

HSBC InvestDirect

Client Terms and Conditions

Effective as of August 22, 2022

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How these Terms and Conditions apply to you

These HSBC InvestDirect Client Terms and Conditions (these “Terms and Conditions”) set out the terms and conditions that govern our relationship with you and your accounts with us. These Terms and Conditions have new and updated provisions, and replace older versions of the HSBC InvestDirect Client Terms and Conditions.

These Terms and Conditions are comprised of the following three parts:

- Part 1 – General Terms and Conditions, including the listed Schedules
- Part 2 – Additional Terms and Conditions
- Part 3 – Registered Plan Documentation

Please read all of the parts and provisions that apply to the types of accounts you have with us and contact us if you have any questions.

Your Signature on the Application

When you sign your Application or otherwise accept these Terms and Conditions, you confirm that you have read and agree to these Terms and Conditions and any documents incorporated by reference into these Terms and Conditions, each of which may be amended by us from time to time as described in these Terms and Conditions.

Part 1 – General Terms and Conditions

1. Defined Terms

In this Part 1 – General Terms and Conditions:

Account means any account that you have at InvestDirect.

Agreement means all of the following: (1) your Application; (2) Part 1 of these Terms and Conditions (including all applicable schedules) as may be amended from time to time; (3) all terms and conditions on other Account related forms; and (4) if you have a Registered Account, the applicable registered plan documentation in Part 3 of these Terms and Conditions as may be amended from time to time.

Application means our application form you completed or updated to open or maintain an Account and, if applicable, apply to become an annuitant, holder or subscriber under the applicable registered plan documentation in Part 3 of these Terms and Conditions as may be amended from time to time.

Bank means HSBC Bank Canada.

Bank's Prime Rate means the floating annual rate of interest established and announced by the Bank from time to time as a reference rate for the purposes of determining rates of interest the Bank will charge on loans in Canada denominated in Canadian dollars.

Bank's US Base Rate means the floating annual rate of interest established and announced by the Bank from time to time as a reference rate for the purpose of determining rates of interest the Bank will charge on loans in Canada denominated in U.S. dollars.

Electronic Instruction means any Instruction given or transmitted to us by any means of electronic communication acceptable to us, which may include telephone, computer, mobile device, email, or any electronic Service Channel.

HSBC Group means HSBC Holdings plc and its direct and indirect affiliates, subsidiaries and associated entities, including the Bank, and their branches and offices.

Instruction means any information we receive from you or your agent, or that we reasonably believe comes from you or your agent, by any means (including any Service Channel or by email) related to any of the following: (1) opening, maintaining or closing an Account; (2) a Transaction; (3) a Trade Request; or (4) amending or cancelling a Pre-Authorized Contribution Plan. We may receive the information through an instruction, an agreement or a document.

InvestDirect, us, we and **our** mean HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

InvestDirect Website means an internet website by which InvestDirect or any of its affiliates delivers Services or information about Services from time to time, and currently includes the websites accessible at investdirect.hsbc.ca and invest.hsbc.ca.

Joint Account means an Account that is held by you and one or more other persons. Each Registered Account with joint subscribers is deemed a Joint Account.

Losses means claims, charges, costs (including legal fees on a solicitor and client basis and other professional costs), damages, debts, expenses, taxes, liabilities, and other payments or losses of any nature or kind, obligations, allegations, suits, actions, demands, causes of action, proceedings, or judgments of any nature or kind however calculated or caused, including damages and losses that are direct, indirect, consequential, incidental or economic.

Market Data means various kinds of real-time, delayed and historical data and information about Securities and markets (including stock exchanges), including market quotations (including bid/ask/last price/changes), research, news, summary information and other data and information that we obtain, directly or indirectly through a Market Data Provider or an independent source, and provide or make available to you.

Market Data Provider means any person that provides us, directly or indirectly, with Market Data, and includes the person's subsidiaries and affiliates.

Mobile App means a proprietary software application, designed to be installed and used on a compatible mobile device to remotely access Online Services, that is distributed through a third party online app store (for example, Apple's iOS App Store or Google Play) by or on behalf of us or any other member of the HSBC Group. A Mobile App may allow you to access both Online Services and services provided by other members of the HSBC Group.

Online Chat means an online service, that we provide or make available to you through restricted access parts of the InvestDirect Website, by using a Mobile App or by other online Service Channels, that allows you to exchange electronic messages with us.

Online Services means Services that we provide or make available to you through restricted access parts of the InvestDirect Website, by using a Mobile App or by other online Service Channels, which Services may include some or all of the following: (1) online real-time access to Accounts; (2) online access to Market Data; and (3) a functionality to send an Instruction (including a Trade Request).

person includes an individual (natural person), corporation, partnership, unincorporated organization and any other legal entity.

Pre-Authorized Contribution Plan means a regular investment plan offered by us that allows you, on a regular basis, to contribute cash to an Account, purchase investments for an Account or switch between investments held in an Account.

Records means statements, reports, trade confirmations, documents showing the holdings in an Account, and other documents relating to Accounts, Instructions, your use of Services and Transactions.

Registered Account means an Account that is any of the following: (1) a registered retirement savings plan account; (2) a registered retirement income fund account; (3) a registered

education savings plan account; (4) a tax-free savings account; or (5) any other account we designate, from time to time, to be a "registered" account.

Securities means any and all property and rights to property of any nature or kind whatsoever, including shares, warrants, rights, options, bonds, notes, debentures, investment fund units or shares, trust and deposit certificates, commodities and contracts relating thereto, precious metals and other forms of investment.

Secret Code means an access code (a combination of letters, numbers or both) or other form of credential that confirms your identity and, as required and permitted by us in our discretion, allows you to access and use a Service Channel to provide Instructions, authorize a Transaction or use a particular Service. For example, a PIN (personal identification number), password, or authentication code generated by a Mobile App or other device or application.

Service Channel means any way in which we offer a Service or make a Service available to you from time to time, such as: (1) an InvestDirect business location; (2) Telephone Services; (3) the InvestDirect Website; (4) Online Services; (5) Mobile Apps; (6) Online Chat; and (7) other ways we allow you to give Instructions or make a Transaction. Some Service Channels might not be available to you.

Services means the services we provide to you pursuant to or in connection with this Agreement, which may include: (1) evaluating your Applications and assessing our willingness to provide you with products and services; (2) opening, maintaining and closing Accounts; (3) providing you with products and services, including Online Services and access to Market Data; (4) operating and maintaining Service Channels; and (5) maintaining our relationship with you.

Trade Request means any buy, sell, or short sell trade request for Securities transmitted to us by you through a Service Channel.

Transaction means any transaction (including a purchase, sale or exercise of, or otherwise dealing in, Securities) performed through a Service, and includes a request for information about an Account.

Telephone Services means our telephone channel accessed by you using a Secret Code and by which you can give Instructions regarding an Account.

you or your means each person who holds, or has applied for, an Account or Services or receives Services; and is deemed to include each of your heirs, executors, administrators, legal personal representatives, successors and permitted assigns.

2. Proper Use

- 2.1 You may use Accounts, Services and Service Channels during the term of this Agreement solely for your lawful personal purposes in accordance with this Agreement and all applicable laws.
- 2.2 You must not use any Account, Service or Service Channel for any of the following prohibited purposes:

(a) any illegal purpose (such as financial crime); (b) any improper purpose (such as a purpose that does not meet generally accepted standards of conduct); or (c) the benefit of any third party. You must comply with all applicable laws (including financial crime laws, such as laws regarding money laundering, terrorist financing, bribery, corruption, tax evasion and evasion of economic and trade sanctions) and use Accounts, Services and Service Channels in a lawful and appropriate manner.

- 2.3 We and our service providers are committed to complying with the laws of the countries in which we are located. We may take any action that we, in our discretion, consider necessary or appropriate to comply with applicable laws, including refusing any Instruction, reversing any Transaction, and intercepting and investigating any information being sent as part of or in connection with any Instruction or Transaction.
- 2.4 If you use or we reasonably believe that you are using an Account, Service or Service Channel for purposes not authorized by us or in breach of this Agreement, then we may close any or all Accounts or suspend your access to any or all Services and Service Channels without telling you first. We may place a hold on any or all Accounts while we investigate. We may refuse to let you open or use a new Account or continue to use an existing Account. You will indemnify, or reimburse, us for any Losses we may suffer as a result of your using, or contributing to the use of, any Account, Service or Service Channel for any illegal or improper purpose.
- 2.5 You must take all reasonable precautions to protect each Account from unauthorized or fraudulent access or use.

3. Your Responsibility to Provide Accurate Information

- 3.1 **Applications:** We may require that you complete an Application or otherwise apply in writing, in person, by telephone or electronically for an Account, Services, Service Channels or Pre-Authorized Contribution Plan.
- 3.2 **Accuracy of Information:** You confirm that all information you provide to us in each Application and in connection with each Account now or in the future is accurate, complete and not misleading.
- 3.3 **Correction of Information:** You will notify us immediately if any of the information you provide to us is or becomes inaccurate, incomplete or misleading.
- 3.4 **Additional Information:** From time to time, and at our discretion, we may request new or additional information from you and you will promptly provide it to us so that we can continue to operate Accounts, provide Services and provide you with access to Service Channels.
- 3.5 **Controlling Interest/Insider Status:** You will notify us immediately if you acquire a controlling interest in

or otherwise become an insider of any public company (also known as a “reporting issuer”).

- 3.6 **Registrant Status:** You will notify us immediately if you become or cease to be an employee of any member, member firm, or member corporation of any stock exchange or of any non-member broker or investment dealer, or member of the Investment Industry Regulatory Organization of Canada (IIROC).

4. Relationship with HSBC Bank Canada

- 4.1 We are a wholly owned subsidiary of, but a separate entity from, the Bank.
- 4.2 Activities carried on by, for or on behalf of us are not the business or responsibility of the Bank.
- 4.3 Notwithstanding any other provision of this Agreement or anything done pursuant to this Agreement, the Bank is not responsible or liable for any Accounts, Services or Service Channels, any act or omission by us or on our behalf, or any resulting Losses.

5. Joint Accounts

- 5.1 **Application:** This section 5 applies to each Joint Account. Each reference in this section 5 to “**you**” or “**Accountholder**” refers to each joint holder of a Joint Account and each joint subscriber to a Registered Account. Each reference in this Agreement to “Account” includes each Joint Account and each component of each Joint Account. To the extent this Agreement applies to an applicant for a Joint Account, each reference in this Agreement to “you” refers to each co-applicant for a Joint Account.
- 5.2 **Joint and Several Liability:** All Accountholders are jointly and severally responsible and liable for all debts, obligations, and liabilities arising in connection with their Joint Account or this Agreement. The death of an Accountholder does not release the estate of the Accountholder from the joint and several liability provided in this Agreement. In Quebec, the terms “joint and several” and “jointly and severally” will be construed as meaning “solidarity” and “solidarily”, respectively.
- 5.3 **Instructions:** We may accept and act on Instructions from any Accountholder with respect to their Joint Account or any related matter (including transfers or payments of Securities, money or other property to any Accountholder or any third party) without notice to any other Accountholder, and each of those Instructions will be valid and binding on all Accountholders and each of their respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.
- 5.4 **Delivery of Property and Records:** We may deliver Securities, money and other property in or relating to a Joint Account, and Records, demands, notices and communications of any nature or kind relating to a Joint Account, to any Accountholder to the most recent address we have on record for the

Accountholder or through the eDocuments section of the InvestDirect Website without notice to any other Accountholder. Any Record, demand, notice or communication of any nature or kind relating to a Joint Account that is delivered to just one Accountholder will constitute delivery to all Accountholders and will satisfy our obligations to all Accountholders.

- 5.5 **Death or Other Events:** In the event of the death of an Accountholder, the divorce of married Accountholders or the dissolution of a civil union between Accountholders, the assignment of an Accountholder’s interest in a Joint Account or any other event that may as a matter of law cause a change of ownership of a Joint Account (each an “**Event**”), each of the Accountholders must immediately give us notice of the Event. Before we receive notice of an Event relating to a Joint Account, we may accept and execute Instructions and deal with and for the Joint Account as though the Event had not occurred. Both before and after receiving notice of an Event relating to a Joint Account, we may take such steps and require such documentation regarding the Joint Account, and restrict Transactions in the Joint Account, as we consider appropriate in our discretion. The estate of a deceased Accountholder and the surviving Accountholders, in the case of the death of an Accountholder, and each Accountholder in the case of any other Event, will continue to be fully responsible and liable to us for any debt balance or other liabilities in connection with their Joint Account.
- 5.6 **Legal Ownership:** The legal ownership of a Joint Account will be in the form expressly designated in the applicable Application. If the legal ownership of a Joint Account is not expressly designated in the applicable Application, then the Joint Account will be deemed held by the Accountholders as “tenants in common”, meaning without a right of survivorship. (Please note that the option of designating a Joint Account with a right of survivorship is not available for Joint Accounts opened in the Province of Quebec).
- 5.7 **Consequences of Death:** If a Joint Account is expressly designated to be held by the Accountholders jointly with a right of survivorship, then in the event of the death of an Accountholder the entire beneficial interest of the deceased Accountholder in the Joint Account will vest in the surviving Accountholder or Accountholders (as applicable) on the same terms and conditions and without in any way releasing the deceased Accountholder’s estate from the joint and several liability of the deceased Accountholder provided for in this Agreement. If a Joint Account is deemed or expressly designated to be held by the Accountholders as “tenants in common”, then in the event of the death of an Accountholder the entire beneficial interest of the deceased Accountholder in the Joint Account will form part of the deceased Accountholder’s estate and the

deceased Accountholder's estate will not be released from the joint and several liability provided for in this Agreement.

6. Statements of Account and Other Records

- 6.1 **Delivery of Records:** We will deliver Records to you electronically (through the eDocuments section of the InvestDirect Website or by other electronic means, including email, in accordance with your consents) or by ordinary mail if you have withdrawn your consent to electronic delivery of Records or specifically requested ordinary mail delivery of a Record. We will use your most recent contact information in our records when delivering Records to you.
- 6.2 **Review of Records:** You must promptly review each Record we deliver to you to check and verify Transactions, fees and all entries posted to each Account. If you suspect there are any errors, omissions or irregularities, including any fraud or unauthorized activities, in any Record, then you must immediately give us notice to help prevent ongoing Losses, and in any event within the applicable period set out in section 6.5 below (titled "Your Responsibility to notify of errors and fraud in Records").
- 6.3 **Record Keeping Options:**
- (a) **Online Records:** Any Record made available to you through the eDocuments section of the InvestDirect Website is in place of a paper Record sent by ordinary mail. You must monitor the eDocuments section of the InvestDirect Website on a regular basis, and you must access all eDocuments not less than once every 30 days.
- (b) **Paper Records:** You will notify us immediately if you have not received a paper Record within 10 days of the date on which you would normally receive that type of Record.
- 6.4 **Receipt of Records:** You will be deemed to have received a Record on the earliest of the following events, even if you have not actually received it:
- the day you actually receive the Record;
 - the day you received information that made you aware (or should have made you aware) there might be a problem with an Account or a Transaction (for example, an error, omission, irregularity, fraud or unauthorized activity) that is the subject of the Record;
 - for a statement of account or report about an Account, 10 days after the last day of the month we sent the statement of account or report to you or made the statement of account or report available to you through the eDocuments section of the InvestDirect Website; or
 - for all Records delivered to you through the eDocuments section of the InvestDirect Website, each time you log on to the InvestDirect Website.

6.5 Your responsibility to notify of errors and fraud in Records

- (a) **Trade Confirmations:** You must give us notice immediately if you suspect any error, omission, irregularity, fraud or unauthorized activity in any trade confirmation statement to help prevent ongoing Losses, and in any event within 10 days from when you receive the confirmation statement, or when you are deemed to have received it, whichever is earlier.
- (b) **All Other Records:** You must give us notice immediately if you suspect any error, omission, irregularity, fraud or unauthorized activity in any Record other than a trade confirmation statement to help prevent ongoing Losses, and in any event within 30 days from when you receive the Record, or when you are deemed to have received it, whichever is earlier.
- (c) **Acceptance:** Unless you object in writing to a Record within the period specified above, you agree that: (i) the Record is conclusive evidence of your dealings with us; and (ii) the Record, and all Transactions set out in the Record, are correct, complete, authorized by you and there are no monies or Securities owing to you which are not shown in the Record.

6.6 Your responsibility to notify us of fraud or unauthorized activity:

You must immediately give us notice if you reasonably suspect or become aware of any actual or possible fraud or other unauthorized activity in an Account. Without limiting any other provision of this Agreement, if you fail to give us timely notice of actual or possible fraud or other unauthorized activity in an Account, then we will not be responsible or liable for any Losses that could have been prevented if you had given us timely notice.

6.7 Delay/Misdelivery:

If any Record, cheque, certificate of investment or other item we send to you is delayed, lost, stolen, destroyed or otherwise misdelivered, then we will not be liable to you for, and you will indemnify and hold us harmless against, any resulting Losses except to the extent caused by our negligence or wilful misconduct.

6.8 Location and Disclosure of Records/Data:

You authorize us and our service providers to transmit, process and store Records and other data relating to Accounts, Instructions, your use of Services and Transactions through and in various countries or territories outside Canada, and to disclose Records and data to third parties in accordance with your consents and as otherwise permitted by applicable law.

6.9 Admissibility of Records:

You will not object to the admissibility of any Record as evidence in court or any legal or administrative proceeding on the grounds

that the Record is not an original, is not in writing, is hearsay, is not the best evidence or is a document containing information created by or extracted from a computer. All Records will be conclusive evidence in legal or administrative proceedings of any Instruction or other matter or thing relating to Accounts or their operation or any Transaction.

- 6.10 **Digital or Electronic Records:** We may in our discretion, and subject to applicable laws, create and retain digital or electronic copies of any or all Records. We may destroy the original paper version of any Record without telling you. Our digital or electronic copies of Records may, except where expressly prohibited by applicable law, be relied on as originals and you will not object to the use of our digital or electronic copies of Records in court or any legal or administrative proceeding on the grounds that the digital or electronic copies are not originals, are not in writing, are hearsay, are not the best evidence or are documents created from computer records.
- 6.11 **Certificates of Investments:** We may keep all certificates and other proof of investments made on your behalf at our offices or any depository.
- 6.12 **Registration of Investments:** We will register investments in an Account in our name, or the name of our nominee, as nominee on your behalf, and you hereby consent to the registration of the investments in an Account in our name, or the name of our nominee, on your behalf.

7. Instructions

- 7.1 **Accepting Instructions:** Each Instruction is subject to acceptance by us, and we have the right, in our discretion, to reject any Instruction or to cancel any Transaction resulting from any Instruction. We will determine the kinds of Instructions (if any) that may be provided through each Service Channel. We may accept, transact and execute any Instruction given or purported to be given by you or your agent without confirming that you or your agent actually gave the Instruction, and you are solely responsible and liable for any Instruction that we reasonably believe you or your agent have given even if you or your agent did not actually give or authorize it. Without limiting the foregoing, you are fully responsible for all Instructions given to us by any unauthorized person using a Secret Code or using your computer, mobile device or email account that has been hacked or otherwise compromised and used to provide Instructions by email or through Online Services.
- 7.2 **No changes after processing:** You may not change or withdraw an Instruction after we process it. If you wish to withdraw or correct an Instruction before it has been processed, please contact us by telephone. To verify our receipt and processing of an Instruction, please contact us by telephone. You acknowledge that you might not be able to stop or reverse a payment or transfer of funds.
- 7.3 **True, accurate and complete:** You are solely responsible and liable for ensuring that each Instruction is true, accurate and complete. You acknowledge that we will rely on the truth, accuracy and completeness of each Instruction. You will be solely responsible and liable for all Losses that you, we or any other person may incur as a result of any false, inaccurate, incomplete, or erroneous Instruction.
- 7.4 **Time Sensitive Instructions:** You acknowledge that there may be a delay between your submission of an Instruction and our processing, acceptance and execution of the Instruction.
- 7.5 **Signatures:** If we request or require your signature, or your agent's signature, on an Instruction and we reasonably believe that you or your agent signed the Instruction, then you will be solely responsible and liable for the Instruction even if you or your agent did not sign the Instruction.
- 7.6 **Electronic Instructions:** An Electronic Instruction accepted by us has the same legal validity and effectiveness as a written instruction signed by you or your agent with a legally valid handwritten signature. We do not accept some kinds of Electronic Instructions. We may refuse to accept Electronic Instructions, and this decision is entirely up to us. In addition, we may refuse to accept any Electronic Instruction that appears to be incomplete or otherwise adversely affected by transmission problems. An Electronic Instruction will be deemed not delivered to or accepted by us until it is actually received and processed by us.
- 7.7 **Telephone Instructions:** If you or your agent provide us with an Instruction by telephone, we may record the Instruction and related conversations for quality control purposes and to help ensure accuracy of orders without any further notice to you or your agent.
- 7.8 **More documents required:** At our discretion, we may require that you or your agent sign further documents to verify or confirm an Instruction.
- 7.9 **Risks of Email**
 - (a) **General:** Email is not encrypted or secure and should not be used to transmit information that is sensitive or confidential. Even if we permit you or your agent to use email to give an Instruction, it is your sole choice to use, or authorize your agent to use, email to give an Instruction, and we will not be responsible or liable for any Losses that result from the use of email to give any Instruction.
 - (b) **Security:** You are solely responsible and liable for the security and confidentiality of your email accounts and related systems, and for protecting your email accounts and related systems against unauthorized access and use.

(c) **Authorization:** Notwithstanding the risks associated with email, you hereby authorize us to provide Services in accordance with any Instructions in any email that we receive from you or in your name or that reasonably appears to be sent by you or on your behalf.

(d) **No Orders for Transactions:** You may not use email to give us an Instruction regarding a Transaction.

7.10 **Non-Personal Accounts:** If you are a corporation, trust, partnership, sole proprietorship, estate or other legal entity and there are two or more authorized signatories required for providing Instructions, then each Instruction must be provided to us by all required authorized signatories in a manner accepted by us.

7.11 **Identity or Authority:** We are not required to confirm the identity or authority of any person using an Account or Secret Code to give Instructions, make Transactions, or use any Service or Service Channel. However, we may in our discretion: (a) require proof that you have allowed a person (including someone who says they are your agent or have a power of attorney from you) to access or use an Account, give Instructions, make a Transaction, or use any Service or Service Channel; (b) delay carrying out an Instruction or Transaction or suspend use of any Service or Service Channel while we investigate or satisfy ourselves regarding the person's authority; and (c) refuse to accept any Instruction or carry out any Transaction if we are not completely satisfied regarding the person's authority.

7.12 **Mobile Devices and Computers:** If you provide Instructions by using a mobile device or computer, you will: (a) not access or use Online Services using a shared mobile device or a public or shared (except with your immediate family members) computer; and (b) protect the mobile device or computer from unauthorized access and use by maintaining a password-protected or biometric lock that only you can access and by using up-to-date antivirus software and firewalls. If you access Online Services using a computer that you share with your family members, then you are fully responsible and liable for all acts, omissions and liabilities by or on behalf of your family members regarding the shared computer.

8. Transactions

8.1 **Effective Transactions:** A Transaction will not be effective unless and until the Transaction is accepted and processed by us and by the applicable exchange or market (if any).

8.2 **Time Requirements:** We have time requirements for receiving Instructions and processing Transactions. Time requirements may differ depending on the nature of the Transaction. In addition, a Pre-Authorized Contribution Plan will take at least 5 business days to

set up before making the first Transaction under the Pre-Authorized Contribution Plan.

8.3 **Authorization to Process Transactions:** You authorize us to accept, transact and execute each Transaction in accordance with the applicable Instruction submitted using the applicable Service Channel and the provisions of these Terms and Conditions.

8.4 **General Requirements:** We may in our discretion refuse to process a Transaction if the applicable Account is not in good order, if sufficient funds are not available in the Account to complete the Transaction, or if the Transaction is not consistent with your trading practices.

8.5 **Trading Rules:** Each Transaction is subject to each of the following: (a) all applicable laws; (b) the constitution, by-laws, rules, rulings, regulations, guidelines and customs of the Investment Industry Regulatory Organization of Canada (IIROC); and (c) the rules, restrictions and requirements of the exchange or market (and its clearing house, if any) where the order for the Transaction is executed (collectively the "Trading Rules"). If we reasonably believe that a Transaction is in contravention of any Trading Rules, then we reserve the right to reverse or cancel the Transaction and you will be solely responsible and liable for all resulting Losses.

8.6 **Telephone Confirmation:** We may in our discretion contact you by telephone, at the most current telephone number in our records, to obtain additional Instructions regarding a Transaction before we process the Transaction. You must notify us immediately of any change of your telephone number.

8.7 **Refusing and Reversing Instructions and Transactions:** We have the right in our discretion to reverse or to refuse to process, initiate or complete any Instruction or Transaction, including in any of the following circumstances:

- We cannot process or complete the Instruction or Transaction for a cause beyond our reasonable control.
- A Service Channel does not work properly or is unavailable, including as a result of an operational failure or malfunction.
- The Instruction or Transaction is not allowed under the terms of the applicable Account or Service Channel.
- The Transaction exceeds any balance or credit limit.
- The Transaction is inconsistent with your trading practices.
- The Transaction involves an Account that is dormant or inactive.
- We do not have enough evidence that someone acting for you has authority to do so.

- We do not receive satisfactory proof of the authority of the person giving Instructions.
- The Instruction or Transaction violates any provision in any other agreement you have with us.
- The refusal or reversal relates to Financial Crime Risk Management Activity (as defined in Schedule 2 - Client Information Consent Agreement).
- Completion of the Instruction or Transaction could violate any policies or procedures or any law, regulation, rule, standard or guideline with any governmental authority to which we or our affiliates are subject.
- Completion of the Instruction or Transaction is prohibited by or contrary to our internal policies.
- The Instruction or Transaction is rejected or reversed by any executing broker or trading service provider.

9. Secret Codes

- 9.1 **General:** Access to or use of certain Services and Service Channels requires use of a Secret Code. Only you will use Secret Codes. No one else may use them. Each Secret Code must be different from any similar code or credential that you use for any other service (including any other banking or brokerage service).
- 9.2 **Protection:** You will: (a) keep Secret Codes confidential and secret, and prevent anyone else from using them; (b) not reveal any Secret Code to any other person, including any of our employees or any employee of the Bank or to any third party financial account data aggregation service; (c) not use a Secret Code that is easy to guess (e.g., a Secret Code based on the number on your Bank debit card or the name, birthdate, telephone number or address of yourself or a close relative); (d) memorize all Secret Codes, and not store your Secret Code in your internet browser software; and (e) keep any record of your Secret Codes secure and separate from other Account information or information related to any account with one of our affiliates, including the Bank, so no one will be able to find or steal your Secret Code. When you use a Secret Code (e.g., entering it into a device), you will ensure that no other person sees the Secret Code.
- 9.3 **Service Channel Sessions:** Once you have started a session through a Service Channel that requires the use of a Secret Code, you will not, under any circumstances, leave the computer or other device you are using until you have ended the session and signed off from the Service Channel. At the end of any Service Channel session, you must sign off the Service Channel. You will implement all security measures available through the operating systems and internet browser applications you use to access an electronic Service Channel, including clearing the

browser application's cache and closing the browser application after each session.

- 9.4 **Changes:** We may, in our discretion, at any time and without giving notice to you: (a) cancel or suspend a Secret Code; (b) require you to change a Secret Code; and (c) change any requirement relating to a Secret Code or the use of a Secret Code, including requiring that you use one or more Secret Codes to access or use any Service or Service Channel or to provide or confirm an Instruction. If you forget your Secret Code, then: (i) we may require you to provide us with a combination of other pieces of personal identification before we allow you to obtain a new Secret Code or give any Instruction; (ii) we are not obliged to accept your Instructions until you have provided adequate evidence of your identity to us; and (iii) we will not be responsible or liable for any Losses caused or contributed to by your delay or inability to verify your identity as required by us.
- 9.5 **Notice of Unauthorized Access/Use:** If any Secret Code is lost or stolen, has become or might have become known to or used by any other person, or might otherwise be available for unauthorized use, then you will immediately: (a) change all Secret Codes; and (b) contact us by telephone. Until you give us the foregoing notice and we actually receive and process it, you will be solely responsible and liable for all authorized and unauthorized use of each Secret Code (including all Instructions and Transactions given and made using the Secret Code) and all resulting Losses to you, us or any other person.

10. Market Data and Market Data Providers

- 10.1 **General:** Services and Service Channels may include, or provide or permit you to access, Market Data. We and Market Data Providers do not guarantee the timeliness, sequence, accuracy or completeness of any Market Data. Market Data may include views, opinions and recommendations of individuals or organizations that may be of interest to investors generally, but we and Market Data Providers do not: (a) endorse or approve any of those views, opinions or recommendations; (b) give any investment, tax, accounting or legal advice; or (c) recommend the purchase or sale of any Security.
- 10.2 **Other Websites/Services:** Services and Service Channels (including the InvestDirect Website and Mobile Apps) may provide, as a courtesy convenience, links and references to websites, online services and products, services, information and publications provided by persons other than us. We do not endorse or approve any of those websites, online services and products, services, information and publications.
- 10.3 **Proprietary Rights:** All Market Data is proprietary to us, the relevant Market Data Provider and other independent sources, and may be protected by

copyright and other applicable intellectual property laws. You do not obtain any right, title or interest in, to or associated with any Market Data, except the limited license to use Market Data as expressly set out in this Agreement. We hereby grant to you a non-exclusive, personal, non-transferable licence during the term of this Agreement to access Market Data using the Service Channels that we make available for that purpose, and use Market Data solely for your personal and non-commercial use. You will not access Market Data in any other manner or use Market Data for any other purpose whatsoever, including for the benefit of any other person. You will not communicate, reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate, perform in public, display or otherwise commercially exploit any Market Data without our express prior written consent and the express prior written consent of the relevant Market Data Provider.

- 10.4 **Additional Terms and Conditions:** Market Data may be subject to additional terms, conditions, disclaimers, information and periodic correction notices, which are available through the Service Channels used to access the Market Data or provided by other means of notice. By using the Market Data to which any of the additional terms, conditions, disclaimers, information or notices are associated, you agree to be bound by the terms, conditions, disclaimers, information and notices.
- 10.5 **Sources/Costs:** Market Data originates from various independent sources, including stock exchanges, markets and business and financial news reporters and analysts. We do not control the content, format, currency or any other aspect or variable relating to any Market Data. The continued availability of Market Data at stated prices or at all cannot be assured. As well, the length of delay for delayed Market Data may increase without notice. In some cases, Market Data Providers may require that you satisfy additional eligibility criteria to receive or use Market Data and enter into separate agreements with the Market Data Provider that govern your receipt and use of Market Data.
- 10.6 **Disclaimer:** To the maximum extent permitted by applicable law, Market Data is provided “as is”, “as available” and “with all faults”, and without any representation, warranty, condition or guarantee of any nature or kind whatsoever, whether express, implied or statutory, or arising from custom or trade usage or by any course of dealing or course of performance, including any representation, warranty, condition or guarantee of or relating to merchantability, fitness for a particular purpose, title, non-infringement, accuracy, availability, completeness, currency, sequence, timeliness or performance.
- 10.7 **No Liability:** Notwithstanding any other provision of this Agreement and to the maximum extent permitted

by applicable law, neither us nor any Market Data Provider will be responsible or liable to you or any other person for any of the following: (a) any inaccuracy, error, delay, interruption or omission in or of any Market Data; (b) any Losses caused in whole or in part by circumstances beyond our or their control in procuring, interpreting, compiling, writing, editing, reporting or delivering any Market Data or Services; or (c) any decision made or action taken by you or on your behalf in response to or based on any Market Data.

- 10.8 **Market Data Providers:** This Agreement confers certain legal rights and benefits on Market Data Providers. The Market Data Providers may enforce those rights and benefits directly against you by legal proceedings or other appropriate means.

11. InvestDirect Website and Online Services

- 11.1 **InvestDirect Website:** You will remotely access and use the InvestDirect Website solely for your lawful personal purposes in accordance with this Agreement and all applicable laws. Your access to and use of the InvestDirect Website are governed by the applicable website terms and conditions, which are accessible using a link on the InvestDirect Website. Each time you use the InvestDirect Website, you confirm that you have read, understand and agree to the applicable website terms and conditions. If you do not agree to the applicable website terms and conditions, then you may not access or use the InvestDirect Website.
- 11.2 **Online Services:**
- (a) **Permitted Access/Use:** You will remotely access and use Online Services using the applicable Secret Code and the access mechanisms that we designate for those purposes and solely for your lawful personal purposes in accordance with this Agreement, the applicable documentation (which is available on the InvestDirect Website) and all applicable laws. If an Online Service provides various functionalities, you will remotely access and use only those functionalities that we authorize and permit you to use.
- (b) **Restrictions/Requirements:** You will not: (i) access or use any Online Service or function of an Online Service for any purpose or in any manner except as expressly permitted by this Agreement; (ii) attempt to circumvent the ordinary navigational structure, technical delivery systems or display of any Online Service or otherwise attempt to access or use any Online Service or any of its functionalities by any means that is not deliberately made available to you for that purpose by us; (iii) access or use any Online Service in a way that damages, disrupts, compromises, degrades or interferes with the integrity, functionality, operation, performance or security of the Online Service or any related

technology systems, networks or data, or to attempt to gain unauthorized access to an Online Service or any related technology systems, networks or data; (iv) alter, attempt to circumvent, destroy, obscure or remove any notices or security or access control measures or agreements on, in or in relation to any Online Service or any Market Data obtained through any Online Service; (v) give or make available, or permit the use of, any Online Service or any of its functionalities or any results of its use to or for the benefit of any other person; (vi) index, crawl, catalogue, mirror, frame, scrape, cache or collect or mine any Market Data or other data from any Online Service for any purpose whatsoever, using any technologies, tools or methods (including robots, spiders, crawlers, or other automatic devices, programs or methodologies) whatsoever; or (vii) authorize, permit, assist, encourage or enable any other person to do any of the foregoing or to use any Online Service in a way that would constitute a breach of this Agreement if it were done by you.

- 11.3 **Availability:** You acknowledge that the InvestDirect Website and Online Services may be unavailable from time to time, including to allow for planned and emergency maintenance and updates or due to circumstances beyond our control. If the InvestDirect Website or an Online Service is not available, you may give Instructions by telephone. We are not liable to you for any Losses arising from your inability to provide Instructions through the InvestDirect Website or Online Services.
- 11.4 **Suspension/Termination:** We may, in our discretion, suspend or terminate your access to or use of the InvestDirect Website and any or all Online Services at any time, for any reason or for no reason at all, without any notice to you, and without any liability to you or any other person. If you breach any provision of this Agreement, you may no longer access or use the InvestDirect Website or any Online Service.
- 11.5 **Disclaimer:** To the maximum extent permitted by applicable law, the InvestDirect Website and Online Services are provided "as is", "as available" and "with all faults", and without any representation, warranty, condition or guarantee of any nature or kind whatsoever, whether express, implied or statutory, or arising from custom or trade usage or by any course of dealing or course of performance, including any representation, warranty, condition or guarantee of or relating to merchantability, fitness for a particular purpose, title, non-infringement, accuracy, availability, completeness, currency, sequence, timeliness or performance.
- 11.6 **Documentation:** The conditions, rules and regulations regarding Online Services set out in any manuals, materials, documents or instructions that we provide to you regarding this Agreement form part of this Agreement.

12. Technical Requirements and System Information

- 12.1 **General:** Except as expressly set out in this Agreement, you are solely responsible and liable for obtaining, provisioning, configuring, maintaining, paying for, and protecting from loss and damage, all equipment (including computers and mobile devices), software (including anti-virus software) and services (including internet services) necessary for you to access and use Services and Service Channels.
- 12.2 **Technical Requirements:** Information regarding minimum technical requirements for accessing and using the InvestDirect Website and other Service Channels is set out on the InvestDirect Website.
- 12.3 **Mobile Apps:** We may in our discretion make one or more Mobile Apps available for download through the applicable third party online app store. The downloading and use of a Mobile App are governed by this Agreement and the end user license agreement that applies to the Mobile App.
- 12.4 **Security:** You will establish and maintain security systems, procedures and controls to prevent and detect: (a) any theft of funds; (b) any unauthorized access to or use of your email accounts and related systems; (c) any forged, fraudulent or unauthorized Instructions; and (d) Losses due to fraud or unauthorized access to any Service or Service Channel using Secret Codes.
- 12.5 **Internet and System reliability:** We strive to offer an online trading system that is reliable, secure and capable of meeting our clients' needs. From time to time, however, unscheduled outages may occur, including as a result of system problems and slowdowns at our facilities, your internet service provider (e.g., Bell Canada, Rogers, etc.), Market Data Providers, or third party providers of information, research and back office functions.
- 12.6 **Availability and scheduled maintenance:** You acknowledge that the Services and Service Channels may be unavailable from time to time to allow for system maintenance and updates. The process of managing the reliability and accessibility of our systems requires regularly scheduled maintenance time. The scheduled maintenance window is set out on the InvestDirect Website.
- 12.7 **Availability of order entry for new orders, changed orders and cancellations:** You acknowledge that our back office provider has specific periods, set out on the InvestDirect Website, during which the entry of new orders as well as the changing or canceling of existing orders is unavailable. During these periods, order entry will be unavailable online.

13. Best Execution

- 13.1 **General:** We and our executing broker, National Bank Financial Inc., will take all reasonable steps to obtain

best execution when executing an order on your behalf in accordance with applicable securities regulations. A description of the policies and procedures followed by National Bank Financial Inc. to achieve “best execution” for its clients may be obtained by contacting us.

- 13.2 **Trading Services:** We use trading services provided by independent third parties, including National Bank Financial Inc. We and each trading service provider (including National Bank Financial Inc.) have the right in our or their discretion to reject, change or remove any Instruction, and to cancel any Transaction resulting from any Instruction.

14. No Advice or Suitability Review

- 14.1 We do not provide any investment advice or recommendations regarding any investment decisions or Transactions (the “**No Advice Policy**”).
- 14.2 You acknowledge that we have obtained relief from applicable securities regulatory authorities that allows us to accept and execute Instructions and process Transactions on your behalf without us reviewing them to determine whether they are suitable for you in light of your personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, investment time horizon and other similar factors (referred to as a “**Suitability Review**”). We will accept and execute Instructions and process Transactions without any Suitability Review.
- 14.3 You acknowledge that we do not provide any investment advice or recommendations or tax advice regarding your investment decisions or Transactions or determine your general investment needs and objectives or the suitability of any of your investment decisions or Transactions or the Securities in any Account, and therefore we do not accept any responsibility for the suitability of any of your investment decisions or Transactions (the “**Suitability Waiver Acknowledgement**”).
- 14.4 You are solely responsible and liable, and we are not in any way responsible or liable, for determinations regarding the investment products and services in which you are permitted to transact, your capacity or authorization to undertake a Transaction, and the investment decisions you make, as well as for your profits or Losses resulting from any of the foregoing.
- 14.5 You agree to the No Advice Policy and the Suitability Waiver Acknowledgment when you open each Account. Each time you access or use your Account (including by holding Securities or money in your Account) or provide Instructions to us, you acknowledge and agree to the No Advice Policy and waive suitability pursuant to the Suitability Waiver Acknowledgement.

- 14.6 Notifications and messages appearing on the InvestDirect Website or any other Service Channel do not constitute a recommendation by us. You are solely responsible and liable for your own investment decisions regarding the purchase and sale of any Securities. For legal or tax related questions or advice, please consult with your legal or tax advisor.

15. Agents/Trading Authorization and Power of Attorney Appointment (for use in Quebec)

- 15.1 **Appointment of Agents:** By executing a prescribed Trading Authorization Form or a Power of Attorney (for use in Quebec), you may appoint an agent with respect to one or more Accounts for the purposes of authorizing that agent with the power to give Instructions on your behalf and to buy, sell (including short sales) and trade in Securities and options, on margin or otherwise, on your Account. An appointed agent is not our employee or representative, but rather acts as your agent solely for you. You are fully responsible and liable for all acts, omissions and liabilities of each agent. You will ensure that each agent complies with all of the provisions of this Agreement applicable to the activities of the agent. You will indemnify and hold us harmless against all Losses arising from, connected with or relating to your appointment of an agent, any actions relating to the appointment, and any acts or omissions by the agent.
- 15.2 **No Review/Assessment:** You acknowledge that we are not responsible for conducting any merit review or due diligence on any individual you appoint as your agent and, in particular, we do not conduct any security checks or perform any regulatory reviews on any individual you appoint as your agent or review their knowledge or experience in trading in Securities.
- 15.3 **Registration:** You acknowledge that, under the securities laws of Canada, any individual or legal entity in the business of trading or advising on Securities or holding themselves out as being in the business of trading or advising on Securities is required to be registered with Canadian securities regulatory authorities or be permitted to rely on a registration exemption. Canadian securities regulatory authorities have provided guidance on factors that they consider relevant in determining whether an individual or firm is trading or advising in securities for a business purpose and, therefore, subject to the dealer or adviser registration requirement. The factors include engaging in activities similar to a registrant and being, or expecting to be, remunerated or compensated for the activities. You are solely responsible for obtaining appropriate advice regarding those issues. The Canadian Securities Administrators’ National Registration Search is a publicly accessible government site where you can verify whether or not the individual or firm you are dealing with is registered or not.

- 15.4 **No Legal Advice:** The statements in section 15.3 are not, and should not be construed to be, legal advice. You acknowledge that we are not required to provide you with any legal advice and have not done so. We encourage you to obtain appropriate legal advice with respect to the issues set out in this section 15.
- 15.5 **Review of Activities:** If you grant trading authorization to an agent, you should be diligent to closely scrutinize and review all Transactions in each Account, and you should take appropriate action (including giving us immediate notice) regarding any suspected unauthorized or inappropriate Transactions. As an Order Execution Only service provider, we have no obligation to conduct any trade-by-trade suitability assessment regarding any Transaction in any Account, and we do not provide any investment recommendations or advice.
- 15.6 **Termination of Agent's Authority:** We reserve the right to terminate your agent's trading authorization over any Account at any time, for any reason, in our sole discretion. If we terminate an agent's trading authorization over an Account, we will provide notice to both you and the agent.

16. Payments and Related Matters

- 16.1 **Payments:** You will pay for all Securities purchased for you, and deliver all Securities sold for you, on or before the applicable settlement date. If we are unable to settle any Transaction for the purchase or sale of any Security by reason of your failure to make payment or deliver Securities in good form, you authorize us to take the steps necessary to complete the Transaction and you will promptly reimburse us for all resulting Losses incurred by us. In addition, you will promptly repay to us all amounts debited to your Account and agree that we may from time to time debit your Account for applicable fees, commissions, interest and other amounts owing to us.
- 16.2 **Credit Balances:** Any credit balance in an Account will not be segregated or held separately, but may be commingled with our general funds and used by us for the general purpose of our business, including loans by us to other persons to the extent not prohibited by applicable law. Our use of a credit balance in an Account will constitute a loan from you to us, and the credit balance will be an item in a debtor and creditor account between you and us. You will rely solely on our liability with respect to loans from your credit balance. We are not a member of the Canada Deposit Insurance Corporation. The liability incurred by InvestDirect to you through this borrowing is not a deposit.
- 16.3 **Cash Balances:** We may deposit cash balances in an interest bearing account with the Bank and will not be accountable for any profit we earn on those cash balances. Cash balances will earn interest at a rate set by us. We may change these rates at any time. In

addition, if foreign exchange transactions are used for an Account, we may earn revenue on the spread between bid and offer prices in the foreign exchange transactions.

- 16.4 **Foreign Currency Transactions:** If you initiate a Transaction in a currency other than the currency of your Account (a "**Foreign Currency Transaction**"), then the Foreign Currency Transaction may involve one or more currency conversions that will take place on the date of the Transaction using currency conversion rates we establish, and the Foreign Currency Transaction will settle in the currency of your Account. Current information about our currency conversion rates is available on request by calling us at the applicable telephone number specified on the InvestDirect Website. In addition to any commissions and other fees applicable to a Foreign Currency Transaction, we (or parties related to us) may earn revenue on the currency conversion, based on the current bid and ask rates for the foreign currency (commonly referred to as the "spot rate") plus a spread rate (which is the difference between the rate we or related parties receive and the rate you receive). The third parties involved in processing a Foreign Currency Transaction might include their own commissions or fees as part of the Transaction amount before we receive the debit request denominated in the currency of your Account. If you initiate a Foreign Currency Transaction, we may debit your Account for the converted amount, inclusive of any surcharges, foreign exchange conversion fees and rate spreads imposed by the third parties involved in processing the Foreign Currency Transaction.
- 16.5 **Cheque Clearing:** We may wait until a cheque deposited into an Account has cleared before permitting you to access the funds from the Account.

17. Abandoned or Unclaimed Property

- 17.1 In some circumstances, an Account and the Securities and money held in the Account may be deemed unclaimed within the meaning of applicable laws, or if there is no applicable laws under our policies, procedures or practices for unclaimed property. We may deal with any unclaimed money or Securities in an Account in accordance with applicable laws and our policies, procedures and practices, which are subject to change from time to time. Without limiting the foregoing, you agree that we may: (a) transfer unclaimed property to appropriate government agencies in the jurisdiction that governs the operation of the Account; (b) use and disclose your Personal Information (as defined in Schedule 2 - Client Information Consent Agreement) and Account information to locate and communicate with you about unclaimed property, and generally to comply with applicable laws and our policies, procedures and practices for unclaimed property; and (c) disclose your Personal Information and Account information to

third parties or government authorities for inclusion in publically searchable databases of unclaimed property or to locate you.

- 17.2 Unless expressly prohibited by applicable law, once we deem assets held in an Account to be unclaimed property, we may, in our discretion, convert any assets held in the Account into Canadian cash, including assets held in a foreign currency, and hold the proceeds or invest them in a pooled account established for abandoned or unclaimed property. Except as expressly required by applicable law, we will have no obligation to keep your unclaimed property in any particular form or to invest it for a continuing return.
- 17.3 Unless otherwise required by applicable law, we will only treat your property as abandoned or unclaimed where we reasonably believe it has become unclaimed or abandoned, including where we send you communications that are returned undeliverable, we seek Instructions or ask you to take certain steps by a specified date and you do not do so, or we send a payment to you and it is not claimed or deposited.
- 17.4 You agree to pay any costs and fees we incur in dealing with your abandoned or unclaimed property, up to the maximum amount permitted by applicable law, if any.
- 17.5 If you wish to reclaim any unclaimed property and we still have it, we may impose certain requirements on you that need to be met to our satisfaction before we release the abandoned or unclaimed property to you (or to your heirs, executors, administrators, legal personal representatives, successors, permitted assigns and estate) or any other person claiming to have ownership of the unclaimed property. These requirements may include providing documents that show you own the property, proving your identity and indemnifying us from responsibility when we release the property to you.

18. Fees and Taxes

You will promptly pay us all fees, commissions and other charges (collectively the “**Fees**”) and applicable taxes for and in respect of all Services and Transactions in accordance with the terms and conditions set out in the Fee Schedule, as amended from time to time, which is available on the InvestDirect Website. By signing an Application, you acknowledge that you have read, understand and agree to the Fee Schedule.

We may change the Fees at any time provided we give you a minimum of 60 days’ prior notice.

Fees and other amounts payable by you to us are exclusive of all applicable taxes (including Goods and Services Tax, Harmonized Sales Tax, and other taxes imposed under federal or provincial law), and you will pay all of those taxes.

If you owe us any outstanding Fees or taxes, you authorize us, in our discretion, to sell, redeem or otherwise dispose of Securities in an Account to pay the Fees and taxes.

19. Canadian Investor Protection Fund

InvestDirect is a member of the Canadian Investor Protection Fund (“CIPF”). CIPF protects Accounts within specified limits. Information about the nature and limits of CIPF protection is available on request or on the CIPF website (www.cipf.ca). InvestDirect is not a member of the Canada Deposit Insurance Corporation.

20. Exclusions of Liability and Indemnity

20.1 **Exclusions of Liability:** Notwithstanding any other provision of this Agreement and to the maximum extent permitted by applicable law:

- (a) We will not be responsible or liable for, and you release us from, all Losses related to this Agreement or any Account, Service or Service Channel except to the extent Losses are caused by our breach of applicable securities laws, negligence, wilful default or fraud.
- (b) Without limiting section 20.1(a), in no event and under no circumstances will we be responsible or liable for any Losses that are indirect, consequential, special, aggravated, punitive, or exemplary, regardless of the basis for the claim, or for any Losses arising from, connected with or relating to any of the following: (i) any fraud or unauthorized Account activity by you or any person for whom you are responsible or liable under this Agreement or applicable law, (ii) your breach of this Agreement; or (iii) any improper, inaccurate or incomplete Instructions.

20.2 **No responsibility for events beyond our control:** Notwithstanding any other provision of this Agreement, and to the maximum extent permitted by applicable law, we will not be responsible or liable for any delays in performing or failures to perform any of our obligations under this Agreement (including any system malfunction or interruption or unavailability of any Account, Service or Service Channel) or any resulting Losses to you or any other person, if and to the extent the delays or failures to perform result from any event or circumstance beyond our reasonable control, including an act of God, strike, lockout or labour disruption, war, riot, pandemic, epidemic, civil commotion, natural disaster (including fire, flood or earthquake), extraordinary weather conditions, communication or power failure, equipment, hardware or software malfunction, telecommunications problem, government restrictions, exchange or market rulings or the suspension of trading.

20.3 **General Indemnity:** To the maximum extent permitted by applicable law, you will defend, indemnify and hold us and our personnel harmless from and against all Losses arising from, connected with or related to any of the following: (a) our following Instructions or executing Transactions in accordance with Instructions; (b) any breach by you of this

Agreement; or (c) any other wrongful act or omission by you or by any person for whom you are responsible or liable under this Agreement or applicable law.

21. Amounts owing to us

- 21.1 Notwithstanding any other provision of this Agreement, we may, subject to applicable law, in our discretion and without notice to you, set-off or compensate any amount that you owe to us or to any other member of the HSBC Group, including the Bank, against any of the assets in the Account, any other Account or any other account you have with any other member of the HSBC Group, including a Joint Account, even if the other Accountholder (as defined in section 5.1) is not responsible for the amounts you owe and even if they deposited the funds in the Joint Account.
- 21.2 To the extent allowable by applicable law, we and any other member of the HSBC Group may enforce our rights under this section 21 by either or both of: (a) redeeming the Securities in an Account to pay a debt or liability with us or any other member of the HSBC Group; and (b) using any cash in an Account to buy currency to pay a debt or liability for an account with us or any other member of the HSBC Group that is in a different currency. For Joint Accounts, each Accountholder agrees that the full amount in the Joint Account can be applied to the payment of any indebtedness or liability to us or any other member of the HSBC Group by any Accountholder.
- 21.3 You will reimburse us for the reasonable costs of collection (including legal fees) of any amounts you owe to us.

22. Using Borrowed Money

Using borrowed money to finance the purchase of Securities involves greater risk than using cash resources only. If you borrow money to purchase Securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the Securities purchased declines. For example, mutual funds or other Securities may be purchased using available cash, or a combination of cash and borrowed money. If cash is used to pay for the mutual fund or other Securities purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the fund shares. The purchase of mutual funds or other Securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called "leveraging". For example, if \$100,000 of fund shares are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the fund shares declines by 10% to \$90,000, your equity interest (i.e., the difference between the value of the fund shares and the amount borrowed) has declined by 40% (i.e., from \$25,000 to \$15,000).

It is important that an investor proposing to borrow for the purchase of mutual funds or other Securities be aware that a leveraged purchase involves greater risk than a purchase using

cash resources only. To what extent a leveraged purchase involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the mutual fund or other Securities purchased.

It is also important that an investor be aware of the terms of a loan secured by mutual fund shares or other Securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the shares. Should this occur, the borrower must pay down the loan or sell the shares so as to return the loan to the agreed percentage relationship. In our example above, the lender may require that the loan not exceed 75% of the market value of other shares. On a decline of value of the shares to \$90,000, the borrower must reduce the loan to \$67,500 (i.e., 75% of \$90,000). If the borrower does not have cash available, the borrower must sell shares at a loss to provide money to reduce the loan.

Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who leverage their investment are advised to have adequate financial resources available to pay interest and also to reduce the loan if the borrowing arrangements require such a payment.

23. Our Rights to Eliminate or Reduce Debt or Losses

- 23.1 We may take any lawful steps that we in our discretion consider necessary, including steps to protect ourselves against Losses, if: (a) you do not pay any indebtedness when due; (b) you do not provide us with all applicable funds and all required Securities in acceptable delivery form on or before the applicable settlement date; (c) there is any unsecured or potentially unsecured indebtedness in an Account; (d) you die, become bankrupt or insolvent, or if any of the Collateral (as defined in section 24.1) becomes subject to execution, attachment or other process; or (e) you fail to comply with any of the other requirements in this Agreement.
- 23.2 Subject to applicable law, in addition to any other right or remedy to which we are entitled under this Agreement (including section 23.1) or applicable law, we may in our discretion, at any time and from time to time without notice or demand to you:
- (a) apply monies held to your credit in any Account to eliminate or reduce your indebtedness in any other Account;
 - (b) restrict or close any Account;
 - (c) reverse, refuse to initiate or complete or cancel any Transaction in any Account;
 - (d) take Securities in payment or sell, contract to sell or otherwise dispose of any or all Securities held by us for you and apply the net proceeds to eliminate or reduce indebtedness;
 - (e) purchase or borrow any Securities necessary to cover short sales or any other sales made on your

behalf in respect of which delivery of certificates in an acceptable delivery form has not been made; and

(f) cancel any outstanding orders.

- 23.3 Any sales or purchases we make for an Account pursuant to sections 23.1 and 23.2 may be made on any exchange or market or at a public or private sale on the terms and in the manner we consider appropriate in our discretion. If demand is made or notice is given to you by us, it will not constitute a waiver of any of our rights to act without demand or notice. Any and all expenses (including legal expenses) reasonably incurred by us in connection with exercising any of our rights under this Agreement may be charged to an Account. You will remain liable to us for any deficiency remaining following our exercise of any or all of our rights under this Agreement, and you acknowledge that our rights set out in this section 23 are reasonable and necessary for our protection having regard to the nature of Securities markets, including in particular their volatility.

24. Security Interest

- 24.1 **General:** Subject to applicable law, as security for the payment and performance of all of your obligations, liabilities and indebtedness to us in any Account and howsoever arising, including any obligation arising by reason of any guarantee that you give regarding any account of any other person (collectively the “**Obligations**”), you hereby hypothecate, pledge, assign and grant to us a security interest in any and all credit balances, Securities or contracts relating thereto, and other property held or carried in any Account for any purpose, including any property in which you have an interest at any time, and all proceeds thereof (collectively the “**Collateral**”). We may in our discretion, but will be under no obligation to do so, transfer any of the Collateral in any Account from or to any other Account, or hold or set aside any part of the Collateral when we deem it necessary for the protection and preservation of the Collateral. At any time and from time to time, we may cancel or close Transactions in any Account if we determine, in our discretion, that the Collateral is inadequate to secure the Obligations, or on the happening of any event that in our opinion jeopardizes any Account.
- 24.2 **Sales/Transfers:** Whenever we in our discretion deem it desirable for our protection, we may, without prior demand or tender, and without any notice of the time or place of sale, all of which are expressly waived by you, sell or take in payment of any Obligation outstanding any or all Collateral that may be in our possession, or which we may be carrying for you, in order to repay any Obligation. Such sale or taking in payment or purchase may be made at our discretion 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 any applicable law (including the Civil Code of Québec, any applicable Personal Property Security Act or any applicable Security Transfer Act), and neither any demands, calls, tenders, or notices that we may make or give in any one or more instances, nor any prior course of conduct or dealings, will invalidate any of your aforesaid waivers. We are specifically authorized to transfer to any cash Account any credit balance in any other Account, except for Registered Accounts, including any free credit balances therein, sufficient to repay any debt balance. We may at any time, without notice, whenever we carry more than one Account, enter credit or debit balances, whether in respect of Securities or money, to any Account, and make adjustments between Accounts as we may in our discretion deem fit. Any reference to an Account in this section 24.2 includes any Account (including any Joint Account) in which you have any interest, whether jointly or otherwise.

- 24.3 **Quebec:** For the Province of Quebec only - To secure your indebtedness to us, you hereby hypothecate and pledge in our favour all Securities, any dividends, interest, capital distributions in respect thereof, any proceeds derived from the sale or other disposition thereof, and any cash, including free credit balances held by us in or for an Account (the “**Hypothec Collateral**”) for the amount of CDN\$100,000,000, with interest from the date hereof at the Bank’s Prime Rate plus 1% per annum. We will have the right from time to time, in our discretion, to raise money on the Hypothec Collateral and to carry the Hypothec Collateral in our general loans, and to hypothecate, pledge and re-pledge the Hypothec Collateral in such manner as to such reasonable amount and for such purpose as we may deem advisable. If we deem it necessary for our protection, we may, in our discretion, buy any or all Securities of which an Account may be short or sell any and all Securities held in or for an Account and, without in any way restricting the foregoing, will have the right to recover from you the amount of the indebtedness or any unpaid balance thereof, either with or without realizing on the whole or any part of the Hypothec Collateral. For this purpose, all Accounts will be deemed to be part of a single account, regardless of their designation and the currency in which they are expressed.

25. Interest

- 25.1 **Interest on Cash Balances in Cash/Margin Accounts:** Interest on cash balances in Canadian dollar Accounts and U.S. dollar Accounts will be calculated on the daily closing cash balance using prevailing interest rates published on the InvestDirect Website and paid monthly. Interest will 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.

- 25.2 **Interest on Debit Balances in Cash Accounts:** Interest will be charged on Canadian dollar debit balances at the prevailing rate based on the Bank's Prime Rate plus a specified percent per annum published on the InvestDirect Website and on U.S. dollar debit balances at the Bank's United States Base Rate plus a specified percent per annum published on the InvestDirect Website, and will be calculated on the daily closing balance of the cash Account and payable monthly. No interest is charged on closing cash balances in a cash Account if the amount of interest computed in a month is less than \$2.50.
- 25.3 **Interest on Debit Balances in Margin Accounts:** Borrowings on margin Accounts will be subject to interest at the prevailing rate, which for Canadian dollar debit balances is based on the Bank's Prime Rate plus a specified percent per annum published on the InvestDirect Website, and for U.S. dollar debit balances is based on the Bank's US Base Rate plus a specified percent per annum published on the InvestDirect Website, and will be calculated on the daily closing balance of the Account and payable monthly. Borrowings include all Fees charged to all Accounts. No interest is charged on closing cash balances in a margin Account if the amount of interest computed in a month is less than \$2.50.
- 25.4 **Interest on Cash Balances in Registered Accounts:** Interest will be calculated on the daily closing cash balance at our prevailing interest rate published on the InvestDirect Website and paid monthly. 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.

26. Changes to Accounts, Services and Service Channels

- 26.1 **Changes by Us:** From time to time, we may change (including adding to or ending) or suspend any or all Accounts, Services or Service Channels without telling you first. Changes to a Service or Service Channel may include changes to the Instructions or Transactions permitted through the Service or Service Channel, and the procedures, hours of operation, Secret Code requirements or other attributes of the Service or Service Channel. If we change or end a Service or Service Channel the terms of this Agreement will continue to apply.
- 26.2 **Cancellation by You:** We supply Services on a month-to-month basis. You may cancel Services at any time on notice of cancellation to us, which notice will be effective only when we actually receive and process it. You may give notice of cancellation to us in accordance with section 31.6 or any other way permitted by us from time to time.

27. Changes to this Agreement

- 27.1 We may change this Agreement from time to time without any notice to you. Any change to this Agreement takes effect 30 days after the changed Agreement is published on the InvestDirect Website. If you wish, you can obtain a copy of the changed Agreement on the InvestDirect Website.
- 27.2 If we decide to tell you about a change to this Agreement, we may do so in any of the following ways: (a) including a notice about the change in a statement of account or Report about an Account; (b) sending to you by mail or electronic message (including posting through Online Services) a notice telling you about the change; (c) sending to you by mail or electronic message (including posting through Online Services) a copy of the revised Agreement; or (d) posting the changes on the InvestDirect Website.
- 27.3 Our employees do not have any authority to change this Agreement, except by publishing the changed Agreement on the InvestDirect Website. You may not change this Agreement.

28. Cancelling or Terminating this Agreement, Services or a Service Channel

- 28.1 **Withdrawal of Services/Service Channels:** If we withdraw Services or Service Channels, the terms of this Agreement will continue to apply.
- 28.2 **Termination of Agreement by Us:** We may terminate this Agreement or stop your right to use any or all Accounts, Services or Service Channels at any time and without any notice to you if: (a) you are in breach or default of any of your representations, warranties, covenants or obligations under this Agreement or related to your Account, the Services or your use of a Service Channel; (b) any of the information you provided to us related to this Agreement, your Account, the Services or your use of a Service Channel is inaccurate, incomplete or misleading in any way; or (c) we are required to do so by applicable law. In addition, we may terminate this Agreement or stop your right to use any or all Accounts, Services or Service Channels at any time in our sole discretion and for our sole convenience by providing you with notice at least 30 days' prior to the date the termination or withdrawal becomes effective. We will not be responsible or liable to you for any Losses that result from our termination of this Agreement or stopping of your right to use any or all Accounts, Services or Service Channels in accordance with the provisions of this Agreement.
- 28.3 **Termination of Agreement By You:** You can terminate this Agreement at any time by either: (a) redeeming all of the Securities and other assets in all Accounts and providing Instructions to close all Accounts and terminate this Agreement; or (b) providing

notice to us, in any way we tell you is permitted, that you want to terminate this Agreement and close all Accounts; and in either circumstance the termination will not be effective until we close all Accounts.

28.4 **On Termination of Agreement:** On termination of this Agreement by us or you, if we have not received actionable Instructions from you to our satisfaction and consistent with our right to redeem and resign, we may do any of the following with the Securities and other assets in all Accounts at the time of termination as permitted by applicable law:

- redeem all of the Securities and other assets in all Accounts and deposit any proceeds from the redemptions in accordance with your banking information on record or mail a cheque to your mailing address on record;
- redeem and convert all of the Securities and other assets in all Accounts into cash and hold the cash in the Accounts until you provide Instructions regarding the transfer of the cash; or
- take any other actions we consider appropriate, including resigning as trustee in respect of any Registered Account for which we are trustee.

On termination of this Agreement, we will not be obligated to recommend or implement any action with regard to any Account, including the liquidation of the Account. However, we reserve the right to complete any Transaction open as of the termination date and to retain amounts in the applicable Account sufficient for that purpose.

28.5 **Surviving Provisions:** If this Agreement is terminated, the provisions regarding termination of this Agreement, admissibility of records, abandoned or unclaimed property, amounts owing to us and our affiliates, expenses, responsibility and liability, indemnity, resolving complaints regarding Client Information (as defined in Schedule 2 - Client Information Consent Agreement) and the general provisions in this Agreement will survive and continue to apply. For example: (a) we may still use the Personal Information (as defined in Schedule 2 - Client Information Consent Agreement) you have given us; (b) we may use our right of set-off for amounts you owe; and (c) you or us may use and rely on this Agreement to resolve any disagreement between us. The Additional Terms and Conditions in Part 2 may also identify additional provisions that survive termination of this Agreement. The cancellation or termination of this Agreement will not affect your liabilities or obligations incurred or accrued prior to cancellation or termination. In addition, the Schedules to this Part 1 – General Terms and Conditions will survive the termination of this Agreement.

29. Tax Compliance

- 29.1 **General:** You are solely responsible and liable for understanding and complying with your tax obligations related to using Accounts and Services in all applicable jurisdictions. This includes paying taxes, filing tax returns and filing other documents related to paying taxes.
- 29.2 Each Connected Person (as defined in Schedule 2 - Client Information Consent Agreement) acting as a Connected Person (not in their own capacity) also acknowledges the tax responsibilities and liabilities set out in section 29.1.
- 29.3 You acknowledge that certain countries may have tax legislation with extra-territorial effect regardless of your or a Connected Person's place of domicile, residence, citizenship or incorporation.
- 29.4 **No Tax Advice:** Neither we nor any member of the HSBC Group: (a) provide any tax advice; or (b) have responsibility or liability for your tax obligations in any jurisdiction, even if they relate to opening and using Account or a Service or any other service provided by any other member of the HSBC Group. We advise you to seek independent legal and tax advice.
- 29.5 **Internal Revenue Service Requirements:**
- (a) You will complete and sign all appropriate United States Internal Revenue Service W-series forms, and you represent and warrant that all information that you provide in those forms is true, accurate and complete.
 - (b) You acknowledge that we will abide by the requirements of the United States Internal Revenue Service in regard to the withholding and remittance of taxes on income earned in Accounts, and that your failure to provide true, accurate and complete W-series forms may result in us withholding and remitting taxes on income earned in Accounts at a higher rate than would otherwise be the case.
 - (c) You release and discharge us from any and all Losses with respect to the withholding and remittance of taxes on any income earned in Accounts by us in accordance with the requirements of the United States Internal Revenue Service.

30. Tax Status

- 30.1 **Application:** This section 30 applies to all Accounts, and if an Account is a Joint Account then this section 30 applies to each Accountholder (as defined in section 5.1) separately.
- 30.2 **Confirmations:** Unless you have given us express written notice that the following information is

incorrect or it does not apply to you, the following statements apply:

- (a) You represent that you are a Canadian resident for tax purposes, that you have given us accurate information regarding your residency, nationality and citizenship, and that you are not considered to be a U.S. Person¹ under the Substantial Presence Test formula.
- (b) If you become a non-resident of Canada for tax purposes, you will notify us within 30 days and tell us your new country of residence for tax purposes.
- (c) By opening an Account, and by signing the Account Opening Signature Card, you certify that you are not a U.S. Person¹ for the purposes of U.S. federal income tax and that you are not acting for, or on behalf of, a U.S. Person.

You acknowledge that a false statement or misrepresenting tax status by a U.S. Person could lead to penalties under U.S. law. If your tax status changes or you become a U.S. citizen or a U.S. resident for tax purposes, you must notify us within 30 days and complete additional forms as required. If you are a U.S. Person, you must complete a U.S. Internal Revenue Service Form W-9, or similar documentation as required.

31. General Terms

- 31.1 **Legal Capacity:** If you are an individual, you confirm that you are the age of majority (i.e., a legal adult) and have the legal capacity and authority to enter into this Agreement. If you are a legal entity, you confirm that you have the corporate power, capacity and authority to enter into this Agreement, and the individuals signing this Agreement on your behalf are authorized to do so.
- 31.2 **Death or Incapacity:** Subject to the provisions in this Agreement governing Joint Accounts, you acknowledge that on our receipt of notice of your death or mental incapacity (in a form acceptable to us) we are not obligated to accept Instructions from any person who claims to be your legal representative until we are provided with all documentation and assurances we may deem necessary to follow the Instructions. These may include: (a) in the case of your death, a grant of probate, grant of administration or notarial will; and (b) in the case of your mental

incapacity, an originally signed or certified copy of your enduring power of attorney or an order of a Canadian court.

- 31.3 **No Waiver:** We may exercise some, all or none of our rights, including remedies or powers, under this Agreement or our rights under applicable law. If we choose not to exercise some or all of our rights right now, we are not giving up those rights and we may still exercise those rights later.
- 31.4 **Governing Law**
 - (a) If an Account is held only by you, then: (i) this Agreement is governed by the laws of the Canadian province in which you reside and by applicable Canadian federal laws; and (ii) if you do not reside in a Canadian province then the laws of Ontario and applicable Canadian federal laws will govern this Agreement.
 - (b) If an Account is a Joint Account, then: (i) if all of the Accountholders (as defined in section 5.1) for the Account live in the same Canadian province, then this Agreement is governed by the laws of the Canadian province and by applicable Canadian federal laws; and (ii) if the Accountholders for the Account live in different Canadian provinces or one or more of the Accountholders do not reside in a Canadian province, then the laws of Ontario and applicable Canadian federal laws will govern this Agreement.
 - (c) For the purposes of this section 31.4, you are deemed to reside at your most recent postal address appearing in our records.
 - (d) You hereby submit to the exclusive jurisdiction of the courts of the province whose laws govern this Agreement and all courts competent to hear appeals from those courts.
- 31.5 **Binding Agreement:** This Agreement is binding on the parties and their respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.
- 31.6 **Notices:**
 - (a) **Notices you send to us:** If you are permitted or required to give us a notice under this Agreement or any other agreement we have related to an

¹ A U.S. Person includes each of the following:

- a U.S. citizen;
- a U.S. resident, including a "green card" holder or someone who is substantially present in the U.S. based on the following Substantial Presence Test formula:
 - (1) physically present in the U.S. for at least 31 days during the current year; and
 - (2) physically present in the U.S. for at least 183 days during the 3-year period that includes the current calendar year and the 2 years immediately preceding, counting: (a) all of the days the individual was present in the U.S. in the current year; and (b) $\frac{1}{3}$ of the days the individual was present in the U.S. in the first year before the current year; and (c) $\frac{1}{6}$ of the days the individual was present in the U.S. in the second year before the current year;
- a U.S. corporation;
- a U.S. partnership; and
- a U.S. trust.

Account, Services or Service Channels, you must give us the notice in writing delivered to us by postal mail to the following address: 102 – 1725 16th Avenue, Box 5, Richmond Hill, Ontario, Canada, L4B 4C6. We may require certain information and your signature on the notice. The notice will be deemed to have been received by us on the date it is actually received by us in a form acceptable by us.

- (b) **Notices we send to you:** We may give to you notices and all other documents required or permitted under this Agreement by sending them electronically or by ordinary mail, delivering them in person, or by any other method we choose, unless we are required by applicable law to communicate with you in a specific way. A notice or other document will be deemed received by you on the earliest of: (i) the time the notice or document is actually received by you; (ii) the time the notice or document is first made available to you through the eDocuments section of the InvestDirect Website; (iii) the time the notice or document is deemed to be received by you under this Agreement or applicable law; or (iv) 5 days after we send the notice or document to you.

31.7 **Language:** The language version of this Agreement (either English or French) corresponding to your preferred language of communication with us (either English or French) that you expressly select when you open your Account will take priority and govern regarding the interpretation of this Agreement.

31.8 **Assignment:** Notwithstanding any other provision of this Agreement and on notice to you, we may assign any of our rights, responsibilities and obligations under this Agreement (in whole or in part) to any of our affiliates without your prior consent. You may not assign this Agreement without our express prior written consent.

31.9 **Severance:** If any provisions of this Agreement are or 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 this Agreement in that jurisdiction.

31.10 **Expenses:** You will indemnify or reimburse us for any expenses we may incur if we have to respond to or comply with court processes, court orders, government requirements, demands, orders or instructions that relate to you or any Account. These expenses might include looking for and giving the courts or government agencies documents they are entitled to obtain. You authorize us to charge these expenses to you or any Account.

31.11 **Interpretation:** In this Agreement: (a) headings are for reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any of its provisions; (b) words importing the singular number include the plural, and vice versa; (c) reference to a day, month or year means a calendar day, calendar month or calendar year, unless expressly stated otherwise; (d) “**discretion**” means a person’s sole, absolute and unfettered discretion; (e) “**including**” or “**includes**” means including or includes (as applicable) without limitation or restriction; and (f) “**law**” includes common law, civil law, equity, statutes and regulations, and a reference to a specific law includes all regulations made under the law and all amendments to, or replacements of, the law or any regulation made under the law in force from time to time.

31.12 **Part 3 – Registered Plan Documents:** If there is any inconsistency or conflict between the Registered Plan Documents (in Part 3 of these Terms and Conditions) and any other document (including these General Terms and Conditions) that forms part of this Agreement, then the Registered Plan Documents (in Part 3 of these Terms and Conditions) will take priority and govern.

31.13 **Other Agreements:** This Agreement is in addition to any other written agreements you have with us (now or in the future) for Accounts, Services or Service Channels, including the website terms and conditions applicable to the InvestDirect Website and any end user license agreement applicable to a Mobile App. If there is any inconsistency or conflict between this Agreement and your other written agreements with us, then this Agreement will take priority and govern, unless the other written agreements expressly state otherwise.

SCHEDULES

Schedule 1. Conflicts of Interest Disclosure Statement

Conflicts of Interest Disclosure Statement

Why This Disclosure Statement Is Important to You

In the course of providing services and products to you, there will be situations where a conflict will arise between HSBC InvestDirect's ("our", "we") interests and yours. These conflicts may be actual conflicts of interest or you may perceive that we have a conflict of interest. Conflicts can give rise to a concern that we or our representatives may act or will act with a view to their own business or personal interest which may result in our or our representative's financial gain. Conflicts can also arise in circumstances where there are differing interests amongst clients, which may lead to a perception that we will be favouring a client or set of clients over other clients.

We seek to avoid or minimize conflicts where reasonably possible. We seek to avoid actual or perceived favouritism or discrimination amongst clients and to ensure that no client receives preferential treatment over another in providing financial products and services to you. Some conflicts cannot be avoided, including those conflicts that are inherent in the business model that we use and our relationship with our affiliates, however, at all times, we address these conflicts by implementing controls that we believe to be effective.

Canadian securities laws require us to take reasonable steps to identify and respond to material conflicts of interest in your best interest and tell you about them. This Conflicts Disclosure Statement identifies which conflicts of interest we consider are material when we and our representatives provide financial products and services to you. We also describe the potential impact on and risk that the conflict could pose to you and how we address the conflict to minimize its impact and risks to you and our other clients.

In situations that we do not or cannot avoid a conflict of interest, where our interests may compete with yours, we will always strive to give your interests priority to ours, which allows you to be confident that we address conflicts in your best interest. In addition, there may be other situations that pose unique conflict of interest issues which we will provide you with supplemental disclosure. Unless otherwise specified, we deal with and manage conflicts as follows:

- We avoid conflicts which are prohibited by law as well as conflicts that we cannot effectively control.
- Our representatives are required to comply with various policies and procedures, which are designed to ensure that our representatives follow ethical and client-first business practices. These policies and procedures include HSBC Group's global code of ethics, anti-bribery and corruption policies and procedures and procurement requirements. We have a robust oversight process to ensure that these policies and procedures are effective.
- We control or manage acceptable conflicts by physically separating different business functions and restricting the internal exchange of information.

- In order to comply with Canadian securities regulations, our internal compensation practices are designed to ensure that our representatives are not incented or influenced to make recommendations to you about specific products or services we offer.
- For each material conflict, we seek to resolve it in your best interest.
- We disclose information about conflicts of interest we consider are material when we and our representatives provide financial products and services to you so that you can assess independently if these conflicts are significant to you.

Material Conflicts of Interest

Below is important information that will help you be fully informed about conflicts of interest we consider are material to you.

Conflicts Arising from Being a Member of the HSBC Group

We are a member of a group of related companies known as the HSBC Group whose ultimate parent entity is HSBC Holding plc, headquartered in London, UK. In the course of providing services and products to you, we may from time to time enter into transactions or arrangements with other members of the HSBC Group or accept services from members of the HSBC Group or other persons or companies which are related or connected to us.

HSBC Bank Canada ("HSBC Bank Canada") is a Schedule II chartered Canadian bank. We are a division of HSBC Securities (Canada) Inc., which is an indirect subsidiary of HSBC Bank Canada. All members of HSBC Group are separate entities from each other with information barriers and robust compliance systems.

Certain of our directors and officers are also directors or officers of HSBC Bank Canada and/or other HSBC Group members. In addition, we have various governance committees in which some committees are shared across HSBC Group members and as such, are comprised of members from those HSBC Group members. Our directors and officers receive specific training on their corporate and regulatory responsibilities including conflict of interest issues arising from holding positions at several HSBC Group members.

Our membership in the HSBC Group, together with the transactions and arrangements we make with other members of the HSBC Group, will give rise to conflicts of interest, and we have adopted policies and procedures to identify and respond to these conflicts. 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.

In all cases, we recognize that the conflicts described in this section raise perceptions that we will favour the business interests of the various members of HSBC Group, so that you may have concerns about those products and services we provide you that

are sourced from or provided by those members. Described below, we have set out these conflicts and other conflicts of interests and how we manage them to ensure that we act in your best interests.

Our Products and Services

Our trading platform includes securities of entities that are related or connected to HSBC Group, which allows you to invest in these securities. These securities include:

- Securities issued or guaranteed by HSBC Group members 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, you may invest in shares of HSBC Holdings plc or other securities of these and other related entities that are traded on a stock exchange or other public market. You may also invest in 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.
- Securities issued by mutual fund issuers, known as the HSBC Mutual Funds and the HSBC Pooled Funds, which are managed by our affiliated portfolio manager and investment fund manager, HSBC Global Asset Management (Canada) Limited who engages its affiliated and non-affiliated global asset managers to assist in the management of the funds. Securities issued by mutual fund issuers, unit trusts, or investment funds managed, administered or promoted by members of HSBC Group, or for which members of HSBC Group act as portfolio adviser. HSBC Global Asset Management (Canada) Limited and the other members of the HSBC Group earn fees based on your investments in the funds.

Our trading platform also allows you to invest in securities of issuers that have been underwritten by HSBC Securities (Canada) Limited or a HSBC Group member or where they were a member of a selling group. Our firm earns new issue commissions, which are paid by the issuers of those securities or selling security holder, which is in addition to the trading commissions you pay to invest in these securities. There are information barriers between our affiliates' corporate trading activities and our HSBC InvestDirect division.

We manage the conflicts of interest inherent in clients' opening accounts with us and investing in HSBC products and services, by conducting thorough due diligence on those products and services as required by Canadian securities regulations. We do not encourage you to invest in HSBC products or securities, but rather allow you to invest in HSBC products or securities in the same way as you can for other products and securities that are unrelated to us. We evaluate our policies, procedures and controls to ensure that we have addressed this conflict.

In most cases, our connection to HSBC products and services will be obvious to you because the names of the issuers, funds or other financial products will be sufficiently similar to our name. For example, securities of members of the HSBC Group available for investment through HSBC InvestDirect, will generally have the word "HSBC" in the name of the issuer and/or security. If you traded a HSBC product, we will indicate in your trade confirmation and account statement whether an issuer is related or connected to us.

Fees and Charges

We and the other members of the HSBC Group, like other financial services firms, are commercial businesses and seek to maximize profits, while also providing fair, honest and suitable products and services to clients. We earn compensation by selling products and services to you for which you pay us directly.

When you invest in investment funds, including any investment fund managed by a member of the HSBC Group, we may receive a fee (often called a trailing commission) for providing you with the services inherent in our trading platform and allowing you to invest in those investment funds. This fee is paid from the management expense ratio of the funds in which you invest, which includes the management fee and fund operating expenses and is collected by the manager of those funds. In turn the manager pays us a portion of the management fees they earn in the form of a trailing commission for the services we provide with the trading platform. These trailing commissions are disclosed in the prospectus documents of the funds.

Canadian securities regulations are changing on June 1, 2022 at which time we will no longer collect trailing commissions from managers of Canadian mutual funds, including the HSBC Funds and HSBC Pooled Funds.

We may also earn revenue from other sources, some of which may be seen as involving a conflict of interest or potential conflict of interest. In addition, we or our affiliates may earn revenue from foreign exchange spreads resulting from currency conversions transactions in your accounts. Balancing our commercial, regulatory and HSBC Group responsibilities with the best interests of our clients, includes the need for our products and services to be priced in a way that represents value for money for you and overall profitability for the applicable members of the HSBC Group. The fees and charges you pay are transparent and disclosed to you in the Annual Fees and Compensation Report. We also tell you about revenues we may receive from third parties, including HSBC Group members, in connection with those products and services. You may call us at 1-800-760-1180 or by email at investdirect@hsbc.ca if you have questions about our fees and charges and revenue from other sources as they apply to the products and services you invest in.

Referral Arrangements

We may enter into referral arrangements from time to time, pursuant to which another entity refers clients to us and receives a benefit. These arrangements may be with other members of the HSBC Group or parties unrelated to us and can create a potential conflict of interest because they may receive a financial or non-financial incentive to make referrals to us. The details of these referral arrangements, if any, including the parties to the referral arrangement, the manner in which the referral fee for referral services is calculated and the party to whom it is paid, will be provided to you in writing.

HSBC Bank and its affiliates may, from time to time, introduce customers to each other in accordance with the financial needs of the customers.

HSBC Global Decisions

Certain decisions that affect our business and the products and services we provide you may be made at a HSBC Group level and those decisions may be made to favour the commercial interests of the HSBC Group as a whole. We are required to comply with Canadian securities laws and no HSBC Group decision will impact our compliance in this regard. We will address this conflict by continuing to follow our policies and procedures that are designed to put clients' interests first and comply with Canadian securities laws.

Our representatives are employed by HSBC Securities (Canada) Inc. Our representatives receive remuneration from HSBC Securities (Canada) Inc. which may be comprised of a base salary and a variable pay based on a number of performance criteria. Performance criteria remuneration do not include compensation based on our transactional revenue or for the representative's role in introducing our clients to other investment products or services offered by our affiliates in Canada. In addition, we or our affiliates do not award incentives (such as merchandise or corporate events) to our representatives for their role in the sale of investment products or services offered by us. Our representatives may have a personal or business relationship with clients, but are not permitted to favour those clients over clients with whom they do not have those relationships.

Personal Trading and Code of Ethics

We have a Personal Trading Account Dealing Policy and a Statement of Business Principles & Code of Ethics, which is designed to ensure that our representatives act in accordance with applicable securities laws and other laws, that they act in the best interests of us and our clients, that they avoid actual or potential conflicts of interest, and that they do not engage in personal securities transactions that are prohibited by law, such as insider trading, or that negatively impact our clients.

Our representatives, officers and directors put the interests of our clients first, ahead of their own personal self-interests. We have policies prohibiting our representatives from engaging in certain personal trading activities including speculative trading activity, prohibition in participating in an investment club or any trading that may give the impression of wrongdoing by the representatives or us. In addition, any individual who has, or is

able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of our clients, is prohibited from using such information for their direct or indirect personal benefit or in a manner which would not be in the best interests of our clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to our clients or the public. These individuals are only allowed to make certain personal trades if it falls within our Personal Account Dealing Policy and they have received approval from their line managers and HSBC's Global Personal Account Dealing team to ensure such trade will not conflict with the best interest of our clients.

Outside Business Activities

At times, our executive and representatives may participate in outside business activities such as serving on a board of directors, participating in community events or pursuing personal outside business interests. We have policies in place that require individuals to disclose situations where a conflict of interest may arise prior to engaging in any outside business activity in order to determine how such conflicts may be addressed. Employees may only engage in such outside business activities if approved by an applicable supervisor pursuant to our policies.

Gifts and Entertainment

Our executive and representatives are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

We May Change this Conflicts Disclosure Statement

The information disclosed in this Conflicts Disclosure Statement may change from time to time, for example if we later consider we have another material conflict that we have not previously disclosed to you or we change how we address the conflict in your best interest. You can obtain the current version of this Conflict of Interest Disclosure by visiting our website at www.hsbc.ca/investments/investdirect/contact-us/#code.

Schedule 2. Client Information Consent Agreement

Client Information Consent Agreement

Definitions

Capitalised terms in this Client Information Consent Agreement (this “**Agreement**”) have the following meanings:

“**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.

“**Compliance Obligations**” means the HSBC Group’s obligations to comply with: (a) laws or international guidance; (b) internal policies or procedures; (c) demands from Authorities; and (d) laws requiring us to verify our clients’ identities.

“**Connected Person**” means a person or entity (other than you) whose information (including Personal Information or Tax Information) we have in connection with providing you services. A Connected Person may include a guarantor, a director, or officer of a company; 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 you have a relationship relevant to your relationship with the HSBC Group. A Connected Person also includes your 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.

“**Client Information**” means your Personal Information, confidential information, and Tax Information and similar information of a Connected Person.

“**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**,” “**us**,” and “**we**” mean HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

“**HSBC Group**” or “**member of the HSBC Group**” means HSBC Holdings plc, its affiliates, subsidiaries, associated entities, and their branches and offices (together or individually).

“**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.

“**Personal Information**” means information about an identifiable individual (including relevant information about you,

your transactions, your use of our products and services, and your relationships with the HSBC Group).

“**Services**” includes: (a) evaluating your application for and assessing our willingness to provide you with products and services and opening, maintaining and closing your accounts with us; (b) providing you with products and services, and assessing credit and eligibility; and (c) maintaining our relationship with you.

“**Substantial Owners**” means individuals entitled to more than 10% of profits from an entity or with a direct or indirect interest of more than 10% in an entity.

“**Tax Authorities**” means domestic or foreign tax, revenue, or monetary authorities (for example, the Canada Revenue Agency).

“**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 information about your tax status and the tax status of any owner, Controlling Person, Substantial Owner or beneficial owner, and includes Tax Certification Forms.

Reference to the singular includes the plural, and vice versa.

1. **Collecting, using, processing, transferring and disclosing Client Information:** Clauses 1.1, 1.2 and 1.3 explain how we collect, use, process, transfer and disclose Client Information. By using the Services, you agree that we and members of the HSBC Group may collect, use, process, transfer and disclose Client Information according to these clauses.

- 1.1 **Collecting:** We and other members of the HSBC Group may collect, use, process, transfer and disclose Client Information. We or someone on behalf of the HSBC Group may request Client Information, and we may collect it:

- from you
- from a person acting on your behalf
- from other sources (including from publically available information)

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

- 1.2 **Purposes for Collecting, Using, Processing, Transferring and Disclosing:** We or other members of HSBC Group will collect, use, process, transfer, and disclose Client Information for the following purposes:
 - (a) providing you with Services and to approve, manage, administer, or effect transactions you request or authorise
 - (b) meeting Compliance Obligations

- (c) conducting Financial Crime Risk Management Activity (as defined below)
- (d) collecting amounts due from you
- (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 you (including with your optional consent, marketing or promotion)
- (i) honouring your privacy choices

(collectively the “**Purposes**”).

1.3 **Sharing:** By using the Services, you agree we 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 your 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 you have an interest in securities, as long as we hold these securities for you
- (e) parties to a transaction acquiring interest in, or assuming risk in, or in connection with, the Services
- (f) financial institutions, credit agencies, or credit bureaus to obtain or give credit reports and/or credit references
- (g) insurers, where permitted by law
- (h) Canadian government registries and Canadian financial industry databases (which may share information with other persons)

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

1.4 **Your obligations:** You agree to inform us promptly and in any event, within 30 days in writing if Client Information you gave to us or a member of the HSBC Group changes. You also agree to respond promptly to our or HSBC Group’s requests to you.

1.5 Before you give us information (including Personal Information or Tax Information) about a Connected Person, you must:

- tell the Connected Person that you are giving us (or a member of HSBC Group) their information
- ensure the Connected Person agrees that we (or a member of HSBC Group) can collect, use, process, disclose, and transfer their information as set out in this Agreement
- tell the Connected Person that they may have rights to access and correct their Personal Information.

You must ensure this has all been done, even if someone else gives us the Connected Person’s information on your behalf.

1.6 If any of these things occur:

- you fail to promptly give Client Information we reasonably request
- you withhold or withdraw consent we need 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

we may:

- (1) be unable to provide Services, including new Services, to you and we reserve the right to terminate our relationship with you
- (2) take actions to meet Compliance Obligations
- (3) block, transfer, or close your accounts where local Laws permit it.

In addition, if you fail to promptly give your, or a Connected Person’s, Tax Information to us when we ask for it, we may make decisions about your tax status, including whether you are reportable to a Tax Authority. This may require that we withhold and pay amounts legally required by a Tax Authority.

2. Data protection

2.1 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. Where Client Information is transferred to another country, you understand that

it may be accessed by Authorities in that country in accordance with applicable Laws.

3. Financial Crime Risk Management Activity

- 3.1 We, and members of the HSBC Group, are required to engage in certain activities to meet Compliance Obligations relating to detecting, investigating and preventing Financial Crime (collectively "Financial Crime Risk Management Activity"). We 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 you, or on your 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)
- 3.2 In rare cases, our Financial Crime Risk Management Activity may lead us to delay, block, or refuse to:
- make (or clear) a payment
 - process your instructions or application for Services
 - provide all or part of the Services

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

4. **Tax compliance:** You are solely responsible for understanding and complying with your tax obligations related to using our 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 your or Connected Person's place of domicile, residence, citizenship, or incorporation.

Neither we nor any member of the HSBC Group:

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

We advise you to seek independent legal and tax advice.

5. Miscellaneous

- 5.1 If there is a conflict or inconsistency between these Terms and the terms in other services, products, business relationships, accounts, or agreements between you and us, these Terms prevail. If you gave us consents, authorisations, or waivers or permissions we asked for related to Client Information, they continue to apply in full force and effect, as relevant local laws allow.

- 5.2 If some or all of these Terms 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 these Terms in that jurisdiction.

6. **Survival on termination:** These Terms continue to apply even if:

- the agreement is terminated
- we or a member of the HSBC Group, stop providing Services to you
- an account is closed

7. **Self-Regulatory Organizations:** For regulatory purposes, self-regulatory organizations including Market Regulations Services Inc., the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association 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 other persons that has been collected or used by regulated persons, including HSBC. SROs collect, use or disclose such personal information obtained from HSBC 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.

8. **Optional Consent:** We may also:

- (a) collect and use your Personal Information and, where permitted by law, share it within the HSBC Group, to identify and inform you of products and services provided by the HSBC Group that may be of interest to you; and
- (b) collect and use your personal information to promote the products and services of select third parties that may be of interest to you.

You may at any time refuse or withdraw your consent to (a) and (b) by: contacting us at 1-888-310- HSBC (4722); or visiting a branch. You understand that if you do refuse or withdraw your consent to (a) or (b) it will not affect your eligibility for credit or other products or services.

9. **Consent to Use of Social Insurance Number ("SIN") Including Optional Consent:** The government requires that

we ask you for your SIN when it is necessary for tax reporting purposes. You understand that if you provide us with your SIN, we and the HSBC Group, will collect, use and share your SIN for tax reporting purposes where applicable. We may also collect, use and share your SIN for the additional optional purposes of accuracy on credit checks, to conduct Financial Crime Risk Management Activities, for collections and for internal audit, security, statistical, and record keeping purposes. You may at any time refuse or withdraw your consent to the use of your SIN for these additional purposes by contacting us at 1-888-310-HSBC (4722); or by visiting a branch. This will not affect your eligibility for credit or other products or services.

10. **Recordings:** You consent to us making an audio recording of any telephone conversation you have with us, or a record of

any electronic communication with us, to preserve the context of all instructions or other information you provide to us and for us to use these recordings for the following purposes:

- so that we have a record of instructions and information provided;
- so that we can meet the services sought by you, and
- so that we can monitor service levels.

11. **More Information about HSBC Privacy Policies:** For more information about the principles of privacy observed by HSBC Bank Canada and its subsidiaries in Canada, consult the HSBC Privacy Code available at the nearest HSBC branch or www.hsbc.ca or the brochure “Protecting your privacy” available at the nearest HSBC branch. You understand that you may access your Personal Information in our possession or make corrections to it by contacting us.

Schedule 3. Consent to Electronic Delivery of Documents

Consent to Electronic Delivery of Document

This Consent to Electronic Delivery of Documents (this “**Consent**”) governs the electronic delivery to you of Documents relating to your Accounts.

1. **Definitions.** In this Consent, the following words have the following meanings:

“**Account**” means each account you have with InvestDirect, either by yourself or jointly with another person.

“**Documents**” means Records (as defined in section 2 below) and Notifications (as defined in section 2 below).

“**eDocuments Section**” means the eDocuments section of the InvestDirect Website.

“**InvestDirect**”, “**we**”, “**us**” and “**our**” means HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

“**InvestDirect Website**” means the InvestDirect website that you have access to and use in connection with Accounts pursuant to the HSBC InvestDirect Client Terms and Conditions.

“**You**” and “**your**” means an individual who is authorized by InvestDirect to access the InvestDirect Website.

2. **Documents.** The types of documents covered by this Consent include: (a) any record of a transaction in any Account that we are required to send to you under securities legislation, including account statements and trade confirmations (collectively “**Records**”); and (b) any other document that we are required to send to you under applicable law, including amendments to any agreement that you entered into with InvestDirect, amendments to the HSBC InvestDirect Fee Schedule or the Conflicts of Interest Disclosure Statement for HSBC InvestDirect, or that we otherwise desire to send to you (collectively “**Notifications**”), excluding certain tax-related documents governed by the *HSBC InvestDirect – Consent to Receive Tax Documents Electronically*.
3. **Consent to Electronic Delivery of Documents.** You hereby consent to InvestDirect electronically delivering Documents to you by making the Documents available to you in the eDocuments Section. You understand that there is no obligation on you to consent to electronic delivery of Documents, and if you do not wish to consent you will continue to receive a paper copy of each Document by standard mail delivery. You must continue to be registered to access the eDocuments Section in order to receive Documents by electronic delivery. Your consent remains effective until you no longer have an Account or you withdraw your consent as set out in section 6.
4. **Joint Accounts.** If an Account is a joint account, then any person named on the Account may consent to having Documents delivered to them electronically through the eDocuments Section.

5. **Effect of Consent.** Your consent is effective immediately and we will implement your request as soon as practicable. However, it may take some time for us to stop sending paper copies of Documents by standard mail, and for a period of time you may receive both electronic and paper copies of Documents. If we electronically deliver a Document to you through the eDocuments Section, we are not obligated to deliver a paper copy of the Document to you. However, you can still request a paper copy of a Document at any time, at no additional cost to you, by contacting us at 1-800-760-1180 (or at alternative numbers and addresses specified by us from time to time) and requesting a paper copy of the Document.
6. **Withdrawing Consent.** It is your choice to have Documents delivered electronically and you can withdraw your consent at any time by providing written notice to InvestDirect delivered to us by email at investdirect@hsbc.ca or by standard mail to InvestDirect, 102 – 1725 16th Avenue, Box 5, Richmond Hill, Ontario, Canada, L4B 4C6.
7. **Consequences of Consent Withdrawal.** On receiving your written notice withdrawing consent to electronic delivery of Documents, we will send to you by standard mail (to the most recent address we have on record for you) a written confirmation of receipt of your notice withdrawing consent. Once we have implemented your notice withdrawing consent and return to delivering paper copies of Documents, you will no longer be able to access Documents, including previously delivered Documents, through the eDocuments Section. If you need historic Documents, you can request them at any time by contacting us at 1-800-760-1180 (or at alternative numbers and addresses specified by us from time to time).
8. **Deemed Delivery.** You agree that any Document delivered to you through the eDocuments Section is deemed to be delivered to you on the day that the Document is made available through the eDocuments Section, and not on the day that you actually access or review the Document.
9. **Format of Electronic Delivery.** All Documents made available to you through the eDocuments Section will be in Portable Document Format (PDF), which requires you to use compatible PDF reader software to open, save and print a Document. You are solely responsible for lawfully procuring the required PDF reader software. You will use versions of the software and browsers that will accommodate the functionality of the InvestDirect Website and update them as required from time to time.
10. **Technical Requirements.** Access to Documents through the eDocuments Section will require that you use an internet-connected computer or mobile device using a currently supported internet browser. You will promptly notify us if you experience any technical problems accessing, downloading, saving or printing any Document. We will deliver a paper copy of any Document by standard mail if you notify us that you

are not able to access, download, save or print the Document through the eDocuments Section.

11. **Notice of Delivery.** When a Document is delivered to you by making it available through the eDocuments Section, we will notify you by sending you a message in the Message Centre in the InvestDirect Website. You hereby designate the Message Centre as an information system for the purpose of your receiving those kinds of messages.
12. **Availability of Documents.** If you close an Account, the Documents relating to the Account will no longer be available to you through the eDocuments Section. Until the date you close an Account, each Document relating to the Account will be available to you through the eDocuments Section for 7 years from the date the Document was first made available in the eDocuments Section or the date when you opened your Account – whichever is most recent. If you want to retain a copy of a Document, you need to save or print a copy of it while it is available to you through the eDocuments Section.
13. **Document Retention.** You may use your PDF reader software to print and save any Document that is available through the eDocuments Section.
14. **Responsibility to Update Mailing Address, Email Address and Mobile Number.** If your mailing address, email address or phone number change, you must notify us immediately by:
 - calling InvestDirect at: 1-800-760-1180; or
 - emailing InvestDirect at: investdirect@hsbc.ca.

We are not responsible for any damages, losses, liabilities or costs incurred by you as a result of your failure to update your mailing address, phone number, or email address.

15. **Review of Documents.** You are required to monitor the eDocuments Section and the Message Centre in the InvestDirect Website on a regular basis, and you must access the eDocuments Section not less than once every 30 days. InvestDirect is not responsible to you for any damages, losses, liabilities or costs incurred resulting from your failure to access and review the Documents available in the eDocuments Section. You acknowledge that you are required to monitor the eDocuments Section for Documents in order to comply with the HSBC InvestDirect Client Terms and Conditions and to enforce your rights under the HSBC InvestDirect Client Terms and Conditions, securities legislation and other applicable laws.

16. **Accuracy of Documents.** Without limiting section 15, you acknowledge that the InvestDirect Client Terms and Conditions provides that certain Documents are deemed to be complete and accurate unless you inform InvestDirect otherwise within a specified period, and that in certain instances you may have the right under securities legislation to withdraw from the purchase of a security offered in distribution within a specified period after receiving a prospectus from InvestDirect.
17. **Paper Documents.** Despite any other term in this Consent, we may, in our sole discretion and without giving you any notice, deliver any Document to you by standard mail instead of through the eDocuments Section if we determine that doing so is necessary to comply with applicable laws, if we are unable to deliver the Document electronically through the eDocuments Section, or if we deem it appropriate. We will send Documents to you by standard mail to the most recent address we have on record for you.
18. **Capacity.** You represent and warrant to InvestDirect that you have the legal capacity and authority to agree to this Consent with respect to each Account, which may include any account opened with InvestDirect in your name, either individually or jointly with another person, or in your capacity as a trustee, executor, officer, agent or any other authorized representative of an InvestDirect client.
19. **Changes to this Consent.** InvestDirect may change this Consent at any time by giving you 30 days' prior notice, which may be in the form of a notice posted to the Message Centre in the InvestDirect Website or delivered to you through the eDocuments Section or by standard mail. If you do not agree to a change to this Consent, then you must withdraw your consent to the electronic delivery of Documents, as set out in section 6, before the change is effective. You will be deemed to have agreed to a change to this Consent if you do not withdraw your consent before the change is effective.
20. **Other Agreements.** This Consent is in addition to: (a) the HSBC InvestDirect Client Terms and Conditions that governs the use of services provided by InvestDirect (including access to and use of the eDocuments Section and certain aspects of the InvestDirect Website); (b) the InvestDirect Website Terms and Conditions; (c) the *HSBC InvestDirect – Consent to Receive Tax Documents Electronically*; and (d) any other agreements you have with us (now or in the future) for your Accounts or any related services.

Schedule 4. Shareholder Communications

Shareholder Communications

Definitions:

In this document, the following words have the following meanings:

“**Account**” means each account you have with InvestDirect, either by yourself or jointly with another person.

“**InvestDirect**”, “**we**”, “**us**” and “**our**” means HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

“**You**” and “**your**” means a person who is a holder of an Account.

General:

Under Canadian securities laws, you are entitled to receive a copy of all security holder materials issued by or in respect of Canadian public issuers whose securities you hold in your Account. This description explains how you can receive or refuse to receive those materials.

This description exclusively applies to issuers of securities that are governed only by Canadian securities laws. It does NOT apply to issuers of securities that are governed by the laws of the United States or other countries. Accordingly, even if you indicate to us that you do not wish to receive security holder materials, we may be required to send security holder materials to you in certain circumstances including in relation to issuers of securities that are governed by the laws of other countries.

The securities held in your Account are not registered in your name but in our name or the name of another person or company holding your securities on our behalf. As a result, the issuers of the securities in your Account may not know the identity of the beneficial owner of these securities.

We are required under securities law to obtain your instructions concerning various matters relating to your holding of securities in your Account. We will seek your instructions in the application form that you complete when you establish an Account with us under the heading “Shareholder Communications” (referred to in this document as the “**client response form**”).

PART 1 – Disclosure of Beneficial Ownership Information

Securities laws permit reporting issuers, other persons and companies to send materials related to the affairs of the reporting issuer directly to the beneficial owner of the reporting issuer’s securities if the beneficial owner does not object to having information about them disclosed to the reporting issuer or other persons and companies.

Part 1 of the client response form allows you to tell us if you **OBJECT** to the disclosure by us to the reporting issuer or other persons or companies of your beneficial information, consisting of your name, address, electronic mail address, securities holdings and preferred language of communication. Securities laws restrict the use of your beneficial ownership information to matters relating to the affairs of the reporting issuer.

- If you **DO NOT OBJECT** to our disclosure of your beneficial information, please mark the first box in Part 1 of the client response form. In those circumstances, you will not be charged with any costs associated with sending security-holder materials to you.
- If you **OBJECT** to our disclosure of your beneficial information, please mark the second box in Part 1 of the client response form. If you **OBJECT**, all materials to be delivered to you as a beneficial owner of securities will be delivered by us. We are permitted to charge you the reasonable costs incurred by us in making those deliveries.

PART 2 – Receiving Security-Holder Materials

For securities that you hold through your Account, you have the right to receive proxy-related materials that have been sent by reporting issuers to the registered security-holders in connection with meeting of the security-holders. Among other things, this will permit you to receive the necessary information and allow you to have your securities voted in accordance with your wishes at a security-holder meeting.

In addition, reporting issuers may choose to send other security-holder materials to beneficial owners, although they are not obliged to do so.

Securities laws permit you to decline to receive three types of security-holders materials. The three types of materials that you may decline to receive are:

- (1) proxy-related materials including annual reports and financial statements that are sent in connection with a security-holder meeting;
- (2) annual reports and financial statements that are not part of the proxy-related materials; and
- (3) materials that a reporting issuer or other person or company sends to security-holders that are not required by corporate or securities law to be sent to registered security-holders.

Part 2 of the client response form allows you to receive all materials sent to beneficial owners of securities or to decline to receive the three types of materials referred to above.

- If you want to receive **ALL** materials sent to beneficial owners of securities, please mark the first box in Part 2 of the client response form.
- If you want to **DECLINE** to receive the three types of materials referred to above, please mark the second box in Part 2 of the client response form.

Even if you decline to receive the three types of materials referred to above, a reporting issuer or other person or company is entitled to deliver these materials to you, provided that the reporting issuer pays all costs associated with the sending of security-holder materials. These materials would be delivered to you through your intermediary if you have objected to the disclosure of your beneficial ownership information to reporting issuers.

PART 3 – Preferred Language of Communication

Part 3 of the client response form allows you to tell us your preferred language of communication (English or French). You will receive materials in your preferred language of communication if the materials are available in that language.

Contact:

If you have any questions or want to change your instructions in the future, please contact us at 1-800-760-1180.

Schedule 5. Resolving Client Complaints

We're here to listen

Resolving your complaints

At HSBC InvestDirect – a division of HSBC Securities (Canada) Inc. - we work hard to provide a good customer experience and welcome any feedback and suggestions. If you've had a poor experience, we want to hear about it.

Please follow the steps below to direct your complaint to the right teams.

Step 1 Start with contacting HSBC InvestDirect

You may start by discussing your concerns with HSBC InvestDirect by contacting us at the following:

Toll-free: 1-800-760-1180

Email: investdirect@hsbc.ca

Mail: Attention: Customer Complaints

HSBC InvestDirect
1725 16th Avenue, Suite 102
Richmond Hill, Ontario L4B 4C6

What happens next?

Your complaint will be reviewed by HSBC InvestDirect. We will acknowledge receipt of your complaint within 5 business days. This acknowledgment may include a request for you to provide additional information if reasonably required to investigate the complaint.

The nature of your complaint will determine who will be managing the complaint. For example, the Compliance Department will handle any alleged misconduct, and the HSBC InvestDirect Management team will handle any customer service issues.

From here, you should expect the following from us:

- (1) Review of account documentation and communication relevant to the complaint.
- (2) Review of supporting HSBC InvestDirect documentation related to the concerns raised in the complaint.
- (3) Assessment of your concerns against our records and other internal information.
- (4) A substantive response within 90 days of receiving your complaint.

If this timeline can't be met, we will inform you in writing within the 90-day timeframe of the reason(s) for the delay, and the new estimated time for us to complete our review.

Important Note: After this step, you can refer your complaint to the Ombudsman for Banking Services and Investments, without continuing with any of the below steps. Refer to the **Ombudsman for Banking Services and Investments (OBSI)** section for more details.

Step 2 Contact our Office of the Head of HSBC InvestDirect

If you're not satisfied with how your complaint was handled in Step 1, you can escalate further to the Head of HSBC InvestDirect.

Email: investdirect@hsbc.ca

Mail: Attention: Head of HSBC InvestDirect

HSBC InvestDirect
1725 16th Avenue, Suite 102
Richmond Hill, Ontario L4B 4C6

Note: Depending on the nature of your complaint, we may refer you to another team for escalation. You also have the right to refer your complaint to the OBSI or any external regulatory body at any time. Refer to the sections below for more details.

Designated Complaints Officer

If your complaint deals with conduct related concerns, or if you wish to express concerns with the manner in which your complaint was previously handled by an HSBC InvestDirect representative, you may escalate your concerns with the Designated Complaints Officer, who is member of senior management and is responsible for the oversight of the firm's complaint handling procedures and the oversight of HSBC InvestDirect's complaint handling procedures.

Designated Complaints Officer

Mail: Attention: Compliance Department

HSBC InvestDirect
16 York Street, 6th Floor
Toronto, ON M5J 0E6

Email: investdirect@hsbc.ca

Step 3 Escalate to HSBC Commissioner of Complaints

If you're not satisfied with the resolution after following Steps 1 and 2, you can further escalate your complaint to the HSBC Commissioner of Complaints, which offers clients a voluntary option for an internal review process.

Based on historical data, this office generally completes their review within 60 calendar days. The time limit for starting legal action will continue while this office reviews your complaint.

HSBC Commissioner of Complaints

Toll-free: 1-800-343-1180

Email: commissioner_complaints@hsbc.ca

Mail: PO Box 9950, Station Terminal,
Vancouver, BC V6B 4G3

This office works independently from HSBC InvestDirect; however, it is employed by our affiliate HSBC Bank Canada and is not an independent dispute resolution service, unlike the Ombudsman for Banking Services and Investments (OBSI).

For privacy complaints only

If your complaint is related to privacy issues, we will direct your concerns to our Chief Privacy Officer:

HSBC Chief Privacy Officer

Email: privacy_officer@hsbc.ca

Mail: PO Box 9950, Station Terminal

Vancouver, BC V6B 4G3

Resolution through an external complaint body

Ombudsman for Banking Services and Investments (OBSI)

You have the right to refer your complaint to the OBSI, without going to the HSBC Commissioner of Complaints, in these two situations:

- (1) Within 180 days of receiving a closing response from HSBC InvestDirect; or,
- (2) If we've taken longer than 90 days to respond from the date we received your complaint.

The OBSI service is provided at no cost to you.

Toll-free: 1-888-451-4519

Fax: 1-888-422-2865

Email: ombudsman@obsi.ca

Mail: 20 Queen Street West, Suite 2400

PO Box 8, Toronto, ON M5H 3R3

Website: www.obsi.ca

Contacting a regulatory body

You also have the option to contact one or more of the external organizations listed below at any time to help resolve your complaint.

Investment Industry Regulatory Organization of Canada (IIROC)

As HSBC Securities (Canada) Inc. is a member of the Investment Industry Regulatory Organization of Canada (IIROC), you may contact IIROC.

Phone: 1-877-442-4322

Email: investorinquiries@iirroc.ca

Website: www.iirroc.ca

Office of the Privacy Commissioner of Canada

This office investigates privacy complaints concerning the *Personal Information Protection and Electronic Documents Act*. If you don't feel appropriate action was taken by HSBC to resolve your privacy matter, you may contact the Privacy Commissioner of Canada:

Toll-free: 1-800-282-1376

Mail: 30 Victoria Street

Gatineau, Quebec K1A 1H3

Website: www.priv.gc.ca

For Quebec residents

If you are a resident of Quebec and you are not satisfied with the outcome or the examination of your complaint, you can request us to transfer your complaint file to the Autorité des marchés financiers. Refer to our *HIIDC Complaint Examination Policy for Quebec Residents* brochure at the link below for more information.

Website: <https://www.hsbc.ca/support/your-complaints/>

Autorité des marchés financiers

Toll-free: 1-877-525-0337

Fax: 418-525-9512

Mail: Place de la Cité, tour Cominar

2640, boulevard Laurier, bureau 400

Quebec (Quebec) G1V 5C1

Schedule 6. Carrying Broker Disclosure

Disclosure Statement

Required by Investment Industry Regulatory Organization of Canada (IIROC) Rule 2425(13).

This statement contains important information. Please read it carefully and retain it for future reference.

National Bank Financial Inc. ("**NBF**"), through its National Bank Independent Network division, is the Type 4 Carrying Broker for HSBC Securities (Canada) Inc. ("**we**", "**us**" and "**our**"), which is the Type 4 Introducing Broker, and with whom you opened your securities account. We are independent of NBF and have retained NBF to provide certain record keeping and operational services, which may include execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions. These services are provided under a written Carrying Broker Agreement between NBF and us (the "**Carrying Broker Agreement**"). It is important that you understand the responsibilities of HSBC Securities (Canada) Inc. and NBF under the Carrying Broker Agreement.

Responsibilities of HSBC Securities (Canada) Inc.

We have specific responsibility for servicing and supervising your securities account through our own personnel in accordance with our own policies and applicable laws and regulations.

We are solely responsible for:

- approving the opening of your account and obtaining necessary account documentation;
- the acceptance, and in some circumstances, the execution of securities orders; and
- ensuring appropriate supervision is performed for trading activity in your account.

If we obtain possession of any money or securities intended for your account, we are solely responsible for correctly identifying and promptly forwarding the same to NBF.

We are solely responsible for supervising the activities of the individual or individuals who service your account, for resolving any complaints regarding the handling of your account, and, in general, for the ongoing relationship that we have with you.

In all of the above matters relating to the servicing of your account, NBF has no involvement and assumes no responsibility.

Responsibilities of NBF

In general, NBF is only responsible for those services provided at the request or direction of HSBC Securities (Canada) Inc., as outlined in the Carrying Broker Agreement.

NBF will:

- in some circumstances, execute securities orders for your account;
- process orders for the purchase, sale or transfer of securities for your account (NBF is not obligated to accept orders for

securities transactions for your account directly from you and will do so only in exceptional circumstances);

- receive and deliver cash and securities for your account, and will record such receipts and deliveries according to information provided either by us, or directly, in writing, by you;
- hold in custody securities and cash received for your account, and will collect and disburse dividends and interest and process reorganisation and voting instructions with respect to securities held in custody;
- prepare and transmit to you or provide facilities to HSBC Securities (Canada) Inc. for the preparation and transmission of confirmations of trades; and
- prepare and transmit periodic account statements summarizing transactions processed for your account to you.

NBF is responsible for the custody of your cash and securities only after it comes into NBF's physical possession or control.

NBF reserves the right to refuse to accept a particular account or order at its sole discretion for the sole protection of NBF.

Although HSBC Securities (Canada) Inc. is solely responsible for approving the opening of your account and obtaining necessary account documentation, NBF may require, from time to time, additional information directly from you in order to fulfill the requirements of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and Regulations.

If we open a margin account for you, NBF or HSBC Securities (Canada) Inc. may loan you money for the purpose of purchasing or holding securities subject to the terms of NBF's and our written Client Account Agreement, applicable regulatory margin requirements, and NBF's and/or HSBC Securities (Canada) Inc.'s margin policies which may be more stringent than regulatory minimums.

NBF DOES NOT CONTROL, AUDIT, OR OTHERWISE SUPERVISE THE ACTIVITIES OF HSBC SECURITIES (CANADA) INC. OR ITS EMPLOYEES. NBF DOES NOT VERIFY INFORMATION PROVIDED BY HSBC SECURITIES (CANADA) INC. REGARDING YOUR ACCOUNT OR TRANSACTIONS PROCESSED FOR YOUR ACCOUNT NOR UNDERTAKE RESPONSIBILITY FOR REVIEWING THE APPROPRIATENESS OF TRANSACTIONS ENTERED OR SECURITIES PURCHASED BY HSBC SECURITIES (CANADA) INC. ON YOUR BEHALF.

In furnishing its services under the Carrying Broker Agreement, NBF may use and rely upon the services of clearing agencies, automatic data processing vendors, proxy processing agents, transfer agents, securities pricing services, and other similar organizations.

This description addresses the basic allocation of functions regarding the handling of your account. It is not intended to be a definitive enumeration of every possible circumstance, but only as a general disclosure.

Account Protection

The safety and protection of your assets are of utmost importance. NBF is a member firm of the Canadian Investor Protection Fund ("CIPF"). Customers' accounts are protected for losses arising from the insolvency of a member firm for up to \$1,000,000. An explanatory brochure on CIPF is available upon request from your financial institution or by visiting their website - www.cipf.ca.

THE ACCOUNT PROTECTION APPLIES IN THE UNLIKELY SITUATION WHERE NBF BECOMES FINANCIALLY INSOLVENT AND IS UNABLE TO MEET ITS OBLIGATIONS TO ITS CUSTOMERS. CIPF DOES NOT COVER CUSTOMERS' LOSSES WHICH RESULT FROM FLUCTUATING MARKET VALUES, REGARDLESS OF THE CAUSE OF SUCH LOSSES.

Schedule 7. Strip Bond and Strip Bond Package Information Statement

Strip Bonds and Strip Bond Packages Information Statement

We are required by provincial securities regulations to provide you with this Information Statement before you can trade in strip bonds or strip bond packages based on bonds of the Government of Canada, a Canadian province, or certain foreign governments or political subdivisions thereof. Please review it carefully.

Preliminary Note Regarding the Scope of This Information Statement

This information statement relates to strip securities that are based on bonds of the Government of Canada, a Canadian province, or certain foreign governments or political subdivisions thereof. Provincial securities regulations create an exemption from dealer registration and prospectus requirements for these types of securities.

Strip securities may also be based on Canadian corporate bonds. While some of the information in this Information Statement may also be relevant to corporate bond-based strips, corporate bond-based strips are outside the scope of this Information Statement. If you are planning to purchase a strip or strip package based on a corporate Canadian bond, please note that such securities are not governed by the regulations referred to above, but rather, may be subject to certain decisions issued by Canada's securities regulatory authorities exempting certain Canadian corporate bond-based strip securities from various regulatory requirements, including Section 2.1 of National Instrument 44-102 – *Shelf Distributions* and Section 2.1 of National Instrument 44-101 – *Short Form Prospectus Distributions*. See e.g. *RBC Dominion Securities Inc. et al.*, (2013) 36 OSCB 3867 (Apr. 8), online: www.osc.gov.on.ca/en/SecuritiesLaw_ord_20130411_2110_rbc-dominion.htm. Pursuant to each such decision, Canadian securities dealers file with the applicable Canadian securities regulatory authorities a short form base shelf prospectus and certain supplements thereto, pursuant to which certain Canadian corporate-bond based strip securities may be distributed on an on-going basis without a full prospectus (the “**CARs² and PARs³ Programme**”). For each decision, the applicable shelf prospectus and its supplements may be found on the System for Electronic Document Analysis and Retrieval or “**SEDAR**” at www.sedar.com.

Risk and other disclosures relating to securities issued as part of the CARs and PARs Programme are set forth in the shelf prospectus and supplements published on SEDAR, and investors considering purchasing such securities are advised to consult these documents, since considerations unique to securities issued as part of the CARs and PARs Programme are not addressed herein.

Strip Bonds and Strip Bond Packages (“Strips”)

A strip bond—commonly referred to as a “strip”—is a fixed-income product that is sold at a discount to face value and

matures at par. This means the holder is entitled to receive the full face value at maturity. Strips do not pay interest, but rather, the yield at the time of purchase is compounded semi-annually and paid at maturity. Since the return on a strip is fixed at the time of purchase, strips may be a suitable investment where the holder requires a fixed amount of funds at a specific future date.

A strip is created when a conventional debt instrument, such as a government or corporate bond, discount note or asset-backed security (i.e., the “underlying bond”), is separated into its “interest” and “principal” component parts for resale. Components are fungible and may be pooled together where they share the same issuer, payment date and currency and have no other distinguishing features. The two types of components may be referred to as follows:

- The “coupon”: the interest-paying portion of the bond; and
- The “residual”: the principal portion.

A strip bond package is a security comprised of two or more strip components. Strip bond packages can be created to provide holders with a regular income stream, similar to an annuity, and with or without a lump sum payment at maturity.⁴ By laddering strips with staggered maturities or other payment characteristics, holders can strategically manage their cash flow to meet their future obligations and specific needs.

Strips vs. Conventional Bonds

Strips are offered on a variety of terms and in respect of a variety of underlying bonds, including government bonds issued by the Government of Canada or provincial, municipal and other government agencies, or a foreign government. CARs and PARs are examples of strips derived from high-quality corporate bonds. Some differences between strips and conventional bonds that you may wish to consider include the following:

- strips are sold at a discount to face value and mature at par, similar to T-bills. Unlike conventional interest-bearing debt securities, strips do not pay interest throughout the term to maturity; rather, the holder is entitled to receive a fixed amount at maturity. The yield or interest earned is the difference between the discounted purchase price and the maturity value; thus, for a given par value, the purchase price for a strip will typically be lower the longer the term to maturity;
- a strip with a longer term to maturity will generally be subject to greater price fluctuations than a strip of the same issuer and yield but with a shorter term to maturity;
- strips typically offer higher yields over T-Bills, GICs and term deposits, and over conventional bonds of the same issuer, term and credit rating;

² CARs are corporate strip bonds comprised of coupon and residual securities.

³ PARs are a form of strip bond package where the coupon rate is reduced to current yields, thus allowing the package to be sold at par.

⁴ A bond-like strip bond package has payment characteristics resembling a conventional bond, including regular fixed payments and a lump-sum payment at maturity. In contrast, an annuity-like strip bond package provides regular fixed payments but no lump-sum payment at maturity.

- the higher yield offered by strips reflects their greater price volatility. Like conventional bonds, the price of a strip is inversely related to its yield. Thus, when prevailing interest rates rise, strip prices fall, and vice versa. However, the rise or fall of strip prices is typically more extreme than with conventional bonds of the same issuer, term and credit rating. The primary reason for this greater volatility is that no interest is paid in respect of a strip bond prior to its maturity;
- unlike conventional bonds that trade in \$1,000 increments, strips may be purchased in \$1 multiples above the minimum investment amount, thereby enabling a holder to purchase a strip for any desired face value amount above the minimum investment amount; and
- strips are less liquid than conventional bonds of the same issuer, term and credit rating: there may not be a secondary market for certain strips and strip bond packages, and there is no requirement or obligation for investment dealers or financial institutions to maintain a secondary market for strips sold by or through them; as a result, purchasers should generally be prepared to hold a strip to maturity, since they may be unable to sell it – or only able to sell it at a significant loss – prior to maturity.

Dealer Mark-ups and Commissions

When purchasing or selling a strip bond or a strip bond package, the prospective purchaser or seller should inquire about applicable commissions (mark-ups or mark-downs) when executing the trade through an investment dealer or financial institution, since such commissions will reduce the effective yield (if buying) or the net proceeds (if selling). Investment dealers must make reasonable efforts to ensure the aggregate price, inclusive of any mark-up or mark-down, is fair and reasonable taking into consideration all reasonable factors. Commissions quoted by investment dealers generally range between \$0.25 to \$1.50 per \$100 of maturity amount of the strip, with commissions typically at the higher end of this range for small transaction amounts, reflecting the higher relative costs associated with processing small trades.

The table below illustrates the after-commission yield to a strip holder with different terms to maturity and assuming a before-commission yield of 5.5%. All of the yield numbers are semi-annual. For example, a strip bond with a term to maturity of one year and a commission of 25 cents per \$100 of maturity amount

has an after-commission yield of 5.229%. The before-commission cost of this particular strip bond will be \$94.72 per \$100 of maturity amount while the after-commission cost will be \$94.97 per \$100 of maturity amount. In contrast, a strip bond with a term to maturity of 25 years and a commission of \$1.50 per \$100 of maturity amount has an after-commission yield of 5.267%. The before-commission cost of this particular strip bond will be \$25.76 per \$100 of maturity amount while the after-commission cost will be \$27.26 per \$100 of maturity amount.⁵

(1) Prospective purchasers or sellers of strips should ask their investment dealer or financial institution about the bid and ask prices for strips and may wish to compare the yield to maturity of the strip, calculated after giving effect to any applicable mark-up or commission, against the similarly calculated yield to maturity of a conventional interest-bearing debt security.

Secondary Market and Liquidity

Strips may be purchased or sold through investment dealers and financial institutions on the “over-the-counter” market rather than on an exchange. Where there is an active secondary market, a strip may be sold by a holder prior to maturity at the prevailing market price in order to realize a capital gain or to access funds. However, liquidity may be limited for certain strip bonds and strip bond packages, and, as noted above, investment dealers and financial institutions are not obligated to maintain a secondary market for strips sold by or through them. **As a result, there can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time, and investors should generally be prepared to hold strips to maturity or run the risk of taking a loss.**

Other Risk Considerations

Potential purchasers of strips should conduct their own research into the term, yield, payment obligations and particular features of a strip prior to purchase. While not an exhaustive list, you may wish to consider some of the following potential risks:

Credit risk of the issuer – strips represent a direct payment obligation of the government or corporate issuer, thus any change to an issuer’s credit rating or perceived credit worthiness may affect the market price of a strip, and the impact may be more severe than the impact on conventional bonds of the same issuer.

Commission or dealer mark-up amount (per \$100 of maturity amount)	Term to maturity in years and yield after commission or dealer mark-up (assuming a yield before commission of 5.5%)					
	1	2	5	10	15	25
\$0.25	5.229%	5.357%	5.433%	5.456%	5.462%	5.460%
\$0.75	4.691%	5.073%	5.299%	5.368%	5.385%	5.382%
\$1.50	3.892%	4.650%	5.100%	5.238%	5.272%	5.267%

⁵ The purchase price of a strip bond may be calculated as follows:

$$\text{Purchase Price} = \text{Maturity (Par) Value} / (1 + y/2)^n$$

where “y” is the applicable yield (before or after commission) and “n” is the number of years until maturity. For example, the purchase price (per \$100 of maturity value) for a strip bond that has a yield of 5.5% and 25 years until maturity is: $100/(1+0.0275)^{50} = \$25.76$.

Interest rate risk – if interest rates rise, the market value of a strip will go down, and this drop in market value will typically be more severe than the drop in market value for the corresponding conventional bond from the same issuer for the same term and yield. If interest rates rise above the yield of the strip at the time of purchase, the market value of the strip may fall below the original price of the strip.

Market and liquidity risk – strips are not immune to market or liquidity risks and may have specific terms and conditions that apply in the event of a market disruption or liquidity event. If liquidity is low, it may be difficult to sell a strip prior to maturity and there may be large spreads between the bid and ask prices.

There can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time.

Currency risk – strips may pay out in a currency other than Canadian dollars. Currency fluctuations may enhance, nullify or exacerbate your investment gains or losses.

Component risk – you should ensure that you understand and are comfortable with the underlying components, terms, risks and features of a strip bond or strip bond package prior to purchase. For example, strips may be derived from asset-backed securities or callable or retractable bonds, and may have features such as inflation indexation or structured payments.

Price volatility – strips are generally subject to greater price volatility than conventional bonds of the same issuer, term and credit rating, and will typically be subject to greater price fluctuations in response to changes to interest rates, credit ratings and liquidity and market events. The table below shows the impact that prevailing interest rates can have on the price of a strip. For example, as indicated in the table below, an increase in interest rates from 6% to 7% will cause the price of a 5 year strip bond with a maturity value of \$100 to fall by 4.73%—a larger percentage drop than for a \$100 5 year traditional bond, whose price would fall only 4.16%, assuming the same increase in interest rates.

Custodial Arrangements

Due to the high risk of forgery, money laundering and similar illegal activities – and the costs associated with such risks – with physical strips and bearer instruments, most investment dealers and financial institutions will only trade or accept transfer of book-based strips. CDS Clearing and Depository Services Inc. (“**CDS**”) provides strip bond services, including book-based custodial services for strips and underlying bonds. Custodian banks or trust companies may also create and take custody of strips that are receipt securities, and may permit holders to obtain a registered certificate or take physical delivery of the underlying coupon(s) or residue(s). However, if the holder decides to take physical delivery, he or she should be aware of the risks, including the risk of lost ownership, associated with holding a bearer security which cannot be replaced. In addition, the holder should be aware that the secondary market for physical strips may be more limited than for book-based strips due to the risks involved. Investors in strip components held by and at CDS are not entitled to a physical certificate if the strips are Book Entry Only.

Canadian Income Tax Summary

The Canadian income tax consequences of purchasing strip bonds and strip bond packages are complex. Purchasers of strip bonds and strip bond packages should refer questions to the Canada Revenue Agency (<http://www.cra-arc.gc.ca/>) or consult their own tax advisors for advice relating to their particular circumstances.

The following is only a general summary regarding the taxation of strip bonds and strip bond packages under the *Income Tax Act* (Canada) (the “**Tax Act**”) for purchasers who are residents of Canada and hold their strip bonds and strip bond packages as capital property for purposes of the Tax Act. The following does not constitute legal advice.

Qualified Investments

Strip bonds and strip bond packages that are issued or guaranteed by the Government of Canada or issued by a province or territory of Canada are “qualified investments” under the Tax Act and are therefore eligible for purchase by trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“**Registered Plans**”). Depending on the circumstances, strip bonds issued by corporations may also be “qualified investments” for Registered Plans.

Annual Taxation of Strip Bonds

The Canada Revenue Agency takes the position that strip bonds are a “prescribed debt obligation” within the meaning of the Tax Act. Consequently, a purchaser will be required to include in income in each year a notional amount of interest, notwithstanding that no interest will be paid or received in the year. Strips may therefore be more attractive when purchased and held in non-taxable accounts, such as self-directed Registered Plans, pension funds and charities.

In general terms, the amount of notional interest deemed to accrue each year will be determined by using the interest rate which, when applied to the total purchase price (including any dealer mark-up or commission) and compounded at least annually, will result in a cumulative accrual of notional interest from the date of purchase to the date of maturity equal to the amount of the discount from face value at which the strip bond was purchased.

For individuals and certain trusts, the required accrual of notional interest in each year is generally only up to the anniversary date of the issuance of the underlying bond. For example, if a strip bond is purchased on February 1 of a year and the anniversary date of the issuance of the underlying bond is June 30, only five months of notional interest accrual will be required in the year of purchase. However, in each subsequent year, notional interest will be required to be accrued from July 1 of that year to June 30 of the subsequent year (provided that the strip bond is still held on June 30 of the subsequent year).

In some circumstances the anniversary date of the issuance of the underlying bond may not be readily determinable. In these circumstances individual investors may wish to consider accruing notional interest each year to the end of the year instead of to the anniversary date.

A corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary is required for each taxation year to accrue notional interest to the end of the taxation year and not just to an earlier anniversary date in the taxation year.

Disposition of Strip Bonds Prior to Maturity

A purchaser who disposes of a strip bond prior to, or at, maturity, is required to include in the purchaser's income for the year of disposition notional interest accrued to the date of disposition that was not previously included in the purchaser's income as interest. If the amount received on a disposition exceeds the total of the purchase price and the amount of all notional interest accrued and included in income, the excess will be treated as a capital gain. If the amount received on disposition is less than the total of the purchase price and the amount of all notional interest accrued and included in income, the difference will be treated as a capital loss.

Strip Bond Packages

For tax purposes, a strip bond package is considered a series of separate strip bonds with the income tax consequences as described above applicable to each such component of the strip package. Thus a purchaser of a strip bond package will normally be required to make a calculation in respect of each component of the strip bond package and then aggregate such amounts to determine the notional interest accrued on the strip bond package. As an alternative, in cases where the strip bond package is issued at or near par and is kept intact, the Canada Revenue Agency will accept tax reporting that is consistent with reporting for ordinary bonds (i.e., reported on a T5 tax slip as accrued interest where it is matched by cash flow), including no obligation to report premium or discount amortization where the strip bond package is subsequently traded on the secondary market.

Market Price Volatility

Bond Type	Market Price	Market Yield	Price with Rate Drop to 5%	Price Change	Price with Rate Increase to 7%	Price Change
6% 5 Year Bond	\$100.00	6.00%	\$104.38	+ 4.38%	\$95.84	- 4.16%
5 Year Strip Bond	\$74.41	6.00%	\$78.12	+ 4.99%	\$70.89	- 4.73%
6% 20 Year Bond	\$100.00	6.00%	\$112.55	+ 12.55%	\$89.32	- 10.68%
20 Year Strip Bond	\$30.66	6.00%	\$37.24	+ 21.49%	\$25.26	-17.61%

Schedule 8. Short Sale Risk Statement

Short Sale Risk Statement

A high degree of risk is involved in the short sale of Securities. Short selling is a speculative practice that has many possible difficulties and dangers inherent in it and may not be suitable for every Investor. This brief statement confirms that you understand some, but not all, of the risks associated with the short sale of Securities.

In this document, the following words have the following meanings:

"Account" means an account you have with InvestDirect, either by yourself or jointly with another person.

"InvestDirect", "we", "us" and "our" means HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

"You" and "your" means a person who is a holder of an Account.

You understand that the credit balance created by short selling cannot be used to purchase Securities and that no interest is paid on credit balances in a margin short account.

You understand the possible difficulty in borrowing Securities, at any time, to cover the short sale (e.g. thinly traded stock, no loan post offers, etc.).

You understand the liability to the purchaser for any dividends or other benefits paid during the period an Account is short.

You understand that Securities may be bought-in if:

- (a) adequate margin cannot be maintained; and/or
- (b) if the originally borrowed Securities are called by their owner and no other Securities can be borrowed to replace them.

You understand that InvestDirect cannot provide up-to-date information on total short sales on a Security. (Stock exchanges do not report short positions on a daily basis, and no data is available on unlisted short sales.)

You understand the possible volatile price action in a shorted Security should a buying rush materialize when a number of short sellers try to cover their short sales at the same time.

You understand the possibility of unlimited loss, if a short stock starts a dramatic rise in price. (A stock has no upper price limit.)

You understand that, in accordance with applicable securities legislation, you must, at the time of placing an order to sell, explicitly declare to the trader the fact that you do not own the Security and are, therefore, selling short.

Schedule 9. Risk Disclosure Statement for Futures and Options

Risk Disclosure Statement for Futures and Options

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. **Effect of "Leverage" or "Gearing":** Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2. **Risk-reducing Orders or Strategies:** The placing of certain orders (e.g., "stop-loss" order, where permitted under local law, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

Options

3. **Variable Degree of Risk:** Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-

out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Additional Risks Common to Futures and Options

4. **Terms and Conditions of Contracts:** You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. **Suspension or Restriction of Trading and Pricing Relationships:** Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

6. **Deposited Cash and Property:** You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some

jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

7. **Commission and Other Charges:** Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.
8. **Transactions in Other Jurisdictions:** Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.
9. **Currency Risks:** The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
10. **Trading Facilities:** Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.
11. **Electronic Trading:** Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.
12. **Off-Exchange Transactions:** In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

Part 2 – Additional Terms and Conditions

A. Margin Account Terms and Conditions

In consideration of InvestDirect permitting you to trade Securities on margin or to otherwise permit you to borrow funds from InvestDirect secured against the value of Securities held in your Accounts, you hereby agree to be bound by these Margin Account Terms and Conditions and by the General Terms and Conditions of the HSBC InvestDirect Client Terms and Conditions, which are hereby incorporated by reference into these Margin Account Terms and Conditions. In these Margin Account Terms and Conditions, capitalized terms that are not defined in these Margin Account Terms and Conditions have the meanings set out in the General Terms and Conditions of the HSBC InvestDirect Client Terms and Conditions.

1. **Margin Account:** InvestDirect, upon request by you, but at InvestDirect's sole discretion, may grant you a line of credit facility (a "**Line of Credit**") in connection with an Account (an Account with such Line of Credit is hereinafter referred to as a "**Margin Account**") pursuant to which InvestDirect will, from time to time and at InvestDirect's sole discretion, loan to you funds secured by: (a) Securities held by you in the Margin Account or other Accounts; (b) available cash balances in the Margin Account or other Accounts; and (c) such other security as may be required by InvestDirect from time to time.
2. **Line of Credit:** A Line of Credit shall be extended to you by permitting you to access funds in excess of available cash balances through the applicable Margin Account. Credit may be requested by you through any method that may be permitted by InvestDirect from time to time, including without limitation instructing InvestDirect to initiate or complete a Transaction that cannot be settled using the available cash balance in a Margin Account, if applicable, withdrawing funds for which sufficient funds are not available in cash in a Margin Account, or otherwise. Receipt of Instructions by InvestDirect or an agent of InvestDirect that may cause you to access a line of credit facility shall be deemed to be a request to establish or access a Line of Credit. In addition, any debit made by InvestDirect or an agent of InvestDirect to any other Account shall be deemed to be a request to establish or access a Line of Credit.
3. **Margin Limit:** You may access funds up to the limit established from time to time by InvestDirect, in InvestDirect's sole discretion, for a Line of Credit (the "**Margin Limit**") at the time you attempt to make such access. You shall pay interest on any indebtedness under a Line of Credit to InvestDirect at such annual rate or rates and upon such terms as InvestDirect may from time to time establish. You acknowledge receipt of the annual rate or rates of interest applicable at the time you agree to these Margin Account Terms and Conditions. The rate and terms in effect at any given time are available on the InvestDirect Website.
4. **Collateral:** All Collateral for indebtedness to InvestDirect with respect to a Margin Account shall be held by InvestDirect or an agent of InvestDirect at such place as InvestDirect shall determine (or at the option of InvestDirect may be deposited with The Canadian Depository for Securities Limited or any clearing corporation, depository, or like organization), and a Line of Credit that you have or may have for the loan of funds for the purchase of Securities or otherwise shall be maintained at such place.
5. **Free Credit Balances:** Any monies held by InvestDirect from time to time to your credit are payable on demand. Except to the extent required by law, such monies need not be segregated and may be used by InvestDirect in the ordinary conduct of its business. You acknowledge that the relationship between you and InvestDirect with respect to such monies is one of debtor and creditor only.
6. **Inter-Account Transfers:** InvestDirect is specifically authorized to transfer to a Margin Account, on or after the settlement day following a purchase made in that account, any credit balance in any other Account, including but not limited to any free credit balances therein, sufficient to make full payment for such purchase. You agree that any debt occurring in any Account may be transferred by InvestDirect at its option to a Margin Account.
7. **Margin Requirements:** You will maintain such margins as InvestDirect may in its absolute discretion require from time to time and will pay on demand any debit balance owing with respect to any Margin Account. If there is a decline in the market value of Securities in a Margin Account, InvestDirect may require additional collateral, but InvestDirect retains its right to require additional collateral at any time it deems necessary or advisable. Any such call for additional collateral shall be met by delivery of additional Marginable Securities or cash. Any Securities in any Account are collateral for any debit balances in a Margin Account. For the purpose of these Margin Account Terms and Conditions, a "**Marginable Security**" is any equity Security listed with the New York, Amex, Montreal, or Toronto Exchanges or interlisted with these exchanges; however InvestDirect reserves the right to deem any Security ineligible as a Marginable Security from time to time.
8. **Time of Payment:** All Transactions in any Account are to be paid, or the required margin deposited in a Margin Account, no later than 10:00 a.m. Eastern Standard Time on the date of the Transaction.
9. **Interest:** You will be charged interest on any debit balance under any credit extended to or maintained for you by InvestDirect for the purpose of purchasing, carrying, or trading any Securities.
10. **Payment of Amounts:** InvestDirect may, without notice to you, at any time and from time to time: (a) demand payment of a Line of Credit; (b) reduce or cancel a Line of Credit; (c) terminate the provision of any additional advances by InvestDirect (whether directly or indirectly) to you under a Line of Credit; or (d) require you to provide additional collateral to InvestDirect for amounts advanced under a Line of Credit. You

will promptly provide InvestDirect with any collateral that is requested by InvestDirect in respect of any Line of Credit and will forthwith pay any amount outstanding under a Line of Credit to InvestDirect by deposit in the applicable Margin Account, for the credit of InvestDirect, which becomes due as a result of any reduction or cancellation of a Line of Credit or otherwise.

11. **Right of Sale:** Whenever in InvestDirect's discretion InvestDirect deems it desirable for InvestDirect's protection (without the necessity of a margin call), InvestDirect may, without prior demand or tender, and without any notice of the time or place of sale, all of which are expressly waived by you, sell or take in payment any or all Securities or contracts relating thereto which may be in InvestDirect's possession, or which InvestDirect may be carrying for you, buy any Securities or contracts relating thereto of which an Account or Accounts may be short, in order to closeout in full or in part any commitment on your behalf, or place stop orders with respect to such Securities. Such sale, taking in payment, or purchase may be made at the discretion of InvestDirect 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 Quebec or under any other applicable laws, and neither any demands, calls, tenders, or notices which InvestDirect may make or give in any one or more instances, nor any prior course of conduct or dealings, shall invalidate any of your waivers set out above. InvestDirect may also exercise its rights and remedies under the General Terms and Conditions of the InvestDirect Client Terms and Conditions. You shall remain liable to InvestDirect for any

indebtedness to InvestDirect that remains following the exercise by InvestDirect of any or all of the foregoing rights and remedies.

12. **Monthly Statements:** You consent to the disclosure by InvestDirect of copies of monthly statements to any person who guarantees an Account. This consent shall continue to be in force so long as the person guarantees an Account.
13. **Right of Pledge:** Whenever you are indebted to InvestDirect or have a short position with InvestDirect, all Securities held by InvestDirect or carried by InvestDirect in any and all Accounts or deposited to secure same may from time to time and without notice to you be carried in InvestDirect's general loans, pledged, re-pledged, hypothecated, re-hypothecated or loaned by InvestDirect, either to InvestDirect or to other persons, separately or in common with other Securities, and either for the sum due to InvestDirect thereon or for a greater sum, and without retaining in InvestDirect's possession or control for delivery of like or similar Securities, and be used by InvestDirect for making delivery of a sale, whether a short sale or otherwise and whether the sale is for an Account or for an account of any other client of InvestDirect.
14. **No Limitation of InvestDirect's Rights:** The provisions of the above sections titled "Collateral," "Margin Requirements," "Right of Sale" and "Right of Pledge" shall not limit any rights of InvestDirect under the General Terms and Conditions of the HSBC InvestDirect Client Terms and Conditions.
15. **Rules:** All Transactions entered into on your behalf shall be subject to the rules of the Investment Industry Regulatory Organization of Canada (IIROC) and/or the rules any securities exchange if executed thereon.

B. Options Trading Terms and Conditions

In consideration of InvestDirect acting as agent in the purchase, sale or execution of exchange traded put or call options (“**Options**”) traded on stock or option exchanges, you agree to be bound by these Options Trading Terms and Conditions and by the General Terms and Conditions of the HSBC InvestDirect Client Terms and Conditions, which are hereby incorporated by reference into these Options Trading Terms and Conditions. In these Options Trading Terms and Conditions, capitalized terms that are not defined in these Options Trading Terms and Conditions have the meanings set out in the General Terms and Conditions of the HSBC InvestDirect Client Terms and Conditions.

1. **Applicable By-laws, Laws, Rules etc.:** Each Option Transaction will be subject to, and you will comply with, the following requirements: (a) the constitution, by-laws, rules, rulings, regulations and customs of the clearing corporation issuing the Option, the exchange on which the Option trades and any other regulatory body that may have jurisdiction; and (b) InvestDirect’s rules, regulations and customs for Options trading (collectively the “**Requirements**”). The Requirements may provide for position limits (which may be reported to the applicable regulatory body), exercise limits, margin requirements and requirements for cash-only trades during certain periods, such as the last ten business days prior to expiry of an Option. You will comply with all of the Requirements that are now in effect or which from time to time may hereafter be passed or adopted. In addition, you will comply with all rules affecting existing or subsequent Transactions that the Investment Industry Regulatory Organization of Canada (IIROC) may impose.
2. **Limits and Restrictions:** You will not exceed in aggregate, with InvestDirect and elsewhere, and whether personally or in concert with other persons, any maximum limit that may be set by InvestDirect on a short position, or any exercise or position limit, or other restrictions imposed by InvestDirect. InvestDirect is required to report any such violations to the regulatory authorities.
3. **Timely Instructions:** You acknowledge that it is your sole responsibility to give Instructions to InvestDirect on a timely basis and in any event in such time so that InvestDirect may complete the Instructions as to the sale, close out or exercise of any Option or as to any other action to be taken in connection with any Option. It is your obligation to instruct InvestDirect to close out any Option prior to the expiry date. InvestDirect’s office through which you may instruct InvestDirect as to Option Transactions will be open during local business hours but an order may be executed at any time when the applicable exchange is open for trading.
4. **Exercise of Options:** You acknowledge that InvestDirect requires you to submit notice of intent to exercise an Option by the close of the relevant market on the expiry date of the Option. InvestDirect will allocate exercise and assignments of exercise notices received by InvestDirect to accounts of its customers, including customers residing in the province of Quebec, on a random basis in accordance with InvestDirect’s procedures or on such other basis as InvestDirect may advise.
5. **Right to Exercise Discretion:** InvestDirect will have sole discretion to determine whether or not to accept any order from you for a trade in an Option. Furthermore, InvestDirect may take any action with respect to an Option that InvestDirect, in its sole discretion, determines should be taken if you fail to give InvestDirect timely Instructions, but InvestDirect has no obligation to take such action. Whenever InvestDirect deems it necessary or advisable for its protection to sell any securities in InvestDirect’s possession or to buy in any securities of which your Account may be short, or to buy or sell short Options for your account and risk, such sale or purchase may be made in InvestDirect’s sole discretion without advertising the same and without prior notice, demand, tender or call to you. In the case of your insolvency or death or attachment of your property, InvestDirect may, with respect to any open positions, take such steps as it considers necessary to protect itself against Losses.
6. **Sale of Valuable Options:** Where InvestDirect elects to exercise a Valuable Option it may concurrently arrange for the sale of the underlying securities to be received on exercise of the Option and InvestDirect shall be entitled to receive all applicable commissions and other compensation, both on the exercise and on the sale. In no event will InvestDirect be responsible or accountable for any loss or damage you may incur or profit you may fail to make because of InvestDirect’s exercise or failure to exercise the foregoing authority. “**Valuable Option**” means an Option that appears, at the relevant time, capable of being exercised and the underlying securities resold with a resultant profit after paying the commissions and other expenses attendant upon the exercise and resale.
7. **Errors and Omissions:** InvestDirect will not be liable to you for errors or omissions in connection with or in the handling of orders relating to the purchase, sale, execution or expiration of an Option or any matter related thereto, unless caused by InvestDirect’s negligence or willful misconduct.
8. **Acknowledgements:** You acknowledge that InvestDirect’s Specialist or Options Attorney may act as principal when executing your trades. You also acknowledge that you have received a copy of the Risk Disclosure Statement for Futures and Options (or such other current risk disclosure statement or other similar document approved by the Investment Industry Regulatory Organization of Canada).

Part 3 – Registered Plan Documentation

This Registered Plan Documentation is comprised of four parts. Part I applies to both an HSBC InvestDirect Self-Directed Retirement Savings Plan and HSBC InvestDirect Retirement Income Fund. Part II applies to an HSBC InvestDirect Self-Directed Retirement Savings Plan only. Part III applies to an HSBC InvestDirect Retirement Income Fund only. Part IV applies to an HSBC InvestDirect Self-Directed Education Savings (Family) Plan only. In the Registered Plan Documentation, “**InvestDirect**” means HSBC InvestDirect, a division of HSBC Securities (Canada) Inc.

HSBC InvestDirect RSP & RIF Terms and Conditions

Part I - Applies to both RSP & RIF

HSBC Trust Company (Canada) (the “**Trustee**”) hereby declares that it agrees to act as Trustee for the Applicant (the “**Annuitant**”) as defined in the *Income Tax Act*, named in the application for an HSBC InvestDirect Self-Directed Retirement Savings Plan (the “**RSP**”) and Retirement Income Fund (the “**RIF**”) upon the following Terms and Conditions:

1. **Registration:** The Trustee will apply to register the RSP/RIF under the provisions of the *Income Tax Act* (Canada) (the “**Act**”) and any provincial income tax legislation relating to retirement income funds applicable in the province in which the Annuitant resides (the **Act** and such provincial income tax legislation being hereinafter collectively referred to as “**Applicable Tax Legislation**”).
2. **Investment of the Fund:** The Fund (as defined in Part II or Part III, as applicable) shall be invested and reinvested by the Trustee, on the direction of the Annuitant made in accordance with these Terms and Conditions, without being limited to investments authorized by law for Trustees. The Trustee will have absolute discretion to decide whether a particular investment is acceptable and the Trustee shall not be liable to the Annuitant for the exercise or failure to exercise such discretion. The Trustee may require any direction from the Annuitant to be in writing. In the absence of any direction, the Trustee may invest the Fund or not invest the Fund, at its discretion, provided any decision made by the Trustee to make any such investment is made with regard to the investment restrictions imposed upon the Annuitant and the Registered Plan hereunder and pursuant to Applicable Tax Legislation. The Annuitant acknowledges that cash balances may be invested and reinvested by the trustee in the Trustee’s guaranteed accounts or in accounts HSBC Bank Canada and its affiliates (the “**Bank**”). The Annuitant authorizes and directs the Trustee in the exercise of its powers and duties under these Terms and Conditions to have dealings (and enter into transactions) with the Bank and to purchase and hold securities of the Bank and further authorizes the Trustee and the Agent to retain all or a portion of interest earned on cash reserves for services rendered by them. The Trustee must hold any investment in its own name, in the name of its nominee, or in such other name as the Trustee may determine. The Trustee may generally exercise the power of an owner with respect to all stocks, bonds, mortgages or securities held by it for the RSP/RIF, including the right to vote or give proxies to vote in respect thereof.
3. **Qualified Investments:** The Trustee, or if applicable InvestDirect, shall exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the RSP/RIF holds a non-qualified investment. However the Annuitant is responsible for ensuring that the investments held in the RSP/RIF are at all times qualified investments for the RSP or RIF under the Act.
4. **Prohibited Investment:** The Annuitant is solely responsible for ensuring that the investments held in the RSP/RIF do not at any time include a prohibited investment for the RSP/RIF under the Act and to determine whether such investment could result in the imposition of any tax or penalty.
5. **Taxes and Penalties on Non-Qualified and Prohibited Investments:** Neither the Trustee nor InvestDirect will be liable for or in respect of any taxes, interest, penalties or other charges which may be imposed on the Annuitant, RSP/RIF, the Trustee or InvestDirect under Applicable Tax Legislation, including the Act (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the RSP/RIF in accordance with the Act), whether by way of assessment, reassessment or otherwise or for any other charges levied or imposed by any governmental authority, due to payments out of the RSP/RIF, the purchase, sale or retention of any investment, including an investment that is a non-qualified investment or a prohibited investment for the RSP/RIF under the Act, or any investment becoming a non-qualified investment or prohibited investment after the time of acquisition. The Trustee is authorized to reimburse itself for, or may pay, any such taxes, interest, penalties or other charges (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the RSP/RIF in accordance with the Act) out of whichever assets of the RSP/RIF it may choose in its absolute discretion and where necessary the Trustee, in its absolute discretion, may liquidate investments of the RSP/RIF to provide payment of such taxes, interest, penalties or other charges and reasonable expenses in connection with such payment. The Annuitant and his or her heirs, executors and administrators shall indemnify and hold harmless at all times both the Trustee and InvestDirect in respect of any such taxes and reasonable expenses imposed on either the Trustee or InvestDirect in connection therewith (including all costs reasonably related to any audit, investigation or assessment of such taxes by a competent tax authority). Neither the Trustee nor InvestDirect will be liable for any loss to or diminution of the assets of the RSP/RIF resulting from any act or omission in connection with the RSP/RIF, except to the extent that such loss or diminution is directly caused by the Trustee’s gross negligence. The indemnities contained in this section survive the termination of the RSP/RIF.

6. **Accounts:** The Trustee will maintain an account in the name of the Annuitant showing all transfers-in made to the RSP/RIF and all investment transactions made at the direction of the Annuitant. The Trustee shall forward to the Annuitant in respect of each year, a statement showing all transfers-in, payment and investment transactions made, and all income and expenses earned or incurred during such period.
7. **Delegation:** The Annuitant authorizes the Trustee to, and the Trustee may, delegate to InvestDirect the performance of the following duties and responsibilities of the Trustee under the RSP/RIF:
- (a) To receive transfers-in on behalf of the Annuitant under the RSP/RIF;
 - (b) To invest and reinvest the Fund in accordance with the directions of the Annuitant;
 - (c) To hold the assets forming the Fund in safekeeping;
 - (d) To maintain the Annuitant's account;
 - (e) To make payments to the Annuitant under the RSP/RIF;
 - (f) To provide statements to the Annuitant of the Annuitant's account; and
 - (g) Such other duties and responsibilities of the Trustee under the RSP/RIF as the Trustee may determine from time to time.

The Trustee shall, however, remain ultimately responsible for the administration of the RSP/RIF pursuant to the provisions of these Terms and Conditions. The Annuitant also authorizes the Trustee to, and the Trustee may, pay InvestDirect all or a portion of the fees paid by the Annuitant to the Trustee hereunder and may reimburse InvestDirect for its out-of-pocket expenses in performing the duties and responsibilities delegated to InvestDirect by the Trustee and charge the Annuitant's account there for.

8. **Trustee Fees and Disbursements:**

- (a) The Trustee shall be entitled to compensation for its services, and reimbursement of disbursements hereunder, in accordance with the fee schedule provided to the Annuitant and as it may from time to time amend. Notice of amendments to such schedule shall be given to the Annuitant and shall take effect no earlier than 30 days from the date of such notice which may be effected in accordance with the method set out in Paragraph 7 thereof.
 - (b) All fees, taxes, penalties and reimbursements of disbursements provided for hereunder shall be charged against and deducted from the investments of the RSP/RIF (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the RSP/RIF in accordance with the Act), at such time or times during each year as the Trustee may, in its absolute discretion determine, and where necessary, the Trustee, in its sole and absolute discretion, may liquidate investments of the RSP/RIF to provide for payment of such fees, taxes, penalties and reimbursements.
9. **Amendment:** The Trustee may, from time to time at its discretion, amend these Terms and Conditions with the

concurrence of the authorities administering the Applicable Tax Legislation, by giving 30 days' notice in writing to the Annuitant; provided, however, that any such amendments shall not have the effect of disqualifying the RSP/RIF as a registered retirement savings plan or registered retirement income fund within the meanings of the Applicable Tax Legislation.

10. **Notice:** Any notice given by the Trustee to the Annuitant shall be sufficiently given if mailed, postage prepaid, to the Annuitant at the address set out in the application for the RSP/RIF, or at any subsequent address of which the Annuitant shall have notified the Trustee, and any such notice shall be deemed to have been given on the second business day following the day of mailing. Any notice to the Trustee hereunder shall be sufficiently given if delivered or mailed postage prepaid to HSBC InvestDirect Self-Directed RSP/RIF, at any branch of InvestDirect or at such other address as the Trustee may from time to time specify in writing, and shall be deemed to have been given on the day that such notice is actually delivered to or received by the Trustee or InvestDirect, as the case may be.
11. **Indemnity:** The Annuitant, any beneficiary receiving proceeds payable under Paragraph 3 (RIF) and Paragraph 6 (RSP), and legal representatives of the Annuitant agree to indemnify the Trustee, InvestDirect, and each of their nominees, agents, and correspondents against and hold them harmless from any and all taxes, assessments, expenses, liabilities, claims and demands (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the RSP/RIF in accordance with the Act) whatsoever arising out of the holding and depositing of the investments to the Fund or for anything done hereunder, other than as the result of their gross negligence or willful misconduct. This indemnity survives the term of this agreement.

Neither the Trustee, nor InvestDirect nor their nominees, agents or correspondents shall be responsible for any loss or diminution suffered by the RSP/RIF, by the Annuitant or by any beneficiary under the RSP/RIF as a result of the acquisition, disposition, or retention of any investment acquired at the direction of the Annuitant, and neither the Trustee, nor InvestDirect, nor their nominees' agents, or correspondents shall be liable in their personal capacity for or in respect of any taxes or penalties which may be imposed under the provisions of the Applicable Tax Legislation due to the acquisition, disposition, or retention of any investment, including non-qualified investments and foreign property investments, acquired at the discretion of the Annuitant.

12. **Proof of Age:** The statement of the Annuitant's date of birth on the application for the RSP/RIF shall constitute a certification by the Annuitant and an undertaking to furnish such further evidence of proof of age as may be required for the provision of a retirement income.
13. **No Pledge or Assignment:** No property held under the RSP/RIF can be pledged, assigned, or in anyway alienated as security for a loan or for any other purpose other than that of providing for the Annuitant a retirement income in accordance with terms of the RSP/RIF.

14. **Replacement of Trustee:** The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder upon 90 days' notice in writing to the Annuitant, or such shorter notice as the Annuitant shall accept as sufficient, provided that a successor Trustee has been appointed in writing by InvestDirect and the successor Trustee has accepted such appointment. In the event of a change of trustee, the Trustee shall transfer the RSP/RIF to the successor Trustee within 30 days after the effective date of change.

If a successor Trustee cannot be found, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee. In such event InvestDirect shall bear the costs incurred by the Trustee in appointing a successor Trustee.

15. **Governing Law:** These Terms and Conditions shall be construed and enforced according to the laws of the Province of Ontario and all provisions hereof shall be administered according to the laws of that Province, except that the term "spouse" shall include a "common-law partner," and both those terms shall be interpreted as they are interpreted for purposes of the Act.

16. **Locked-in Retirement Account ("LIRA"), Life Income Fund ("LIF") or Locked-in Retirement Income Fund ("LRIF"):** If an addendum concerning a LIRA, LIF or LRIF is attached to these Terms and Conditions, the following provisions shall apply:

- (a) In case of conflict between the addendum and these Terms and Conditions, the provisions of the addendum shall prevail;
- (b) Locked-in funds shall be accounted for separately from non locked-in funds; and
- (c) The terms of the addendum may be amended from time to time without notice to you in order to ensure that the LIRA, LIF or LRIF continues to comply with all legislation including, without limitation, applicable pension benefits legislation governing locked-in funds.

17. **No Advantages:** No advantage (as defined for this purpose in the Act or any equivalent provision of Applicable Tax Legislation) in relation to the RSP/RIF may be extended to, or received by, the Annuitant, the RSP/RIF, or any person who does not deal at arm's length with the Annuitant.

Part II - Applies to RSP only

HSBC Trust Company (Canada) (the "**Trustee**") hereby declares that it agrees to act as Trustee for the Applicant (the "**Annuitant**"), as defined in the *Income Tax Act*, named in the application for an HSBC InvestDirect Self-Directed Retirement Savings Plan (the "**RSP**") upon the following Terms and Conditions:

1. **Contributions:** The Trustee shall accept such payments of cash and other transfers of property acceptable to it as may be made by the Annuitant or the Annuitant's spouse, the same together with any income therefrom constituting a trust fund (the "Fund") to be invested and held subject to the terms hereof. The Annuitant will have sole responsibility for ensuring that the aggregate amount of such contributions are within the limits imposed by Applicable Tax Legislation.

2. **Contribution Receipts:** On or before March 31 of each year, the Trustee shall furnish the Annuitant or the Annuitant's spouse with a receipt or receipts showing contributions by the Annuitant or the Annuitant's spouse during the preceding calendar year and within 60 days thereafter.
3. **Withdrawals:** The Annuitant may, on 30 days' written notice at anytime before the commencement of a retirement income, request the Trustee to pay to the Annuitant all or any part of the assets held under the Plan (subject to the deduction of all proper charges including income tax, if any, required to be withheld), and the Trustee may liquidate any investments held under the Plan to the extent deemed necessary for that purpose.
4. **Excess Payments:** It is the responsibility of the Annuitant or the Annuitant's spouse to ensure that no contribution exceeds the maximum permitted deduction under the Applicable Tax Legislation. The Trustee shall, upon written application of the Annuitant or the Annuitant's spouse, refund to the contributor all or part of the amount established to be an "amount" as defined in paragraph 146(2)(c.1) of the Act and in any such similar provisions of any applicable provincial income tax legislation. The Trustee may liquidate investments held under the Plan to the extent deemed necessary for that purpose.
5. **Retirement Income:** The value of the accounts maintained by the Trustee for the Annuitant shall be invested, used, and applied by the Trustee for the purposes of providing a retirement income to the Annuitant.

The Annuitant will, upon 90 days' written notice, specify the date for the commencement of retirement income, which date shall not be later than the end of the calendar year in which the Annuitant attains age 71 or as otherwise may be specified in the Applicable Tax Legislation (such date being referred to herein as "maturity"). Such notice shall indicate the name of the company from which such retirement income shall be purchased and shall instruct the Trustee to liquidate the assets in the Plan and apply the proceeds for the provision of a retirement income for the Annuitant in accordance with the terms hereinafter set out, or to amend the Plan in order to permit the transfer of the value of such account to the carrier of the Registered Retirement Income Fund of the Annuitant.

If the Annuitant fails to give notice to the Trustee within 90 days prior to maturity, the Trustee shall on or prior to maturity transfer the proceeds of the Plan to a Self-Directed Retirement Income Fund with the Trustee. Notwithstanding anything herein contained, if the proceeds of the Plan are not sufficient to purchase a retirement income providing for payment of at least \$25.00 per month, the Trustee shall not apply the proceeds of the Plan to the purchase of a retirement income but shall hold such proceeds in an interest-bearing deposit account with the Bank on behalf of the Annuitant. The Annuitant shall be responsible for all reasonable expenses or administration charges by the Trustee.

Payments to the Annuitant of a retirement income shall be only by way of equal annual or more frequent periodic payments until such time, if any, as there is a full or partial

commutation of the retirement income and, where such commutation is partial, equal annual, or more frequent periodic payments thereafter. The aggregate of periodic payments in a year under the retirement income after the death of the first annuitant may not exceed the aggregate of the payments under the retirement income in a year before that death. Any retirement income that would otherwise become payable to a person other than the Annuitant (or after his/her death, to his/her spouse) shall be commuted in whole. Retirement income may not be assigned in whole or in part.

6. **Death of the Annuitant:** In the event of death of the Annuitant prior to maturity of the Plan, the Trustee shall, upon receipt of satisfactory evidence thereof and such releases and other documents as the Trustee may require, realize the interest of the Annuitant in the Plan and hold the proceeds of the Plan in trust for payment in a lump sum in accordance with this provision.

If permitted by applicable law and recognized by the Trustee for such purpose, the Annuitant may designate in the following manner one or more beneficiaries to receive the proceeds of the Plan in the event of his/her death prior to maturity of the Plan. A beneficiary designation under this Plan can only be made, altered or revoked by an instrument in a form provided by the Trustee for such purpose, dated and signed by the Annuitant, and filed with the Trustee at the branch of account for the Plan, prior to the death of the Annuitant, or, if a provincial law does not allow such a designation, the Annuitant may make such a designation in the Annuitant's Will. If more than one legally valid designation has been so filed and if such designations are inconsistent, then to the extent of such inconsistency the Trustee shall make payment only in accordance with the designation bearing the latest execution date and such designation shall be determinative of any inconsistency. If no legally valid beneficiary designation is in effect at the time a payment of the proceeds of the Plan is to be made, or if all beneficiaries who have been so designated predecease the Annuitant, the Annuitant will be deemed to have elected that such payments be made to his/her estate as beneficiary and the proceeds of the Plan will be paid to the legal personal representative(s) of the Annuitant.

In all cases, the proceeds of the Plan payable will be subject to the withholding of any applicable tax and deduction of all proper charges. The Trustee shall be fully discharged from any further obligations and liability in connection with the Plan upon payment being made in accordance with this provision.

7. **Splitting of Assets on Breakdown of Marriage or Common-Law Partnership:** The Trustee will, upon receipt of written direction by the Annuitant, allow and arrange for the Splitting of Assets on breakdown of marriage or common-law partnership, pay or transfer, on behalf of the Annuitant, any property held thereunder to a Registered Retirement Savings Plan or Registered Retirement Income Fund under which the spouse or former spouse of the Annuitant is the annuitant if, at any time of such transfer, the Annuitant and the spouse or former spouse are living separate and apart and the payment of or transfer is being effected pursuant to a decree, order or

judgment of a competent tribunal, or in accordance with a written separation agreement, relating to a division of property between the Annuitant and such spouse or former spouse in settlement of rights arising out of or on the breakdown of their marriage or common-law partnership, in accordance with paragraph 146(16)(b) of the Act or any amended or substituted provision therefor.

Part III - Applies to RIF only

HSBC Trust Company (Canada) (the "**Trustee**") hereby declares that it agrees to act as Trustee for the Applicant (the "**Annuitant**") named in the application for an HSBC InvestDirect Self-Directed Retirement Income Fund (the "**RIF**") upon the following Terms and Conditions:

1. **Transfers-In:** The Trustee shall accept only such transfer of cash or other property acceptable to it ("transfers-in") as may be directed by the Annuitant to be transferred from:
 - (a) A registered retirement savings plan under which the Annuitant is an annuitant;
 - (b) Another registered retirement income fund under which the Annuitant is an annuitant; or
 - (c) The Annuitant to the extent only that the amount of the consideration was an amount described in subparagraph 60(1) (v) of the Act or in any amended or substituted provision therefor; or
 - (d) A registered retirement income fund or registered retirement savings plan of the Annuitant's spouse or former spouse pursuant to a decree, order, or judgement of a competent tribunal or a written separation agreement, relating to a division of property between the Annuitant and the Annuitant's spouse or former spouse in settlement of rights arising out of, or on the breakdown of, the Annuitant's marriage or common-law partnership; or
 - (e) A deferred profit sharing plan in respect of the Annuitant in accordance with subsection 147(19) of the Act; or
 - (f) A registered pension plan of which the Annuitant is a member; or
 - (g) A registered pension plan in accordance with subsection 147.3(5) or (7) of the Act or any amended or substituted provision therefor; or
 - (h) A specified pension plan in circumstances to which subsection 146(21) of the Act or any amended or substituted provision thereof applies; or
 - (i) A pooled registered pension plan in accordance with subsection 147.5(21) of the Act.
 - (j) Other sources that may be permitted from time to time by Applicable Tax Legislation.

Such transfers, together with any income there from, shall constitute a trust fund (the "**Fund**") to be used, invested and held subject to the terms of these Terms and Conditions.

2. **Payments:** The whole of the Fund shall be invested, used and applied by the Trustee only for the provision of payments to the Annuitant or, if applicable, to a surviving spouse as follows:

- (a) In each year commencing not later than the first complete calendar year after the Fund is established, the Trustee shall make one or more payments, the aggregate of which is not less than the minimum amount established in accordance with subsection 146.3(1) of the Act as amended from time to time, and not exceeding the value of the Fund immediately before any payment. The minimum amount for the year in which the RIF commences is nil.
- (b) No payment required to be made in accordance with the provisions hereof shall be capable of assignment in whole or in part.
- (c) On thirty (30) days written notice from the Annuitant, the Trustee shall in the prescribed form and manner, transfer all or part of the then current value of the Fund together with all information necessary for the continuance of the Fund, to another carrier of a registered retirement income fund of the Annuitant, provided that the minimum amount, as defined under subsection 146.3(1) of the Act is paid to the Annuitant, and that the Trustee will retain;
 - i. in the case of a Fund which does not govern a trust or where the Fund governs a trust created before 1998 that does not hold an annuity contract as a qualified investment, an amount equal to the lesser of:
 - A. the fair market value of such portion of the property as would, if the fair market value thereof does not decline after the transfer, be sufficient to ensure that the minimum amount under the Fund for the year in which the transfer is made may be paid to the annuitant in the year, and
 - B. the fair market value of all the property; and
 - ii. in all other cases, an amount sufficient to ensure that the total of:
 - A. all amounts each of which is the fair market value, immediately after the transfer, of a property held in connection with the Fund that is:
 - I. Property other than an annuity contract, or
 - II. An annuity contract described immediately after the transfer, in paragraph (b.1) of the definition "qualified investment" in subsection 146.3 (1) of the Act and,
 - B. all amounts each of which is a reasonable estimate, as of the time of the transfer, of the amount of an annual or more frequent periodic payment under an annuity contract (other than an annuity contract described in clause (ii) (A) (II) above) that the trust may receive after the transfer and in the year of the transfer is not less than the amount, if any, by which the minimum amount under the Fund for that year exceeds the total of all amounts received out of or under the Fund before the transfer that are included in computing the income of the Annuitant under the Fund for that year.
- (d) On thirty (30) day's written notice from the Annuitant, the Trustee shall in the prescribed form and manner, transfer all or part of the Fund to: (a) an account of the annuitant

under a pooled registered pension plan; or, (b) a registered pension plan of which the annuitant is a member or a prescribed registered pension plan provided the amount transferred is allocated to the annuitant under a money purchase provisions, all in accordance with subsection 146.3 (14.1) as the same may be amended from time to time or any applicable provision substituted therefor.

After affecting the transfer on such basis, the Trustee shall be discharged from all further duties and liabilities hereunder immediately following paying all amounts required hereunder.

3. **Death of the Annuitant:** In the event of death of the Annuitant prior to the Trustee paying all amounts required as provided in Paragraph 2, the Trustee shall, upon receipt of satisfactory evidence of such death, realize the interests of the Annuitant in the RIF, and subject to the deduction of all proper charges, including income tax, if any, required to be withheld, the proceeds of such realization shall be held by the Trustee for payment to the beneficiary, if any, designated pursuant to Paragraph 4, or to the legal personal representatives of the Annuitant, upon such beneficiary or representatives furnishing the Trustee with such releases and other documents as may be required or as counsel may advise, unless the Annuitant's spouse has been designated specifically as the successor annuitant of the Annuitant as provided for in Paragraph 4 or by will, in which case the Trustee shall continue the payments to the Annuitant's spouse in accordance with the provisions of Paragraph 2.
4. **Designation of Successor Annuitant or Beneficiary:** The Annuitant, if domiciled in a jurisdiction designated by the Trustee as one in which a participant in a Retirement Income Fund may validly designate a beneficiary or a successor annuitant other than by will, may, by instrument in writing in form prescribed by the Trustee and delivered to the Trustee prior to the death of the Annuitant, designate his spouse as successor annuitant or any person as beneficiary to be entitled to receive the share of the Annuitant in the Fund on the death of the Annuitant. Such person shall be deemed to be the successor annuitant or designated beneficiary, as the case may be, of the Annuitant for the purposes of the RIF unless such person shall predecease the Annuitant or unless the Annuitant shall, by instrument in writing in form prescribed by the Trustee and delivered to the Trustee prior to the death of the Annuitant, revoke such designation. A designation shall only be made, altered or revoked by an instrument in a form provided by the Trustee for such purpose dated and signed by the Annuitant and filed with the Trustee prior to the Annuitant's death, or, if a provincial law does not allow such a designation, by the Annuitant's Will. If more than one designation has been filed in the form provided by the Trustee and if such designations are inconsistent, then to the extent of such inconsistency, payment shall be made only in accordance with the designation bearing the latest execution date and such designation shall be determinative of any inconsistency. The Trustee shall be fully discharged from any further obligations and liability in connection with the Plan upon payment being made in accordance with these Terms and Conditions.

5. **Splitting of Assets on Breakdown of Marriage or**

Common-Law Partnership: The Trustee will, upon receipt of written direction by the Annuitant, allow and arrange for the Splitting of Assets on breakdown of marriage or common-law partnership, pay or transfer, on behalf of the Annuitant, any property held thereunder to a Registered Retirement Savings Plan or Registered Retirement Income Fund under which the spouse or former spouse of the Annuitant is the annuitant if, at anytime of such transfer, the Annuitant and the spouse or former spouse are living separate and apart and the payment of or transfer is being effected pursuant to a decree, order, or judgment of a competent tribunal, or in accordance with a written separation agreement, relating to a division of property between the Annuitant and such spouse or former spouse in settlement of rights arising out of or on the breakdown of their marriage or common-law partnership, in accordance with subsection 146.3(14) of the Act or any amended or substituted provision therefor.

Part IV - Applies to RESP only

HSBC InvestDirect Self-Directed Education Savings (Family) Plan Terms and Conditions

We, HSBC Securities (Canada) Inc., are the promoters of the HSBC InvestDirect Self-Directed Education Savings (Family) Plan (the “**Plan**”). The words “we,” “us” and “our” refer only to HSBC Securities (Canada) Inc. You are the person or persons named as the subscriber (as defined below) in the application (the “**Application**”) on the other side of this form. This agreement contains the terms and conditions applicable to the Plan. Under the Plan Terms & Conditions stated herein, the promoter agrees to pay, or cause to be paid, educational assistance payments to or for one or more beneficiaries. HSBC Trust Company (Canada), a subsidiary of HSBC Bank Canada that is licensed to carry on in Canada the business of offering to the public its services as a trustee (the “**Trustee**”) (see paragraph 11) will be the trustee for the Plan Assets, but as the promoter of the Plan we have ultimate responsibility. As required by the *Income Tax Act* (Canada) (the “**Act**”) we are “resident” in Canada. A “**subscriber**” under an education savings plan at any time means:

- (a) each individual or the public primary caregiver with whom the promoter of the Plan entered into the Plan,
- (b) another individual or another public primary caregiver who has before that time, under a written agreement, acquired a public primary caregiver’s rights as a subscriber under the Plan,
- (c) an individual who has before that time acquired a subscriber’s rights under the Plan pursuant to a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a division of property between the individual and a subscriber under the Plan in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership (as defined in the Act), or
- (d) after the death of an individual described in any of paragraphs (a) to (c), any other person (including the estate of the deceased individual) who acquires the individual’s rights as a subscriber under the Plan or who makes contributions into the Plan in respect of a beneficiary but does not include

an individual or a public primary caregiver whose rights as a subscriber under the Plan had, before that time, been acquired by an individual or public primary caregiver in the circumstances described in paragraph (b) or (c) above. For greater certainty, a spouse or common-law partner may be added as a joint subscriber at any time prior to the termination of the Plan.

A “**public primary caregiver**,” of a Beneficiary in respect of whom a special allowance is payable under the *Children’s Special Allowances Act*, means the department, agency or institution that maintains the Beneficiary or the public trustee or public curator of the province in which the Beneficiary resides.

We will ensure that all Grants are applied for as requested.

Once received, Grants will be invested in accordance with the terms hereof. We will make Grant repayments in accordance with the provisions of the *Canada Education Savings Act* and the Regulations thereto and any other applicable legislation. The Plan will comply with the conditions imposed by the *Canada Education Savings Act*. The subscriber agrees to provide any information required by us to enable us to apply for and administer Grants in accordance with the applicable legislation.

In this agreement, “**Grant**” means the Canada Education Savings Grant, the enhanced Canada Education Savings Grant and the Canada Learning Bond provided for under the *Canada Education Savings Act* and any amount under a designated provincial program. A “designated provincial program” means a program administered pursuant to an agreement entered into under section 12 of the *Canada Education Savings Act* or a program established under the laws of a province to encourage the financing of children’s post-secondary education through savings in registered education savings plans.

1. **Who Registers the Plan?** We will apply to register the Plan under the Act and any other applicable income tax legislation of the province of Canada indicated by your address in the Application. The Act and any other applicable income tax legislation will collectively be called the “**Applicable Tax Legislation**.”
2. **What Is the Purpose of the Plan?** The purpose of the Plan is to make Educational Assistance Payments as described in paragraph 8.
3. **Who Are the Beneficiaries of the Plan?** In this agreement, a “**Beneficiary**” means any person you designate as a beneficiary for whom Educational Assistance Payments (as described under paragraph 8) are made as long as the requirements of the Plan and the Act are satisfied when the Educational Assistance Payments are made. The Beneficiary must be under 21 years of age at the time of the designation unless the Beneficiary, immediately before becoming a beneficiary under the Plan, was a beneficiary under a Transferor Plan (as described in paragraph 5) that allows more than one beneficiary at any one time.

Each named Beneficiary must be connected to you by “blood relationship” or by “adoption” as those words are defined in the Act or you maintain the Beneficiary as a public primary

caregiver. Any person you named in the Application is an initial Beneficiary of the Plan. You may name one or more Beneficiaries.

Within 90 days after a person becomes a Beneficiary under the Plan, we will send that person a written notice advising him or her that the Plan exists. We will also give that person your name and address.

If the Beneficiary is under the age of 19 and either ordinarily resides with a parent of the Beneficiary or is maintained by a public primary caregiver of the Beneficiary, we will notify that parent or public primary caregiver, as applicable.

An individual may not be designated as a Beneficiary under the Plan and no contributions may be made in respect of the individual unless the individual's Social Insurance Number has been provided to us and the individual is a resident in Canada. The requirement that the individual be resident in Canada does not apply where the individual is designated as Beneficiary in conjunction with the transfer of property into the Plan from another registered education savings plan under which the individual was a non-resident beneficiary immediately before the transfer and has not been assigned a Social Insurance Number. Once the transfer has occurred, no new contributions for the nonresident Beneficiary can be accepted.

4. **How Can You Change a Beneficiary?** You may change, remove or add a person as a Beneficiary of the Plan by sending us written instructions. Your instructions must:
- clearly explain the change you would like to make;
 - provide the name, address, Social Insurance Number, date of birth and relationship to you of any new Beneficiary and, if the Beneficiary is under the age of 19, the name and address of the Beneficiary's parents, legal guardian or public primary caregiver, as applicable; and
 - identify the Plan by its account number

You must sign and date these instructions and deliver them to us. If we receive more than one set of instructions from you, we will follow the instructions with the most recent date.

5. **How Can Amounts Be Transferred from Another Plan?** You may transfer amounts to the Plan from another registered education savings plan (the "**Transferor Plan**"), if the Transferor Plan so allows and provided that the Transferor Plan has not previously distributed any accumulated income payments (as described in paragraph 10). When a transfer between plans occurs, the effective date of both plans will be considered under subsection 146.1 (6.1) of the Act so that whichever effective date is earlier becomes the effective date of the transferee plan after the transfer. A transfer between plans may result in an over-contribution, which may have tax consequences. Part X.4 of the Act sets out the additional taxes payable where a cumulative excess exists.

6. **How Much Can You Contribute?** You may contribute to the Plan if the contribution is within the limits allowed by the Applicable Tax Legislation.

At the time this form was printed, a contribution must satisfy these rules:

- a contribution must not be less than the minimum amount which we establish by written notice to you;
- the total contributions to the Plan for a Beneficiary must not exceed the RESP lifetime limit as defined in subsection 204.9 (1) of the Act; and
- no contribution may be made to the Plan after the earlier of
 - the 31st year following the year the Plan was established, or
 - if an amount is transferred to the Plan from a Transferor Plan, the 31st year following the year the Transferor Plan was established.

"Contribution" to an education savings plan does not include an amount paid into the plan under or because of:

- the *Canada Education Savings Act* or a designated provincial program, or
- any other program that has a similar purpose to a designated provincial program and that is funded, directly or indirectly, by a province (other than an amount paid into the plan by a public primary caregiver in its capacity as subscriber under the plan).

"Designated provincial program" means:

- a program administered pursuant to an agreement entered into under section 12 of the *Canada Education Savings Act*, or
- a program established under the laws of a province to encourage the financing of children's post-secondary education through savings in registered education savings plans

No amount may be contributed to the Plan in respect of a particular Beneficiary, if that Beneficiary had attained 31 years of age before the time of the contribution, unless the contribution is made by way of a transfer from a Transferor Plan that allows more than one beneficiary at any time.

The "**Plan Assets**" consist of any amounts contributed by you, or on your behalf any Grants paid into the Plan, any amounts transferred to the Plan under paragraph 5, any investments purchased and/or transferred and any income or gains on these amounts, less any losses sustained in the realization of any investments, fees and disbursements deducted from the Plan Assets pursuant to paragraph 18 herein and any Grants paid out of the Plan as provided for herein. The Trustee will hold the Plan Assets in trust, in accordance with Section 11.

7. **How Are the Plan Assets Invested?** We will invest and reinvest the Plan Assets in "qualified investments" for an RESP as defined under subsection 146.1 (1) of the Act at your direction and in accordance with your written instructions to us and subject to any reasonable requirements we may have.

The Trustee will keep legal ownership and possession of the investments in your Plan in whatever form it determines. You authorize us and the Trustee to place uninvested cash balances in the Plan in deposits of the Trustee or any of its affiliates and the Trustee will not be accountable for interest earned on those cash balances. Any cash balance will earn

interest, if any, at rates set by the Trustee or us, in our, or the Trustee's sole discretion. We, or the Trustee, may change these rates at any time.

8. **How Are Payments from the Plan Made?** You may send us written instructions requesting payments of amounts from the Plan as long as:

- a. the payment is:
 - i. for an Educational Assistance Payment (as defined below);
 - ii. a distribution of accumulated income payment (as defined below);
 - iii. a Refund of Payments (as defined below);
 - iv. the repayment of amounts (and the payment of amounts related to that repayment) under the *Canada Education Savings Act* or under a designated provincial program;
 - v. to a Designated Educational Institution (as defined below) or to a trust in favour of a Designated Educational Institution; or
 - vi. to a trust that irrevocably holds property under a "registered education savings plan" within the meaning of the Act;
- b. any reasonable requirements imposed by us are satisfied; and
- c. there are sufficient Plan Assets to make any payment.

An "**Educational Assistance Payment**" means any amount, other than a Refund of Payments under paragraph 9, a distribution of accumulated income payment under paragraph 10 or a transfer to another registered education savings plan, paid out of the Plan to or for an individual to assist the individual to further his or her post-secondary education. The Plan does not allow for the payment of an educational assistance payment to or for an individual at any time after 1996, unless either:

- a. the individual is, at that time, enrolled as a student in a Qualifying Educational Program at a post-secondary education institution, and
 - i. has satisfied that condition throughout at least 13 consecutive weeks in the 12-month period that ends at that time, or
 - ii. the total of the payment and all other educational assistance payments made under a registered education savings plan of the promoter to or for the individual in the 12-month period that ends at that time does not exceed \$5,000 or any greater amount that the Minister designated for the purpose of the *Canada Education Savings Act* approves in writing with respect to the individual; or
- b. the individual has, before that time, attained the age of 16 and is, at that time, enrolled as a student in a Specified Educational Program at a post-secondary educational institution, and the total of the payment and all other education assistance payments made under a registered education savings plan of which we are the promoter to or for the individual in the 13-week period that ends at that

time does not exceed \$2,500 or any greater amount that the Minister designated for the purpose of the *Canada Education Savings Act* approves in writing with respect to the individual.

A "**Designated Educational Institution**" means an educational institution in Canada that is:

- a. a university, college or other educational institution designated by the Lieutenant Governor in Council of a province as a specified educational institution under the *Canada Student Loans Act*, designated by an appropriate authority under the *Canada Student Financial Assistance Act*, or designated by the Minister of Education of the Province of Quebec for the purposes of *An Act respecting financial assistance for education expenses*; and
- b. designated by you from time to time or, if you do not make any designation, is approved by the Trustee.

We have the final authority on whether a payment you direct the Trustee to make satisfies the above criteria. The decision made by us will be final and binding on you and the Beneficiaries.

Where the individual entitled to payments from the Plan is a non-resident at the time of the payment, we will pay the individual the amount remaining after deducting any applicable taxes (including any interest and penalties) in respect of that payment.

You undertake to advise the Trustee if the Beneficiary is no longer resident in Canada at the time of any subsequent contribution in relation to that Beneficiary.

You further undertake to advise us if the Beneficiary is a non-resident at the time an Education Assistance Payment is requested.

An "**accumulated income payment**" under an education savings plan means any amount paid out of the plan, other than a payment described in any of paragraphs a(i) and a(iii) to a(vi) described above, to the extent that the amount so paid exceeds the fair market value of any consideration given to the plan for the payment of the amount.

A "**Qualifying Educational Program**" means a program at a post-secondary school level of not less than three consecutive weeks duration that requires that each student taking the program spend not less than ten hours per week on courses or work in the program.

A "**Specified Educational Program**" means a program at a post-secondary school level of not less than three consecutive weeks duration that requires each student taking the program to spend not less than 12 hours per month on courses in the program.

"**Post-secondary school level**" includes a program of courses, at an educational institution in Canada that is certified by the Minister of Employment and Social Development Canada (ESDC) to be an educational institution providing courses other than courses designed for university credit, where the courses are of a technical or vocational nature designed to furnish a person with skills for, or improve a person's skills in, an occupation.

A “**post-secondary educational institution**” means:

- a. an educational institution in Canada that is described in paragraph (a) of the definition “Designated Educational Institution” above, or that is certified by the Minister of Employment and Social Development Canada (ESDC) to be an educational institution providing courses, other than courses designed for university credit that furnish a person with skills for, or improve a person’s skills in, an occupation; or
- b. an educational institution outside Canada that provides courses at a post-secondary school level that is:
 - i. a university, college or other educational institution at which a beneficiary was enrolled in a course of not less than 13 consecutive weeks, or
 - ii. a university at which a beneficiary was enrolled on a full-time basis in a course of not less than three consecutive weeks.

9. **How Can You Receive a Refund of Payments?** You may send us written instructions at any time to pay you a Refund of Payments (as defined below).

Where a Refund of Payments is requested, repayment of Grants (and the payment of amounts related to that repayment) will be made in accordance with the provisions of the *Canada Education Savings Act* and the Regulations thereto and any other applicable legislation.

To pay this refund, we will sell any of the Plan Assets that you specify. If you do not specify which of the Plan Assets you would like us to sell, then we will sell any assets that we consider appropriate. Once we pay you, we will have no liability or duty to you for the Plan Assets that were sold to pay you.

Within a reasonable period of time after receiving your instructions, we will pay you the refund you requested after deducting:

- a. any sale costs and other related fees or charges;
- b. any taxes (including any interest and penalties) that are or may become payable by the Plan; and
- c. any amount required to be withheld on account of your liability for income tax as a result of withdrawing funds from the Plan.

A “**Refund of Payments**” means:

- a. a refund of contributions that had been made by or on behalf of a Subscriber at a previous time, if the payment had been made otherwise than by way of a transfer from a Transferor Plan; or
- b. if a payment has been made by way of a transfer from a Transferor Plan, a refund of payments that would have been a refund of payments under the Transferor Plan if it had been paid at the previous time directly to a Subscriber under the Transferor Plan.

A “contribution” does not include any Grants paid into the Plan.

10. **Can You Receive Income from the Plan?** The distribution of accumulated income payments can only be made to, or on

behalf of a Subscriber, and not jointly to, or on behalf of more than one Subscriber.

You may send us written instructions requesting a distribution of accumulated income payment at a particular time from the Plan as long as you are resident in Canada at the particular time, and one of the following applies:

- a. the Plan has been in existence for at least 10 years (or an amount has been transferred to the Plan from a Transferor Plan that has been in existence for at least 10 years) and each individual (other than a deceased individual) who is or was a Beneficiary has attained 21 years of age before the payment is made and is not, when the payment is made, eligible under the Plan to receive an Educational Assistance Payment;
- b. the payment is made in the 35th year following the year in which the Plan is entered into; or
- c. each individual who was a Beneficiary has died before the payment is made.

On written application by the promoter to the Minister of National Revenue, the requirements of a. above may be waived in respect of the Plan where a Beneficiary under the Plan suffers from a severe and prolonged mental impairment that prevents, or can reasonably be expected to prevent, the Beneficiary from enrolling in a Qualifying Educational Program at a post-secondary educational institution.

To make a distribution of accumulated income payment, we will sell any of the Plan Assets which you specify. If you do not specify which of the Plan Assets you would like us to sell, we will sell any assets that we consider appropriate.

Once we pay you, we will have no liability or duty to you for the Plan Assets that were sold to pay you.

Within a reasonable period of time after receiving your instructions, we will pay you the refund you requested after deducting:

- a. any sale costs and other related fees or charges;
- b. any taxes (including interest and penalties) that are or may become payable by the Plan; and
- c. any amount required to be withheld on account of your liability for income tax as a result of withdrawing funds from the Plan.

Once an accumulated income payment is made, the Plan must be terminated on or before the last day of February of the year following the year in which the first such payment is made out of the Plan.

A special tax applies to accumulated income payments. You will be responsible for the applicable taxes (income and otherwise, and the related interest and penalties) in respect of an accumulated income payment. If you have sufficient RRSP contribution room at the time that an accumulated income payment is made, you may have the option to transfer the accumulated income payment to your RRSP (or a spousal RRSP), subject to the limits allowed under the Applicable Tax Legislation.

11. **What Is the Trustee's Responsibility?** The Trustee will irrevocably hold in trust the property of the Plan (after the payment of Trustee and administration charges) for the purpose of making the payments described in paragraph 8(a).

The Trustee will be responsible for any breach of trust in holding the Plan Assets that results from its own wilful default, gross negligence, fraud or dishonesty. The Trustee's responsibility for holding the Plan Assets is without prejudice to the Trustee's rights against us (or our successors) for any breach of our (or our successors') responsibilities in this document or in any agency agreement or other agreement with the Trustee relating to the Plan.

You acknowledge and consent to the Trustee's appointment of us or any other subsidiary of HSBC Bank Canada as its agent to perform any of the Trustee's duties as the Trustee may determine and delegate from time to time.

12. **What Are Your Responsibilities?** It is your responsibility to ensure that the total amounts contributed to the Plan for a Beneficiary (or to any RESP for the same Beneficiary), by you (or by others as subscribers to other plans for the same Beneficiary), do not exceed the RESP lifetime limits (referred to in paragraph 6(b)). If the maximum amount is exceeded, a penalty tax will apply. If the maximum amount is exceeded, you may request a Refund of Payments under paragraph 9 sufficient to withdraw your share of the "excess amount", as defined in the Act.

For the purpose of calculating the penalty tax on overpayments to the Plan, the following rules apply:

- a. If you remove a Beneficiary and designate a replacement Beneficiary, then all contributions made to the Plan for the Beneficiary who has been removed will be considered to have been made for the replacement Beneficiary. If you remove a Beneficiary without designating a replacement Beneficiary (and you have named more than one Beneficiary for the Plan), then all contributions made to the Plan for the Beneficiary who has been removed will be considered to have been made for the remaining Beneficiaries in the proportions which you designate. If an amount is transferred from a Transferor Plan and a Beneficiary was, at the time of a transfer, a beneficiary under the Transferor Plan, then the contributions to the Transferor Plan will be considered to have been made for the Beneficiary. If no Beneficiary was a beneficiary under the Transferor Plan, then the contributions will be considered to have been made for the Beneficiaries in the proportions which you designate.

An over-contribution may apply as a result of a replacement or a transfer and as a result, penalty taxes may be exigible. Subsections 204.9(4) and (5) of the Act provide exceptions where the penalties will not be applicable.

The Trustee shall exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the Plan holds a non-qualified investment. However, you are responsible for ensuring that the investments held in the plan are at all times qualified investments for the Plan under the

Act. The Trustee will notify you in accordance with the Act if an investment that is a non-qualified investment for the Plan under the Act has been acquired or sold, or when an existing investment has become or ceased to be a qualified investment.

You are responsible for ensuring that the investments held in the Plan do not at any time include a prohibited investment for the Plan under the Act. It is your sole responsibility to determine whether any investment is, or could become, a prohibited investment for the Plan under the Act and to determine whether such investment could result in the imposition of any taxes.

Neither the Trustee nor the Promoter will be liable for or in respect of any taxes, interest, penalties or other charges which may be imposed on you, the Plan, the Trustee or the Promoter under Applicable Tax Legislation, including the Act, whether by way of assessment, reassessment or otherwise or for any other charges levied or imposed by any governmental authority, due to payments out of the Plan or the purchase, sale or retention of any investment, including an investment that is a non-qualified investment or a prohibited investment for the Plan under the Act. The Trustee is authorized to reimburse itself and the Plan for, or may pay, any such taxes, interest, penalties or other charges out of whichever assets of the Plan it may choose in its absolute discretion and where necessary the Trustee, in its absolute discretion, may liquidate investments of the Plan to provide payment of such taxes, interest, penalties or other charges and reasonable expenses in connection with such payment. You and your heirs, executors and administrators shall indemnify and hold harmless at all times both the Trustee and the Promoter in respect of any such taxes and reasonable expenses imposed on either the Trustee or the Promoter. Neither the Trustee nor the Promoter will be liable for any loss to or diminution of the assets of the Plan resulting from any act or omission in connection with the Plan, except to the extent that such loss or diminution is directly caused by the Trustee's breach of the standard of care referred to in this Plan.

13. **No Advantages:** No advantage (as defined for this purpose in the Act or any equivalent provision of Applicable Tax Legislation) in relation to the Plan may be extended to, or received by, you, the Plan, or any person who does not deal at arm's length with you.
14. **How Will Your Account Be Kept?** We will maintain an account in your name to record:
- a. contributions made to the Plan;
 - b. Grants made to the Plan;
 - c. purchases and sales of investments held in the Plan;
 - d. investment income, gains and losses for investments held in the Plan;
 - e. Trustee and other fees paid under paragraph 18; and
 - f. all payments made from the Plan under paragraphs 8, 9 and 10.

We will deal with the appropriate tax authorities in connection with the Plan or any amendment to the Plan.

15. **When Does the Plan End?** The Plan terminates on the earliest of the following dates (the "Termination Date"):
- the date designated by you;
 - the last day of the 35th year following the year the Plan was established;
 - if an amount has been transferred to the Plan from a Transferor Plan, the last day of the 35th year following the year in which the Transferor Plan was established and you undertake to sign and send the Trustee an instrument to establish the Termination Date;
 - if a distribution of an accumulated income payment has been made under paragraph 10, the last day of February of the year following the year in which the first such distribution is made out of the Plan; and
 - the 21st anniversary of your death.

If you have not given us instructions by the Termination Date on making payments from the Plan, then we may repay Grants and deposit the maximum amount permitted by the Act in an interest-bearing account at HSBC Bank Canada. We will pay any remaining amount to a Designated Educational Institution or to a trust in favour of a Designated Educational Institution, at the Trustee's discretion and according to the Applicable Tax Legislation.

In the event that the trust governed by the Plan is terminated, the property held by the trust is required to be used for the purposes described in paragraph 8(a) above.

16. **What If I Die?** If you die before the Plan ends under paragraph 14, your executors or administrators may continue the Plan on your behalf and will be entitled to provide us with any instructions in connection with the Plan. Any other person, including the estate, who acquires your rights as a subscriber or who makes a contribution becomes the Subscriber. We and the Trustee will be entitled to rely on, and shall be fully protected in giving effect to, the instructions of your executor or administrator.
17. **Who Owns the Plan Assets and Who Can Exercise Any Voting Rights?** Ownership of the Plan Assets will, at all times, be vested solely in the Trustee, in its capacity as trustee of the Plan. The voting rights attached to the securities held under the Plan and credited to your account may be exercised by you. For this purpose, you are hereby appointed as the Trustee's agent and attorney to execute and deliver proxies and/or other instruments mailed by the Trustee or by us on the Trustee's behalf to you according to applicable laws.
18. **How Can the Plan Be Amended?** We may amend the terms of the Plan, with the consent of the Trustee, as long as:
- we file the text of the amendment with the authorities administering the Applicable Tax Legislation, within the time limits allowed by the Applicable Tax Legislation; and
 - the amendment does not disqualify the Plan as a registered education savings plan within the meaning of the Act or it is being made to satisfy a requirement of the Applicable Tax Legislation.

We will give you 30 days' written notice of any amendment.

19. **What Are the Promoter and the Trustee Fees?** We and the Trustee are entitled to the following compensation for our services under the Plan:
- any reasonable fees and other charges established by us or the Trustee from time to time for our respective services; and
 - reimbursement for all taxes imposed on us in respect of the Plan and for all costs and disbursements reasonably incurred by us and/ or the Trustee in performing our duties under this agreement.

We and the Trustee may change our fees or charges in the future as long as we or the Trustee give you reasonable notice. All amounts payable to us or the Trustee under this paragraph will be charged against and deducted from the Plan Assets. We may sell any of the Plan Assets that we in our absolute discretion consider appropriate to pay the amounts described in this paragraph.

20. **What Are Our Responsibilities?** We are responsible for administering the Plan according to the Applicable Tax Legislation and the terms of this agreement. Our responsibilities include:
- receiving any property that is transferred to the Plan;
 - accepting your Application;
 - investing and reinvesting the Plan Assets according to this agreement and your instructions;
 - maintaining your account as required under this agreement and pursuant to your instructions;
 - providing you with statements from time to time;
 - collecting and remitting compensation to us and the Trustee;
 - determining the form of any instructions to be provided by you;
 - subject to Section 26, receiving and implementing instructions from you;
 - calculating and making the payments to you that are required under this agreement;
 - any other tasks that must be performed to administer the Plan; and
 - discharging such other duties of the Trustee under the Plan as we and the Trustee may agree upon.
21. **Trustee as Subsidiary.** You acknowledge that the Trustee is a subsidiary of HSBC Bank Canada and that it may have dealings with HSBC Bank Canada and its other subsidiaries (collectively, the "Bank") in the performance of its duties. You authorize and direct the Trustee in the exercise of its powers under this Plan to have such dealings (and enter into transactions) with the Bank. The Trustee shall not be accountable for any profit or benefit received in the exercise of its duties hereunder.
22. **What Is Our Liability and What Is the Trustee's Liability?** Neither we nor the Trustee will be liable for:
- any tax, interest or penalty which may be imposed on us or the Trustee under the Applicable Tax Legislation;

- b. any charges levied or imposed by any governmental authority in respect of the Plan as a result of payments out of the Plan or the purchase, sale or retention by the Plan of any investment; or
- c. any cost incurred in performing our respective duties under this agreement, or the Applicable Tax Legislation.
- d. any Grant repayments; or
- e. the receipt or timing of receipts of Grants; except when s.207(2) of the Act applies.

We or the Trustee may reimburse itself for or pay any of these taxes, interest, penalties, charges or costs out of the capital or income of the Plan or partly out of the capital and partly out of the income of the Plan, as we or the Trustee decides. We may do the same and authorize the Trustee to reimburse us accordingly.

We and the Trustee will not be liable for any loss or damage suffered or incurred by the Plan, you or any Beneficiary under this agreement caused by:

- a. any loss or diminution of the Plan Assets;
- b. the purchase, sale or retention of any investment by the Plan;
- c. any payment out of the Plan made according to this agreement; or
- d. us or the Trustee acting or declining to act on any instructions given to us or the Trustee by you or an individual purporting to be you under this agreement, unless the loss or damage was caused by the Trustee's bad faith, wilful misconduct or gross negligence.

You, your heirs, executors, administrators or legal representatives and each Beneficiary will at all times indemnify us and the Trustee for any taxes, interest, penalties or charges levied or imposed on us or the Trustee in respect of the Plan, costs incurred by us or the Trustee in performing our respective duties under this agreement or any losses, including, but not limited to, losses resulting from any payment of any kind made out of the plan, (other than losses for which we or the Trustee are liable under this paragraph) incurred by us or the Trustee as a result of any payment of any kind made out of the Plan.

23. **How Is the Trustee Replaced?** The Trustee may resign by providing 60 days' written notice to us or any shorter period that is acceptable to us. We may remove the Trustee from its position as trustee under the Plan by providing 60 days' written notice to the Trustee or any shorter period that is acceptable to the Trustee. The Trustee's resignation or removal will be effective on the date we replace the Trustee with another trustee (the "**Replacement Trustee**"). The Replacement Trustee must be a corporation resident in Canada and authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as a trustee. We will appoint a Replacement Trustee within 10 days after we have received notice of the Trustee's resignation or have given notice to the Trustee of its removal.

On the date the Trustee's resignation or removal becomes effective, and subject to the Trustee's receipt of all Fees and expenses then owing to the Trustee, the Trustee will sign and

deliver to the Replacement Trustee all conveyances, transfers and further assurances that may be necessary or desirable to give effect to the appointment of the Replacement Trustee. However, the Trustee will not transfer any Grants in the Plan to the Replacement Trustee until such time as the Replacement Trustee has entered into a Grant agreement with the Minister and the Trustee has been reimbursed for any costs arising from the retention by the Trustee of the Grants in the Plan.

24. **How Are Notices Sent?** You may give us or the Trustee notice by personal delivery or mail, postage prepaid, addressed to us at the address noted in the Education Savings Plan Account Application or any other address that we designate. Any notice from you will be considered to have been given to us or the Trustee at the time of personal delivery or, if you mail the notice, we or the Trustee will be considered to have been given notice on the day the notice is actually received.

We or the Trustee may give you or a Beneficiary any notice, statement or receipt by personal delivery or mail, postage prepaid, at the applicable address you gave on the Application. If you notified us or the Trustee of a new address for you or a Beneficiary, any notice, statement or receipt will be sent to the applicable address of which we or the Trustee last received notice. Any notice, statement or receipt from us or the Trustee will be considered to have been given to you or a Beneficiary at the time of personal delivery, or if mailed, on the third day after mailing.

25. **English Language.** It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. *Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.*
26. **What Laws Govern This Document?** The terms of the Plan will be interpreted, administered and enforced according to the laws of the Province of Ontario, the *Income Tax Act* (Canada) and other federal laws of Canada applicable in Ontario.
27. **Instructions.** We and the Trustee will be entitled to rely upon instructions received from you, any person you designate to either the Trustee or us in writing and any person purporting to be you or the person designated by you. We and the Trustee may decline to act upon any instruction if either of us have any doubt that the instruction has been properly authorized or accurately transmitted or if the instruction is insufficient or incomplete or if there is insufficient time to permit us, acting diligently, to give effect to the instruction.
28. **Binding.** The terms of this document will be binding upon your heirs, executors and administrators, our successors and assigns and the Trustee's successors and assigns.
29. **What Are the Tax Consequences of Investing in an HSBC InvestDirect Self-Directed Education Savings (Family) Plan?** Any income and capital gains earned on the investments within an Education Savings Plan, including Grants, are tax-deferred until withdrawn from the plan. Withdrawals paid to a Beneficiary are taxed in the Beneficiary's hands at their marginal tax rate. Subscribers may not deduct their contributions for tax purposes but may be able to recover contributions tax-free.

HSBC InvestDirect Tax-Free Savings Account Declaration of Trust

(This Declaration of Trust is for Tax-Free Savings Accounts only.)

HSBC Trust Company (Canada), a trust company incorporated under the laws of Canada (hereinafter referred to as the "Trustee") hereby declares that it agrees to act as Trustee for the applicant/holder as defined in the Act (hereinafter referred to as "you") named in the application under the HSBC InvestDirect Tax-Free Savings Account (hereinafter referred to as "the Account") upon the following terms and conditions:

1. **Registration:** The Trustee will file an election to register the Account as a tax-free savings account pursuant to the provisions of the *Income Tax Act* (Canada) as amended from time to time (hereinafter referred to as the "Act"), and any applicable income tax legislation in the province or territory of residence designated by you in the application upon the face hereof (the Act and such provincial or territorial income tax legislation being hereinafter collectively referred to as "Applicable Tax Legislation"). The Trustee will give all notices as to commencement and termination of the Account required under applicable legislation. The Account will comply with any applicable conditions from time to time imposed by the Act on tax-free savings accounts.
2. **Delegation:** Without limiting the responsibilities of the Trustee under the Account, you expressly authorize the Trustee to delegate to HSBC Securities (Canada) Inc. or such other duly authorized agent or agents as it may appoint (hereinafter referred to as the "Agent") the performance of such duties and responsibilities of the Trustee under the Account as may be agreed upon from time to time between the Trustee and the Agent and which the Trustee may by law delegate to the Agent. Notwithstanding the foregoing, the Trustee acknowledges and confirms that the ultimate responsibility for the administration of the Account remains with the Trustee.

You also authorize the Trustee to, and the Trustee may, pay the Agent all or a portion of the fees paid by you to the Trustee under the Account and may reimburse the Agent for its out-of-pocket expenses in performing the duties and responsibilities delegated to the Agent by the Trustee and charge you therefor.

3. **Minimum Age:** At the time of entering into the Account, you have attained the minimum age as specified in the Act.
4. **Your Account:** The Trustee will maintain an account in your name which will record all contributions made to the Account, all investment transactions, investment income earned and expenses incurred and all payments from the Account.

The Trustee will send you annual or more frequent statements setting forth the particulars of each transaction since the last statement. Upon the expiration of ninety (90) days from the date of the mailing of the statement to you, the Trustee shall be released and discharged from all liability and accountability to you or anyone else with respect to the Trustee's acts and transactions during the period of time covered by the statement.

5. **Use of Account:** The Account will be maintained for the exclusive benefit of the holder (as hereinafter defined),

disregarding any right of a person to receive a payment out of or under the Account only on or after the death of the holder. While there continues to be a holder of the Account, only the holder and the Trustee have any rights under the Account relating to the amount and timing of withdrawals and the investing of funds. In this Declaration of Trust, "holder" means, until your death, you, and at and after your death, your validly designated successor holder (as described in Paragraph 15(a), if any).

6. **Purpose of Account:** Contributions to the Account shall be invested, used and applied by the Trustee for the purpose of making distributions under the Account to the holder in accordance with the Act.
7. **Contributions:** No person other than the holder may make contributions to the Account. The Trustee shall accept only such contributions, in a form acceptable to it, of cash, stocks, bonds, mutual funds or other securities (collectively the "Securities"), which are qualified investments for tax-free savings accounts within the meaning of the Act, as may be directed by you to be contributed to the Account. The contributions, together with any income therefrom, shall constitute a trust fund to be used, invested and held subject to the terms of this Declaration of Trust.

You are solely responsible for ensuring that contributions to your Account do not exceed the maximum contribution limits permitted for tax-free savings accounts by the Act and that you do not make contributions to your Account while you are a non-resident of Canada for purposes of the Act. Neither the Trustee nor the Agent shall be liable for or in respect of any taxes, interest or penalties which may be imposed under the Applicable Tax Legislation if such excess contributions or contributions while a non-resident are made.

8. **Investment:** The Trustee shall invest the contributions made to the Account from time to time in the Securities, as directed by you.
9. **Qualified Investment:** The Trustee and the Agent (to the extent applicable) will exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the Account holds a non-qualified investment, however, you are responsible for ensuring that the investments held in your Account are at all times qualified investments for your Account under the Act. The Trustee will notify you in accordance with the Act if an investment that is a non-qualified investment for your Account under the Act has been acquired or sold, or where an existing investment has become or ceased to be a non-qualified investment.
10. **Prohibited Investment:** You are solely responsible for ensuring that the investments held in your Account do not at any time include a prohibited investment for your Account under the Act and to determine whether such investment could result in the imposition of any tax or penalty.
11. **Taxes and Penalties on Non-Qualified and Prohibited Investments:** Neither the Trustee nor the Agent shall be

liable for or in respect of any taxes, interest or penalties which may be imposed on you, the Account, the Trustee or the Agent under applicable legislation, including the Act, whether by way of assessment, reassessment or otherwise or for any other charges levied or imposed by any governmental authority, due to payments out of the Account or the purchase, sale or retention of any investment, including an investment that is a non-qualified investment or a prohibited investment for your Account under the Act. The Trustee is hereby authorized to reimburse itself and the Agent for, or may pay, any such taxes, interest, penalties or other charges (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the Account in accordance with the Act) out of whichever assets of the Account it may choose in its absolute discretion and where necessary, the Trustee, in its absolute discretion, may liquidate investments of the Account to provide payment of such taxes, interest, penalties, reimbursements or other charges. You and your heirs, executors and administrators shall indemnify and hold harmless at all times both the Trustee and the Agent in respect of any such taxes, interest, penalties or other charges imposed on either the Trustee or the Agent. Neither the Trustee nor the Agent shall be liable for any loss to or diminution of the assets of the Account resulting from any act or omission in connection with the affairs of the Account, except to the extent that such loss or diminution is directly caused by the Trustee's breach of the standard of care referred to in Paragraph 23 hereof.

12. **Refund of Certain Contributions:** The Trustee shall, upon written application by you, in a form satisfactory to the Trustee, pay a distribution out of the Account to you in order to reduce the amount of tax otherwise payable under the Act in respect of contributions made while a non-resident of Canada and contributions in excess of the maximum contribution limits permitted by the Act. The Trustee will not have any responsibility whatsoever for determining the amount of such distribution.
13. **Transfers:** Upon receipt of a written direction from you in a form satisfactory to the Trustee, the Trustee shall forthwith transfer, in accordance with the Act, all of the assets of the Account or such part thereof as is specified in your written direction together with all relevant information with respect to the Account to a person who has agreed to be the issuer of:
 - a. another tax-free savings account under which you are the holder; or
 - b. a tax-free savings account held by your spouse or former spouse if, at the time of such transfer, you and your spouse or former spouse are living separate and apart and the transfer is being effected pursuant to a decree, order or judgment of a competent tribunal, or in accordance with a written separation agreement, relating to a division of property between you and your spouse or former spouse in settlement of rights arising out of, or on the breakdown of, the marriage or common-law partnership.

Such transfer shall take effect in accordance with the Act and other applicable laws and within a reasonable time after all

forms required by law and by the Trustee to be completed in respect of such transfer have been completed. Upon such transfer, the Trustee shall be subject to no further liability or duty with respect to the Account, or the portion thereof, so transferred, as the case may be.

14. **Withdrawals:** You may, in a form required by the Trustee, at any time request that the Trustee pay as distributions to you all or part of the assets held under the Account, and the Trustee may liquidate any investments held under the Account, to the extent deemed necessary for that purpose. Such payment shall be made by the Trustee subject to the deduction of all proper charges, if any.
15. **Death of Account Holder:** In the event of your death and upon receipt of satisfactory evidence of your death and all other documents the Trustee may reasonably request, the following will apply:
 - a. if a designation has been validly made in accordance with Paragraph 16 hereof, and if one or more of the person or persons so designated are alive at the time of your death, then
 - i. if your spouse has been designated as the successor holder in accordance with this Declaration of Trust and any applicable laws, and is then alive, no payment is required on death. Your spouse will become holder of the Account and acquire all of your obligations and rights as holder of the Account (including the unconditional right to revoke any beneficiary designation made, or similar direction imposed, by you under the Account or relating to property held in connection with the Account), and all references herein to "you" will be deemed to refer to him or her. Notwithstanding the foregoing, a successor holder may not designate a subsequent spouse to hold the Account after his or her death pursuant to Paragraph 16(a); or
 - ii. if your spouse has not been designated as the successor holder or has been so designated but is not alive at the time of your death, and if an individual has been designated by you as beneficiary in accordance with Paragraph 16 hereof who is alive at the time of your death, and if permitted by applicable law, the Trustee shall redeem the investments held in your Account and distribute in a lump sum the value of the Account, after deduction of all proper charges, to the beneficiary designated by you in accordance with this Declaration of Trust; and
 - b. in any other case:
 - i. if your spouse has been designated as the successor holder by you by way of validly executed will and if your spouse is alive at the time of your death, no payment is required on death, and your spouse will be subject to the provisions described in (a)(i) of this Paragraph 15 as if your spouse had been designated as the successor holder in accordance with this Declaration of Trust and any applicable laws;
 - ii. if your spouse has not been designated as the successor holder or has been so designated, but is

not alive at the time of your death, and if an individual has been designated by you as beneficiary by way of validly executed will who is alive at the time of your death, the Trustee shall redeem the investments held in your Account and distribute in a lump sum the value of the Account, after deduction of all proper charges, to the beneficiary designated by you in such will; or

- iii. in any other case the Trustee shall redeem the investments held in your Account and distribute in a lump sum the value of the Account, after deduction of all proper charges, to your personal representatives.
 - c. Notwithstanding the provisions of (a)(i), (b)(ii) or (b)(iii) of this Paragraph 15, as the case may be, in the event that Trustee is not, for any reason, able to distribute the value of the Account, after deduction of proper charges, to the named beneficiary or your personal representatives, as the case may be, in accordance with such provisions prior to December 1st of the year following the year of your death, the Trustee is authorized to transfer the value of the Account, after deduction of proper charges, to a non-registered account established in the name of the beneficiary or your personal representatives, as the case may be, and to maintain such non-registered account until such time as the Trustee is able to distribute the proceeds of the account to the beneficiary or your personal representatives, as the case may be. For the sake of certainty, the foregoing transfer by the Trustee shall in no way be or be deemed to be a change or amendment to the person or persons beneficially entitled to the value of the Account, after deduction of proper charges.
16. **Designation of Successor Holder or Beneficiary:** If you are domiciled in a jurisdiction in which a participant in a tax-free savings account may validly designate a successor holder or beneficiary other than by will, you may by instrument in writing in the form prescribed by the Trustee and delivered in accordance with the terms of this Account to the Trustee prior to your death, designate (a) your spouse as successor holder of the Account; or (b) any person as beneficiary to be entitled to receive the proceeds payable under the Account in the event of your death.

Subject to the applicable laws, such person shall be deemed to be your successor holder or designated beneficiary, as the case may be, for the purposes hereof unless such person shall predecease you or unless you by instrument in writing in the form prescribed by the Trustee and delivered to the Trustee prior to your death or by your will, revoke such designation.

A designation shall only be made, altered or revoked by an instrument in a form provided by the Trustee for such purpose, dated and signed by you and filed with the Trustee prior to your death or by your will.

If more than one valid designation has been filed in the form provided by the Trustee and if such designations are inconsistent, then to the extent of such inconsistency, payment shall be made only in accordance with the designation bearing the latest execution date and such designation shall be determinative of any inconsistency. If a

will has been validly executed after the date of the last valid designation and if the will contains a designation that is inconsistent with such designation, the Trustee may treat the will as containing the last valid designation. The Trustee shall be fully discharged from any further obligations and liability in connection with the Account upon payment being made in accordance with this Declaration of Trust.

17. **No Advantages:** No advantage (as defined for this purpose in the Act or any equivalent provision of Applicable Tax Legislation) in relation to the Account may be extended to, or received by, you, the Account, or any person who does not deal at arm's length with you.
18. **Trustee Fees and Disbursements:**
 - a. The Trustee shall be entitled to compensation for its services, and reimbursement of disbursements hereunder, in accordance with the fee schedule provided to you, as amended from time to time. Notice of amendments to such schedule shall be given to you and shall take effect no earlier than thirty (30) days from the date of such notice which may be effected in accordance with the method set out in Paragraph 22 hereof.
 - b. All fees, taxes and reimbursements of disbursements provided for hereunder shall be charged against and deducted from the investments of the Account, at such time or times during each year as the Trustee may, in its absolute discretion determine, and where necessary, the Trustee, in its sole and absolute discretion, may liquidate investments of the Account to provide for payment of such fees, taxes and reimbursements (other than those taxes, interest or penalties for which the Trustee is liable in accordance with the Act and which cannot be charged against the assets of the Account in accordance with the Act). The Trustee shall not be responsible for any loss which results from such liquidation.
19. **Income Tax Information:** The Trustee will forward, or cause to be forwarded, to you appropriate forms and information regarding the Account as may be required under the Applicable Tax Legislation. Such forms and information shall be forwarded to the address set out in the application for the Account, or at any subsequent address of which you shall have notified the Trustee.
20. **Tax Information for Citizens and Residents of Countries Outside of Canada:** If you are a citizen or resident of a country other than Canada, we strongly advise you to contact your professional tax advisor before investing in a Canadian tax-free savings account, and on a regular basis thereafter. It is important that you are aware of the foreign tax consequences and reporting and filing requirements, if any, associated with being the holder of a tax-free savings account. Failure to comply with any such foreign requirements can have significant penalties. As well, contributions to the Account while you are a non-resident of Canada may result in taxes, interest and penalties being imposed under the Act.
21. **Amendments to Plan:** The Trustee may, from time to time at its discretion, amend this Declaration of Trust with the

concurrence of the authorities administering the Applicable Tax Legislation:

- a. without notice to you, provided that the amendment is made for the purpose of satisfying a requirement imposed by the Applicable Tax Legislation; and
 - b. in all other cases, by giving you notice, as more fully described in the Terms and Conditions, provided that in all cases no such amendment will have the effect of disqualifying the Account as a tax-free savings account within the meaning of the Act.
22. **Notices:** Any notice given by the Trustee to you shall be sufficiently given if mailed, postage prepaid, to you at the address set out in the application for the Account, or at any subsequent address of which you shall have notified the Trustee, and any such notice shall be deemed to have been given on the second business day following the day of mailing. Any notice to the Trustee hereunder shall be sufficiently given if delivered or mailed postage prepaid to HSBC Securities Tax-Free Savings Account c/o HSBC Securities (Canada) Inc., or at such other address as the Trustee may from time to time specify in writing, and shall be deemed to have been given on the date that such notice is actually delivered to or received by the Trustee or HSBC Securities (Canada) Inc. as the case may be.
23. **Standard of Care and Trustee's Liability:** In exercising its powers and performing its responsibilities hereunder, the Trustee shall act honestly and in good faith. The Trustee shall not be liable for any loss to, or diminution of the assets of the Account, or for any loss suffered by you or any beneficiary under the Account, resulting from any act or omission in connection with the affairs of the Account, except to the extent that such loss or diminution is directly caused by the Trustee's breach of the standard of care referred to herein.
24. **Agent's Liability:** The Trustee's Agent, its subsidiaries and affiliates and each of their respective officers, directors, employees and agents shall not be liable for the following:
- a. Any loss or diminution suffered by the Account, by you or any beneficiary under the Account as a result of the acquisition, disposition or retention of any investments; or
 - b. Any loss to or diminution of the assets of the Account except for any loss or diminution caused by the Agent's wilful misconduct or lack of good faith.
- The Agent, its subsidiaries and affiliates and each of their respective officers, directors, employees and agents shall not be liable for any loss or damages whether direct or indirect resulting from the delay or failure of any of them in forwarding to you any information received by them concerning investments.
25. **Indemnity:** You, any beneficiary receiving proceeds payable under Paragraph 15, and your heirs, executors and legal representatives agree to indemnify at all times the Trustee, the Agent, its subsidiaries and affiliates and each of their respective officers, directors, employees and agents against and hold them harmless from all taxes, interest, penalties, assessments, expense, loss, liability, claims, and demands

whatsoever arising out of the holding and depositing of the investments to the Account or anything done hereunder.

26. **Proof of Age:** The statement of your date of birth on the application for the Account shall constitute a certification by you and an undertaking to furnish such further evidence of proof of age as may be required for purposes of the Account.
27. **Use as Security for a Loan:** You may use your interest or, for civil law, right in the Account as security for a loan or other indebtedness provided that:
- a. the terms and conditions of the indebtedness are those which persons dealing at arm's length with each other would have entered into; and
 - b. it can reasonably be concluded that none of the main purposes for such use is to enable a person (other than the holder) or a partnership to benefit from the exemption from tax provided by the Account.
- To the extent the rights outlined in Paragraph 5 and Paragraph 13(a) are inconsistent with using an interest or right in the Account as security for a loan or other indebtedness, Paragraph 5 and Paragraph 13(a) will not apply.
28. **Borrowing Money:** The Account may not borrow money or other property.
29. **Trustee as Subsidiary:** You acknowledge that the Trustee is a wholly-owned subsidiary of HSBC Bank Canada and that it may periodically have dealings with HSBC Bank Canada, its affiliates or other subsidiaries (the "Bank") in the performance of its duties. You authorize and direct the Trustee, in the exercise of its powers under this Declaration of Trust to have such dealings (and enter into transactions) with the Bank, to purchase securities or deposit instruments of or guaranteed by the Bank, to deposit cash with the Bank, or to purchase services from the Bank, provided such dealings and transactions are made on terms no less favourable than market terms and conditions and competitive and fair rates.
30. **Replacement of Trustee:** The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder upon sixty (60) days' notice in writing to you, or such shorter notice as you shall accept as sufficient, provided that a successor trustee has been appointed in writing by HSBC Securities (Canada) Inc. and the successor trustee has accepted such appointment. In the event of a change of trustee, the Trustee shall transfer the Account in such form and manner as may be prescribed by the Act together with such information as is necessary to continue the administration thereof to the successor trustee within ninety (90) days after giving notice in writing to you of such resignation.
- If a successor trustee cannot be found, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee. In such event, HSBC Securities (Canada) Inc. shall bear the costs incurred by the Trustee in appointing a successor trustee.
31. **Applicable Laws:** This Declaration of Trust shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable

therein except that the term “spouse” includes any person who is recognized as a spouse or common-law partner for the purposes of any provision of the Act respecting tax-free savings accounts.

32. **Quebec Only:** It is the express wish of the parties that this Declaration of Trust and any related documents be drawn up and executed in English. *Les parties conviennent que la*

présente convention et tous les documents s’y rattachant soient rédigés et signés en anglais.

33. **Binding Agreement:** The terms and conditions of this Declaration of Trust shall be binding upon your heirs, executors, administrators and assigns and upon the successors and assigns of the Trustee.

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