

## **Relationship Disclosure Information – HSBC InvestDirect**

### **1. Purpose of This Document**

This Relationship Disclosure Information (**RDI**) contains important information about your relationship with HSBC InvestDirect (we or us) and the products and services we offer, the nature of the accounts you have with us, the manner in which they are operated, and our responsibilities to you.

Additional information regarding your relationship with us is contained in other documents including HSBC InvestDirect's Client Terms and Conditions, which includes Disclosure Regarding Conflicts of Interest; trade confirmations; and updates we may provide to you from time to time.

We provide you with this RDI at account opening. If there is any material change to the information, we will update the information in a timely manner and tell you about the changes. You can access the most up to date version of this RDI on our website at [www.hsbc.ca/investments/investdirect/contact-us/](http://www.hsbc.ca/investments/investdirect/contact-us/).

### **2. Our Relationship with You**

HSBC InvestDirect is a division of HSBC Securities (Canada) Inc. which is a subsidiary of, but separate entity from HSBC Bank Canada. HSBC InvestDirect provides clients with order-execution-only services. You may place your order with an investment representative on the phone or by using HSBC InvestDirect's online services.

HSBC InvestDirect is regulated by the Investment Industry Regulatory Organization of Canada (**IIROC**).

### **3. No Advice and No Suitability Determination**

HSBC InvestDirect does not provide investment advice or recommendations regarding any of your investment decisions or securities transactions. You are solely responsible for making all investment decisions in your HSBC InvestDirect account. HSBC InvestDirect is not responsible for making a determination that the product and account types offered by HSBC InvestDirect in the order execution only account are appropriate for you. HSBC InvestDirect will not determine your investment needs and objectives or assess the suitability of any of your investment decisions or actions. Since HSBC InvestDirect will not carry out any suitability determinations in respect of your account and your investments, HSBC InvestDirect will not consider your personal and financial circumstances, investment knowledge, investment needs and objectives, risk profile, investment portfolio composition, investment time horizon nor other similar factors.

We will consider whether an account with HSBC InvestDirect will be appropriate for you, based on certain information you provide us in your account application or during any interaction you have with an investment representative. If you have any concerns about whether a HSBC InvestDirect account is right for you, please contact a HSBC InvestDirect representative.

An account with HSBC InvestDirect is intended for investors who are comfortable making their own investment decisions and taking responsibility for their investments. If you are looking for investment advice, you should not open an HSBC InvestDirect account. If you have any concerns about whether an HSBC InvestDirect account is right for you, please contact a HSBC InvestDirect representative.

### **4. Products and Services Offered**

HSBC InvestDirect gives you access to a wide range of investment products which include, but are not limited to:

- Equities (i.e., stocks, rights and warrants)
- Fixed income (i.e., GICs, money market instruments, Treasury Bills, bonds, debentures)
- Exchange Traded Funds (ETFs)
- Mutual Funds
- New Issues
- Options

We also offer you the following types of self-directed accounts:

- Registered Accounts, including RRSPs, RRIFs, RESPs, LIRAs, LRSPs, LIFs, and LRIFs
- Tax-Free Savings Accounts
- Individual and joint accounts
- Cash, Foreign currency, margin with options and short-selling accounts
- Formal trust accounts
- Corporate/Non-Personal accounts

For a current list of our products and services, please visit [www.hsbc.ca/investments/investdirect/](http://www.hsbc.ca/investments/investdirect/).

HSBC InvestDirect limits its offering of options to only exchange traded options. It does not offer trading in over-the-counter options or trading in future contracts.

There are risks associated with investing in investment products through an order-execution-only account. As we have explained above, in an HSBC InvestDirect Account, you make your own investment decisions and HSBC InvestDirect will not provide you any recommendations or investment advice.

The following sections in HSBC InvestDirect's Client Terms and Conditions explain the risks associated with the trading of certain investments or the use of certain investment strategies:

- **Margin:** Margin Account Terms and Conditions
- **Short Selling:** Short Sale Risk Terms and Conditions
- **Options:** Options Trading Terms and Conditions; Risk Disclosure Statement for Futures and Options
- **Futures:** Risk Disclosure Statement for Futures and Options

There is also a greater risk when using borrowed money to finance the purchase of securities also called "leveraging". For information regarding the risks of leveraging, please refer to HSBC InvestDirect's Client Terms and Conditions, "Using Borrowed Money to Purchase Securities."

## 5. Account Documentation and Reporting

**Account Opening Documents.** We encourage you to read these important documents which include:

- HSBC InvestDirect's *Client Account Application*
- HSBC InvestDirect's *Client Terms & Conditions*
- Welcome Letter
- Conflict of Interest Disclosure
- Commission and Fee Schedule
- An overview of the various account types available at HSBC InvestDirect
- IIROC Brochures: *An Investor's Guide to "Making a Complaint: A Guide for Investors"* and *"How Can I Get My Money Back: A Guide for Investors"*
- The Canadian Investor Protection Fund (CIPF) brochure
- The HSBC InvestDirect *Resolving Your Complaints* brochure
- The "How IIROC Protects Investors" Brochure
- Trusted Contact Person Information Form

**Account Statements.** You will receive electronic statements directly to your HSBC InvestDirect online account on a quarterly or monthly basis. Monthly statements are only issued for those months in which there is activity in your account(s). Quarterly statements are sent when there is a cash balance or security positions in your account(s) at the end of the quarter. Your account statement confirms all activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that occurred in your account over the previous period. These statements also list your holdings and the net value of your portfolio as of the date on the statement.

**Trade Confirmations.** HSBC InvestDirect will provide you with electronic trade confirmations of the details of every purchase, sale or other relevant transaction details. The trade confirmation will include:

- The quantity and description of the security purchases or sold;
- The price per security paid or received, and
- The amount of applicable transaction charges.

You may choose not to receive your statements and trade confirmations electronically, and instead request to be mailed paper copies by calling us at 1-800-760-1180.

**Annual Account Reporting.** In accordance with securities law requirements, HSBC InvestDirect provides you, on an annual basis, with the following reports for each account you hold with us:

- Investment Performance Report; and
- Fees and Other Compensation Report.

## 6. Conflicts of Interest

Material conflicts of interest and material conflicts of interest that are reasonably foreseeable and that cannot be avoided, will be addressed in your best interest and will be disclosed to you where required, in a timely manner. Please refer to the Disclosure Regarding Conflicts of Interest attached to HSBC InvestDirect's Client Terms and Conditions.

## 7. Account Fees, Service Charges and Other Costs of Making an Investment

HSBC InvestDirect will deduct from your Account any applicable administrative fees, costs, charges, commissions and transaction charges for operating your Account and placing orders for you.

Generally, the costs, commissions and fees you will be charged will depend upon the balance in your Account(s), the amount of your transaction, the types of products you transact in, the services you use, and on the kind of banking relationship you have with HSBC Bank Canada (such as being an HSBC Premier or HSBC Advance customer).

A detailed description of the service fees and charges that you will or may incur relating to the general operation of your Account and a description of charges that you will or may incur in buying, selling or holding investments with us, is available at [www.hsbc.ca/investments/investdirect/](http://www.hsbc.ca/investments/investdirect/).

The fees, costs, expenses and charges you will encounter as an investor include:

1. **Commissions.** When you buy or sell certain investment products, such as options, equities, mutual funds, or fixed-income investments, you will be charged a commission. Commission rates vary and minimum amounts may apply.
2. **Fees and sales charges.** Mutual fund companies may charge, among other things, management fees, front-end loads, back-end loads, short-term trading fees and deferred sales charges (as of June 1, 2022, mutual fund companies will cease to offer deferred sale charge option securities). In addition, you may incur miscellaneous fees such as set-up fees, processing fees and early redemption charges.
3. **Trailing commissions.** Mutual fund companies may also pay trailing commissions to investment dealers for the services provided by the investment dealer. A trailing commission is an ongoing fee paid to investment dealers from the management fee of the mutual fund.

Effective June 1, 2022, due to regulatory changes, mutual funds that pay a trailing commission should no longer be held in the accounts of Canadian order-execution-only dealers, including HSBC InvestDirect.

If, after June 1, 2022, you transfer in-kind to HSBC InvestDirect a mutual fund that pays a trailing commission, depending on the specific mutual fund, HSBC InvestDirect will proceed with one of the following steps:

- a. Switching your mutual fund that pays a trailing commission to a different series of the same mutual fund that does not pay a trailing commission. In some cases, your new series may have a different distribution policy or currency.
- b. If a switch is unavailable, determining that the mutual fund company that manages the mutual fund will pay you a management fee rebate equal to the amount of the trailing commissions you pay.

- c. If a switch or a management fee rebate is unavailable, paying you a dealer rebate equal to the amount of the trailing commissions we receive from your mutual fund's manager.

The frequency with which you receive dealer rebates from us will depend on when trailing commissions are paid to us by the mutual fund manager. If you receive dealer rebates, your account statements and transaction history will show the dealer rebate payments you receive.

For further details on trailing commissions, please read the mutual fund company's simplified prospectus and the mutual fund's Fund Facts document, available at [www.sedar.com](http://www.sedar.com) or you can contact us to request a copy.

4. **Administrative fees.** Depending on the kind of banking relationship you have with HSBC Bank Canada (such as being an HSBC Premier or HSBC Advance customer), the total amount you have invested at HSBC InvestDirect, and the number of trades you make at HSBC InvestDirect each quarter, you may incur a range of administrative, transaction, maintenance and processing fees.

Other administrative fees include, but are not limited to charges for annual administration costs related to registered plans and account inactivity, wire transfers, document administration, security registration, transfers-out, special courier fees, certificate deposit, and special services.

5. **Foreign exchange fees.** If foreign exchange transactions take place in your Account we 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 applied by HSBC InvestDirect. The spread rate means the difference between the rate we receive and the rate you receive.

## 8. Impact of Fees and Expenses

Fees impact the investment returns of your portfolio. Fees charged to your Account reduce the market value of your Account directly, while fees embedded within securities in your Account reduce the market value of those securities. The impact of fees reduces your investment returns and this impact, due to the effect of compounding, increases over time. Every dollar taken out to cover fees is one less dollar left to invest in your portfolio to compound and grow over time.

## 9. Benchmarks

**Investment Performance Benchmark.** An investment performance benchmark is a market or sector index against which the performance of your investments can be compared. You can use investment performance benchmarks to compare how your investments performed compared to the appropriate market or sector. When comparing your investment returns to the returns of an investment performance benchmark, keep in mind that:

- The composition of your investment portfolio reflects the investment strategy you have chosen, which may result in the performance of your investments and the performance of the benchmark differing; and
- Investment performance benchmarks do not generally include charges and other expenses.

Although securities regulations mandate the provision of account performance and fees and other compensation reports for your account held with us, there is no requirement to provide benchmark information to clients in any of these reports. As your HSBC InvestDirect Account is an order-execution-only account, we do not provide benchmark information.

## 10. Potentially Vulnerable Clients

We are committed to protecting our older and vulnerable clients. Pursuant to securities regulatory requirements, we will ask you if you would like to name a Trusted Contact Person (TCP) associated with your Account(s) with us. A TCP is someone you trust to assist us in protecting your investments with us, but naming a person as your TCP does not give them authority to make decisions about your account on your behalf. By naming a TCP, you authorize us to contact your TCP in the following situations:

- We identify possible financial exploitation affecting you or your account.
- We have concerns about your mental capacity as it relates to financial decision-making.
- We require the identity and contact information of your legal guardian, executor, trustee or other personal or legal representative, and cannot confirm it with you.
- We require your current contact information, and cannot confirm it with you, including when we cannot contact you.

If you name a TCP, you may, at any time, change your TCP or withdraw your authorization to permit us to contact your TCP in the above situations. Please contact an investment representative if you would like to discuss TCPs.

Additionally, pursuant to securities regulatory requirements, we are authorized to place a temporary hold on a securities transaction or a disbursement from your Account(s) if we reasonably believe that:

- You are a vulnerable client, and financial exploitation of you has occurred, is occurring, has been attempted, or will be attempted; or
- You do not have the mental capacity to make decisions involving financial matters.

If we place a temporary hold on a securities transaction or a disbursement from your Account(s) in the above situations, we will provide notice of the temporary hold, including reasons for it, as soon as possible after placing the temporary hold. We will continue to review the temporary hold to determine if continuing it is appropriate. Within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, we will either revoke the temporary hold, or provide you with notice of our decision to continue to hold and the reasons for that decision. We may also contact your TCP in these circumstances.

## **11. Complaints**

If you are not satisfied with our service, you have a right to make a complaint and to seek resolution of the problem. We have a responsibility to you to ensure your complaint is dealt with fairly and promptly. A copy of IIROC's complaint handling process brochure is provided to you at account opening. For information about HSBC InvestDirect's complaint handling process please refer to HSBC InvestDirect's Client Terms and Conditions or our website at [www.hsbc.ca/investments/investdirect/](http://www.hsbc.ca/investments/investdirect/).

## **12. Contact Information**

HSBC InvestDirect  
Suite 102 - 1725 16th Avenue, Box # 5  
Richmond Hill, ON L4B 4C6  
Phone: 1-800-760-1180  
Email: [investdirect@hsbc.ca](mailto:investdirect@hsbc.ca)