



## **Important changes to our Terms and Conditions**

We are writing to let you know that we are updating our systems to better serve you. At the same time, we are also making changes to the Terms and Conditions that govern your HSBC Investment Funds (Canada) Inc. account(s). The new Terms and Conditions replaces all previous versions. We also include information about a change to the trade settlement cycle and the transfer agency service provider.

A summary of the Terms and Conditions changes is included below, but we encourage you to read the full new version to understand all of the changes.

We expect the new system and these changes to be effective between August 27, 2018 and October 30, 2018. On the effective date, we will post a notice to our website along with the new Terms and Conditions. You can also ask your Mutual Fund Advisor for a copy.

**Notice:** [www.hsbc.ca/1/PA\\_ES\\_Content\\_Mgmt/content/canada4/pdfs/personal/1500436-notice-of-changes-E.pdf](http://www.hsbc.ca/1/PA_ES_Content_Mgmt/content/canada4/pdfs/personal/1500436-notice-of-changes-E.pdf)

**Terms and Conditions:** [www.hsbc.ca/1/PA\\_ES\\_Content\\_Mgmt/content/canada4/pdfs/personal/mf-important-info-&-declaration-trust.pdf](http://www.hsbc.ca/1/PA_ES_Content_Mgmt/content/canada4/pdfs/personal/mf-important-info-&-declaration-trust.pdf)

If you have any questions, please call us at 1-800-830-8888. Thank you for choosing HSBC.

## **Key changes to your Terms and Conditions**

Any term that is capitalized below which is not defined, has the meaning given to it in the Terms and Conditions.

### ***For all HSBC World Selection Portfolio accounts and HSBC Mutual Funds accounts***

- **Format of Terms and Conditions:** We have changed the format so that the Terms and Conditions booklet covers both HSBC World Selection Portfolio accounts and HSBC Mutual Funds accounts.
- **Registration of Investments:** Currently, the investments in your account are held directly in your name. This is changing. Under the new terms you provide your authorization to allow us to record the investments in your account in our name in trust for you. This is called registering your investments in “nominee name”.
- **Holding Cash:** You will be able to contribute and hold cash in your account for specific reasons and we will be able to use this cash for specific reasons, like settling transactions or paying fees. We will not manage or advise on your cash contributions and it is important to understand that this cash is not part of your investment portfolio.
- **Statements and other Records:** We added in terms that allow us at a future date to start delivery statements and other records related to your account electronically through Online Banking. Related to this we have also updated the Consent to Electronic Delivery which is set out in Schedule F to the Terms and Conditions. At this time, we do not send documents related to your account electronically, but if we do we will tell you before we start doing it. We have clarified your obligation to review statements regardless if they are delivered on line or in paper by mail. We have also clarified your obligation to notify us of errors or fraud on your statements or records related to your account.
- **Digital Records:** We have expanded our definition of records to include Digital Records and added a term that we may create and retain digital or electronic copies of all records we have with you, including statements and records related to your account.
- **Giving Instructions:** We have clarified some of the existing terms, including:
  - You cannot change or withdraw an Instruction after we process it. We provide contact information if you wish to withdraw or correct an Instruction before it is processed or want to verify that an Instruction has been received or processed.
  - Electronic Instructions are as valid and effective as providing a written Instruction signed by you with your hand written signature.
  - Email is not secure and you should not use it to transmit sensitive information or give Instructions. If you do, it is at your own risk.
- **Processing Instructions:** We have updated the terms including the following:
  - We have time requirements for receiving trade requests and processing orders. These may differ depending on the investment. You should ask your Mutual Fund Advisor about the trade cut off times.
  - We will no longer accept cheques for purchases. Purchases can be made by using cash in your account, by debiting a bank account (either at HSBC or another Financial Institution) and depositing that money into your investment account to be used for the purchase, or through an electronic funds transfer from another Financial Institution.
  - When you redeem the investments in your account, the cash proceeds from that redemption will be deposited into your account and held in cash until you provide us further written instructions.

- **Defined Terms:**
  - **Electronic Instruction:** We have clarified that the term Instructions includes an Electronic Instruction. We will accept Electronic Instructions in certain circumstances and this is explained in the Terms and Conditions.
  - **Pre-Authorized Contribution Plan/Systematic Withdrawal Plan:** The name of the regular investment plan and monthly withdrawal plan have changed to the Pre-Authorized Contribution Plan and Systematic Withdrawal Plan, respectively. If you have one of these plans, this name change will not impact the terms of your arrangement. You may see this change on a future account statement or other communications related to the plan.
  - **Online Banking:** We have updated the name of Personal Internet Banking to Online Banking.
  - **HSBC Wealth Compass:** We have added HSBC Wealth Compass, our online mutual fund service, as a Service Channel.
  - **Services:** We have updated our meaning of the term Services used throughout the Terms and Conditions.
  - **Transaction:** We have updated the meaning of the term Transaction to cover HSBC Investment Funds accounts and HSBC World Selection Portfolio accounts. Transaction has a different meaning depending on which account you hold.
- **Proper Use:** We have added a section to explain the measures we take to protect our customers, ourselves and the financial system from financial crimes. We expect you will abide by financial crime laws and use your accounts appropriately.
- **Changes to this Agreement:** We have updated when we can make changes to the Terms and Conditions without telling you and if we choose to tell you, the ways in which we can notify you of the changes.
- **Secret Code:** We have updated the wording to explain what is and how to use a Secret Code. Plus, the terms highlight the importance of keeping the Secret Code confidential and what you must do if you think someone has used your Secret Code.
- **Policy on Death:** We have added a new term that sets out our existing policy on death. This is not a change to how we operate today, but we think it is important for you to know what documentation we may require if you pass away or become mental incapacitated.
- **Notices:** We have clarified that we may send you notices electronically or by another method and how we consider you to have received it.
- **Terms that continue:** We have clarified which terms of the Terms and Conditions continue to apply if the Agreement is cancelled or terminated or if we withdraw a Service or Service Channel.
- **Abandoned or Unclaimed Property:** We have added a term to explain how we currently deal with abandoned or unclaimed property related to your account.
- **Governing Law:** We have updated our terms to explain which laws govern your account when it is held only by you and which laws govern your account when it is held jointly.
- **Conflicts of Interest:** Schedule C provides important information about potential conflicts of interest. We have updated our disclosure on how we manage conflicts of interest and the type of conflicts that may arise during our relationship. We encourage you to read all of this information.

- **Information for Non-Resident Accountholders:** We have updated the information in Schedule D which explains what happens if you are or become a non-resident of Canada. If this applies to you, please ensure you read the updated information.
- **Additional Information About Your Relationship with Us:** We want you to be fully informed about matters that are important to your relationship with us. We have updated the relationship disclosure provided in Schedule E. This information is important and we encourage you to read it.
- **Name of Account:** The name of the HSBC Mutual Funds account will change to HSBC Investment Funds account. You may see this name change on your future account statements and reports or other communications related to your account.
- **Ability to offer other investments:** We have added terms that allow us to offer you other products in the future. This may include HSBC Mutual Funds, other mutual funds, guaranteed investment certificates and exchange traded funds. At this time, we continue to focus our offering on HSBC Mutual Funds.
- **Cash Distributions:** We have added a term that details how cash distributions work.

### **Change to Trade Settlement Cycle for HSBC Mutual Funds and HSBC Pooled Funds**

We will be moving to the industry standard settlement cycle of T+2. This means trades will settle two business days after the trade date. For more details, please refer to the HSBC Mutual Funds Simplified Prospectus or HSBC Pooled Funds Simplified Prospectus.

### **Change to Transfer Agency Service Provider**

In addition, HSBC Global Asset Management (Canada) Limited, the manager of the HSBC Mutual Funds and HSBC Pooled Funds (the "Funds"), is changing its Transfer Agency service provider. The Transfer Agent (or Registrar) of the Funds keeps track of who owns units of the Funds and processes the buying, switching and selling of the units of the Funds. Currently, Transfer Agency services are performed by HSBC. International Financial Data Services (Canada) Limited will be the new Transfer Agent for the Funds at the same time the above changes become effective.

There is no impact to your holdings in the Funds nor do you need to take any action as a result of this change. We are writing to you about this change to keep you informed about the administration of your investments in the Funds.