

THE SECURITIES ACT

)

Order No. 2954

)

Section 20(1)

)

June 15, 2000

**HSBC BANK CANADA**

**WHEREAS:**

(A) Application (the "Application") has been made on behalf of HSBC Bank Canada (the "Bank") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of the *Securities Act*, R.S.M. 1988, c. S50 (the "Act") that the issuance and distribution by the Bank of (i) Non-cumulative Redeemable Class 1 Preferred Shares Series B (the "Preferred Shares Series B") of the Bank pursuant to the operation of the automatic conversion feature attaching to the Non-Cumulative Redeemable Class 1 Preferred Shares Series A (the "Preferred Shares Series A") of the Bank and (ii) Preferred Shares Series A pursuant to the operation of the automatic conversion feature attaching to the Preferred Shares Series B, be exempt from sections 6 and 37 of the Act;

(B) It has been represented to the Commission by the Bank that:

1. the Bank is a Canadian chartered bank regulated by the *Bank Act* (Canada);
2. the Bank will offer the Preferred Shares Series A pursuant to a final prospectus (the "Prospectus") filed with each province and territory in Canada and upon the issuance of the Preferred Shares Series A pursuant thereto the Bank will become subject to the continuous disclosure requirements of the Act;
3. the Prospectus will include full disclosure concerning the rights of the Preferred Shares Series A and the Preferred Shares Series B, including the conversion features whereby:
  - (a) on September 30, 2005, and on the last day of every successive period of five years plus one day thereafter (a "Conversion Date"), holders of the Preferred Shares Series A will have the right to convert all or any of the Preferred Shares Series A into an equal number of Preferred Shares Series B under certain prescribed circumstances;
  - (b) on October 1, 2010, and on every successive Conversion Date, holders of Preferred Shares Series B will have the right to convert all or any of the Preferred Shares Series B into an equal number of Preferred Shares Series A under certain prescribed circumstances;

(c) if the Bank determines that there would remain outstanding fewer than 400,000 Preferred Shares Series A having taken into account all Preferred Shares Series A tendered for conversion into Preferred Shares Series B and all Preferred Shares Series B tendered for conversion into Preferred Shares Series A on a Conversion Date, then all, but not fewer than all, of the remaining outstanding Preferred Shares Series A shall be automatically converted into an equal number of Preferred Shares Series B on the close of business on the applicable Conversion Date, provided the Bank has not delivered a notice of redemption in respect of such shares; and

(d) if the Bank determines that there would remain outstanding fewer than 400,000 Preferred Shares Series B having taken into account all Preferred Shares Series B tendered for conversion into Preferred Shares Series A and all Preferred Shares Series A tendered for conversion into Preferred Shares Series B on a Conversion Date, then all, but not fewer than all, of the remaining outstanding Preferred Shares Series B shall be automatically converted into an equal number of Preferred Shares Series A on the close of business on the applicable Conversion Date, provided the Bank has not delivered a notice of redemption in respect of such shares;

4. the registration and prospectus exemptions contained in subparagraph 19(1)(h)(iii) and paragraph 58(1)(b) of the Act are not available in respect of the issuance by the Bank of Preferred Shares Series A or Preferred Share Series B pursuant to a conversion which occurs automatically as opposed occurring at to the option of the security holder.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant this Order.

**IT IS ORDERED:**

**1. THAT**, pursuant to subsection 20 of the Act that the issuance by the Bank of (i) Preferred Shares Series B at the close of business on a Conversion Date pursuant to the operation of the automatic conversion feature attaching to the Preferred Shares Series A and (ii) Preferred Shares Series A at the close of business on a Conversion Date pursuant to the operation of the automatic conversion feature attaching to the Preferred Shares Series B, as described in the Prospectus, shall be exempt from sections 6 and 37 of the Act provided that no commission or other remuneration is paid or given to others in respect of such trades except for ministerial or professional services or for services performed by a person or company registered for trading in securities under the Act.

**2. THAT** the fee for this Order shall be \$1,000.00.

**BY ORDER OF THE COMMISSION**

**Director – Legal**