** Should the Client provide instructions for Transactions or place orders for Securities by telephone or electronic transmission, such communications with HSBC Securities will be monitored and recorded to assure accuracy of orders and to record evidence of Transactions. HSBC Securities may, at its discretion, act in all matters on instructions given or purporting to be given by or on behalf of the Client by telephone or other electronic transmission, and HSBC Securities shall not incur any liability by reason of acting or not acting on any error in such instructions.
- HSBC Securities may verify communications, or the source of the communications, before HSBC Securities accepts them, but are not obligated to do so. Should HSBC Securities not be satisfied with the authority of any person seeking to initiate or complete Transactions relating to the account, HSBC Securities may, in its sole discretion, refuse to act upon such instructions.
- 24. Termination:** HSBC Securities reserves the right to terminate this Agreement or any Account or restrict Client's use of services at any time without notice to the Client.

## Disclosure Regarding Conflicts of Interest

### General

In the course of providing services to you, there will be situations where a conflict arises between our interests and yours. We believe it is important that you are fully informed regarding these conflicts. Canadian securities laws require us to take reasonable steps to identify and respond to existing and potential material conflicts of interest, and in certain circumstances, to provide you with certain information regarding these conflicts and also to obtain your prior consent before we engage in certain types of transactions. This document contains important information regarding certain conflicts of interest that we have identified. Please read it carefully.

### Transactions or Arrangements with Certain Related Parties

We are a member of a group of related companies known as the HSBC Group. In the course of providing services to you, we may enter into transactions or arrangements with other or involving, and perform services for or accept services from, members of the HSBC Group or other persons or companies which are related or connected to us. These transactions and arrangements are described in further detail below. These transactions and arrangements will give rise to conflicts of interest, and we have adopted policies and procedures to identify and respond to these conflicts. For example, where we underwrite securities of a related party, the required disclosure will be contained in the prospectus or other document used to qualify those securities. We will only enter into these transactions or arrangements where they are permitted under applicable securities laws and where we believe they are in your best interests in the applicable circumstances.

### The following is a list of the types of these transactions and arrangements and our relationship to the parties involved:

The purchase or sale of securities issued or guaranteed by HSBC Holdings plc, HSBC Bank plc, Hang Seng Bank Limited, HSBC Bank Canada, HSBC Canada Asset Trust, HSBC Financial Corporation Limited and other members of the HSBC Group whose securities are traded on recognized stock exchanges or other public markets. These entities are related to us because they are members of the HSBC Group. For example, these transactions may include the purchase or sale of ordinary shares or bonds of HSBC Holdings plc, preferred shares of HSBC Bank Canada or other securities of these or other related entities that are traded on a stock exchange or other public market, and also the purchase and sale of principal protected notes or certain debt securities issued by HSBC Bank Canada or other securities of these or other related entities that are not traded on an exchange or other public market.

The purchase or sale (or redemption) of securities issued by any of the HSBC Mutual Funds, the HSBC Pooled Funds, and any other mutual fund, unit trust or investment fund managed, administered or promoted by us or other members of the HSBC Group, or for which we or other members of the HSBC Group act as portfolio adviser. In most cases, our connection to these funds will be obvious to you because the names of the funds will be sufficiently similar to our name. For example, in most cases the names of the funds will include the word “**HSBC**” as part of their name. If we believe that the name of any fund is not similar enough to convey the fund’s relationship to us, we will provide you with specific disclosure regarding that relationship at the appropriate time.

The purchase or sale of portfolio securities from or to any of the HSBC Mutual Funds, the HSBC Pooled Funds, and any other mutual fund unit trust or investment fund managed, administered or promoted by us or other members of the HSBC Group, or for which we or other members of the HSBC Group act as portfolio adviser.

The purchase or sale of securities or other instruments to or from HSBC Global Asset Management (Canada) Limited and HSBC Bank Canada for their own respective accounts, or through these entities acting as a dealer or distributor or in a similar capacity. Where we purchase or sell securities other instruments through these entities in their capacity as dealer or distributor or in a similar capacity, they may receive a fee for their services in that capacity. HSBC Global Asset Management (Canada) Limited is a portfolio manager and investment fund manager. HSBC Bank Canada is a Schedule II chartered Canadian bank. We and HSBC Global Asset Management (Canada) Limited are wholly-owned subsidiaries of HSBC Bank Canada, and we are all members of the HSBC Group.

Transactions or arrangements with members of the HSBC Group that involve the other members of the HSBC Group providing services to you or to us on your behalf or to funds managed or administered by us or to us on behalf of such funds, and/or receiving a fee.

The information disclosed in this document may change from time to time. You can obtain an updated copy of this information free of charge by contacting us at the address on the last page of this document.

## Client Information Consent

**Capitalised terms shall have the meanings set out in section 1 of the Terms and Conditions above.**

**I. Collection of Client Information:** Clauses I–IV explain how we collect, use, process, transfer and disclose Client Information and that of Connected Persons. By using the Services, Client agrees that we and members of the HSBC Group can collect, use, store, process, transfer and disclose Client Information according to these clauses.

I.1 **Collecting:** HSBC and other members of the HSBC Group may collect, use, process, transfer and disclose Client Information, as set out below. HSBC or someone on behalf of the HSBC Group may request Client Information, and we may collect it:

- from Client
- from a person acting on Client's behalf
- from other sources (including from publically available information)

This information may be generated or combined with other information available to HSBC or other members of the HSBC Group.

I.2 **Purposes for Collecting, Using, Processing, Transferring and Disclosing:** HSBC or other members of HSBC Group will collect, use, process, transfer, and disclose Client Information for the following Purposes:

- a. providing Client with Services and to approve, manage, administer, or effect transactions Client requests or authorises
- b. meeting Compliance Obligations
- c. conducting Financial Crime Risk Management Activity as defined in section III below
- d. collecting amounts due from Client
- e. conducting credit checks and obtaining or giving credit references
- f. enforcing or defending our rights or those of a member of the HSBC Group
- g. for our internal operations or those of the HSBC Group (including credit and risk management, system or product development and market research, insurance, audit, administration, security, statistical, and processing, transfer and storage of records)
- h. maintaining our relationship with Client

I.3 **Sharing:** By using the Services, Client agrees HSBC may transfer and disclose Client Information to the recipients below and they may also collect, use, process, transfer, and disclose Client Information, as necessary and appropriate for the Purposes:

- a. members of the HSBC Group
- b. sub-contractors, agents, service providers, or associates of the HSBC Group (including their employees, directors, and officers)
- c. Authorities
- d. someone acting on Client's behalf, payment recipients, beneficiaries, account nominees, intermediaries, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, or companies in which Client has an interest in securities, as long as we hold these securities for Client
- e. parties to a transaction acquiring interest in, or assuming risk in, or in connection with, the Services and in connection with any HSBC business transfer, disposal, reorganization, merger or acquisition
- f. financial institutions, credit agencies, or credit bureaus to obtain or give credit reports and/or credit references
- g. a broker we introduce or refer you to, where permitted by law
- h. Insurers, where permitted by law
- i. Canadian government registries and Canadian financial industry databases (which may share information with others)

wherever they are located, including in jurisdictions with less strict data protection laws than those in the jurisdiction where we supply Client the Services.

- I.4 **Client obligations:** Client agrees to inform HSBC promptly and in any event, within 30 days in writing if Client Information that was provided to HSBC or a member of the HSBC Group changes. Client also agrees to respond promptly to HSBC's or HSBC Group's requests to Client.
- I.5 Before Client gives HSBC or a member of the HSBC Group information (including Personal Information or Tax Information) about a Connected Person, Client must:
- tell the Connected Person that Client is giving HSBC (or a member of HSBC Group) their information
  - ensure the Connected Person agrees that HSBC (or a member of HSBC Group) can collect, use, process, disclose, and transfer their information as set out in these Terms
  - tell the Connected Person that they may have rights to access and correct their Personal Information

Client must ensure this has all been done, even if someone else gives HSBC the Connected Person's information on Client's behalf.

- I.6 If any of these things occur:
- Client fails to promptly give Client Information HSBC reasonably requests
  - Client withholds or withdraws the consent that HSBC needs to collect, use, process, transfer, or disclose Client Information for the Purposes (except for marketing and promoting)
  - the HSBC Group has suspicions about Financial Crime or an associated risk

HSBC may take any of these actions:

- a. be unable to provide Services, including new Services, to Client and HSBC reserves the right to terminate HSBC's relationship with Client
- b. take actions to meet Compliance Obligations
- c. block, transfer, or close Client accounts where local Laws permit it

In addition, if Client fails to promptly give Client's, or a Connected Person's, Tax Information to HSBC when asked for it, HSBC may make decisions about Client's tax status, including whether Client is reportable to a Tax Authority. This may require that HSBC withhold and pay amounts legally required by a Tax Authority.

## II. Data protection

- II.1 In accordance with data protection legislation, all members of the HSBC Group, their staff, and third parties to whom information is transferred by HSBC, whether located in Canada or another country, will be required to protect Client Information by a strict code of secrecy and security.

## III. Financial Crime Risk Management Activity

- III.1 HSBC, and members of the HSBC Group, are required to meet Compliance Obligations relating to detecting, investigating and preventing Financial Crime ("Financial Crime Risk Management Activity"). HSBC and members of the HSBC Group may take action to meet these Compliance Obligations, including:
- a. screening, intercepting, and investigating instructions, communications, drawdown requests, applications for Services, or payments sent to, by Client, or on Client's behalf
  - b. investigating who sent, received, or was intended to receive funds
  - c. combining Client Information with related information that HSBC Group has
  - d. making enquiries about a person or entity's status or identity, including whether they are subject to sanctions.
  - e. any combination of a to d

III.2 In rare cases, HSBC's Financial Crime Risk Management Activity may lead it to delay, block, or refuse to:

- make (or clear) a payment
- process Client's instructions or application for Services
- provide all or part of the Services

As far as the law permits, neither HSBC nor any other member of HSBC Group will be liable to Client or a third party for Client's or their loss (however it arose) caused or partially caused by our Financial Crime Risk Management Activity.

**IV. Tax compliance:** Client is solely responsible for understanding and complying with Client's tax obligations related to using Client's accounts and Services in any jurisdiction. This includes paying taxes, filing tax returns, and filing other documents related to paying taxes.

Each Connected Person acting as a Connected Person (not in their own capacity) also acknowledges this themselves.

Please note: Certain countries may have tax legislation with extra-territorial effect regardless of Client's or Connected Person's place of domicile, residence, citizenship, or incorporation.

Neither HSBC nor any member of the HSBC Group:

- provide tax advice
- have responsibility for Client's tax obligations in any jurisdiction, even if they relate to opening and using accounts and Services HSBC or members of the HSBC Group provide

HSBC advises Client to seek independent legal and tax advice.

#### **V. Miscellaneous**

V.1 If there is a conflict or inconsistency between the terms of this Agreement and the terms in other services, products, business relationships, accounts, or agreements currently in place, or that are put into place in the future, between Client and HSBC (collectively, "Other Terms"), the terms of this Agreement shall prevail. Further, the foregoing sentence shall govern notwithstanding the existence of any contrary provisions in such Other Terms regarding conflict or inconsistency between such Other Terms and this Agreement. If Client gave HSBC consents, authorisations, or waivers or permissions HSBC asked for related to Client Information, they continue to apply in full force and effect, as relevant local laws allow.

V.2 If some or all of these terms herein become illegal, invalid, or unenforceable in any way under the law of any jurisdiction, that does not affect the legality, validity, or enforceability of the rest of the terms of this Agreement in that jurisdiction.

**VI. Survival on termination:** The terms of this Agreement continue to apply even if:

- this Agreement is terminated
- HSBC or a member of the HSBC Group, stop providing Services to Client
- an account is closed

**VII. Self-regulatory Organizations:** For regulatory purposes, self-regulatory organizations including Market Regulation Services Inc., the Investment Industry Regulatory Organization of Canada, Bourse de Montreal Inc., and the Canadian Investor Protection Fund (collectively, "SROs") require access to personal information of current and former clients, employees, agents, directors, officers, partners and others that has been collected or used by HSBC Securities. SROs collect, use or disclose such personal information obtained from HSBC Securities for regulatory purposes including surveillance of trading-related activity, regulatory reviews and audits, investigations of potential regulatory and statutory violations, regulatory databases, enforcement or disciplinary proceedings, reporting to securities regulators and information-sharing with securities regulatory authorities, regulated marketplaces, other SROs and law enforcement agencies in any jurisdiction in connection with any of the above.

**VIII. HSBC Privacy Policies:** For more information about the principles of privacy observed by us, consult the HSBC Privacy Code, available at the nearest HSBC branch or [www.hsbc.ca](http://www.hsbc.ca) or the brochure "Protecting your privacy" available at the nearest HSBC branch. The Client, Authorized Signing Officers and Authorized Persons understand that they may access their personal information in our possession or make corrections to it by contacting their HSBC Relationship Manager.