

**HSBC Bank Canada and its subsidiaries (collectively “HSBC Canada”) approach to
Anti-Money Laundering and Anti-Terrorist Financing**

This letter of comfort is intended to demonstrate that the various HSBC Canada businesses are subject to enterprise wide anti-money laundering policies and procedures.

HSBC Canada is regulated by the Office of the Superintendent of Financial Institutions (“OSFI”) and is governed by legislation on money laundering and terrorist financing set out in the *Proceeds of Crime (Money Laundering) & Terrorism Financing Act* (“PCMLTFA”) and *Criminal Code of Canada*.

HSBC Canada’s comprehensive, enterprise wide anti-money laundering/anti-terrorist financing policies and procedures meet or exceed local regulatory requirements. HSBC Canada is also guided by comprehensive AML/ATF policies of its parent HSBC Group Holdings plc (“HSBC Group”). HSBC Group is a signatory to the Wolfsberg Principles on anti-money laundering for international private banks. In addition, HSBC Canada has put in place policies on applicable economic sanctions.

Across HSBC Canada, compliance officers as well as Internal Audit are responsible for providing reasonable assurances that our businesses are in compliance with internal procedures through various testing programs. HSBC Canada has established an AML investigations unit that is responsible for monitoring and reporting. HSBC Canada has appointed a CAMLO to oversee its anti-money laundering and anti-terrorist financing policies, practices and procedures.

HSBC Canada’s policy to “know our customer” includes, among other things, procedures for ascertaining customer identity at account opening which are in line with Financial Action Task Force (“FATF”) and Canadian regulatory standards; as well as methods for ongoing monitoring of transactions; and a process for reporting large cash transactions, international electronic funds transfers and suspicious activity to the Financial Transactions & Reports Analysis Centre of Canada (Canada’s money laundering authority) in accordance with the PCMLTFA and regulations made thereunder. We also train relevant staff in anti-money laundering and anti-terrorist financing procedures and maintain records in accordance with the PCMLTFA and Canadian federal law.

HSBC Canada has implemented systems to assist with customer activity-monitoring to identify unusual patterns of activity and a scanning process to search client databases to minimize the risk of HSBC Canada knowingly doing business with sanctioned individuals or entities.

It is HSBC Canada and HSBC Group policy not to maintain relationships with shell banks (defined as banks having no physical presence in any jurisdiction, and no affiliation to a bank which does). HSBC Canada has provided appropriate certification to their U.S. correspondents under the U.S. Patriot Act.

For further information, please contact:

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