

2003 BCSECCOM 765

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - application for mutual fund lapse date extension

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c.418, s. 70

Securities Rules, B.C. Reg. 194/97, s. 121, 122, 123 and 124

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF HSBC CANADIAN MONEY MARKET POOLED FUND, HSBC CANADIAN BOND POOLED FUND, HSBC INTERNATIONAL BOND POOLED FUND, HSBC CANADIAN DIVIDEND INCOME POOLED FUND, HSBC CANADIAN EQUITY POOLED FUND, HSBC U.S. EQUITY POOLED FUND, HSBC INTERNATIONAL EQUITY POOLED FUND, HSBC SMALL CAP GROWTH POOLED FUND AND HSBC FUTURE GROWTH POOLED FUND (individually a “Fund” and collectively, the “Funds”)

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from HSBC Asset Management (Canada) Limited (the “Applicant”) in its capacity as manager of each Fund, for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the lapse date of each Fund be extended to the time periods that would be applicable if the lapse date for the distribution of units (“Units”) of the Funds under the simplified prospectus and annual information form of the Funds, each dated November 14, 2002 (the “2002 Prospectus”) were November 21, 2003;

2003 BCSECCOM 765

- ¶ 2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal jurisdiction for this application;
- ¶ 3 AND WHEREAS the Applicant has represented to the Decision Makers that:
1. The Applicant is the manager and promoter of the Funds and is a wholly-owned subsidiary of the HSBC Bank Canada, a Schedule II chartered bank under the *Bank Act* (Canada).
 2. The Applicant is registered under the Legislation, as an adviser in the categories of investment counsel and portfolio manager (or their equivalent).
 3. Each Fund is a reporting issuer under the Legislation and is not in default of any of the requirements of the Legislation made thereunder.
 4. The Funds are open-end unit investment trusts, each of which was established under the laws of British Columbia pursuant to a separate declaration of trust and each of which is qualified for distribution in the Jurisdictions by means of a simplified prospectus and annual information form.
 5. The lapse date under the Legislation for each of the Funds is November 14, 2003.
 6. A pro forma simplified prospectus (the “2003 Prospectus”) and annual information form (the “2003 AIF”) for the Funds were filed with the securities regulatory authorities in each of the Jurisdictions on October 21, 2003.
 7. The Applicant wishes to extend the time for filing a pro-forma simplified prospectus and filing and obtaining a receipt for a renewal prospectus of the Funds to the time that would be applicable if the lapse date for distribution of securities of the Funds under the 2002 Prospectus were November 21, 2003.
 8. On June 9, 2003, the Applicant filed a final simplified prospectus and annual information form for six newly established Pooled Funds (the “MM Pooled Funds”). In order to save the administrative time and the expense of making separate filings for

2003 BCSECCOM 765

each of the Funds and the MM Pooled Funds, the Applicant desires to consolidate the annual information form for the Funds and the MM Pooled Funds, and to file the simplified prospectuses for the Funds and the MM Pooled Funds concurrently. In addition, the Applicant is in the process of establishing three new mutual funds to join the MM Pooled Funds family, and engaging appropriate investment advisers for each of these MM Pooled Funds; this has taken an unexpectedly long period of time. As a result of locating and negotiating agreements with acceptable investment advisers for the new MM Pooled Funds, and an unexpected delay in completing the consolidation of the 2003 AIF, the 2003 Prospectus and 2003 AIF could not be filed by October 14, 2003, as intended. As a result, it is unlikely that the Applicant will be able to settle the comments of the Decision Makers by November 14, 2003 in respect of the 2003 Prospectus and 2003 AIF, and in any event, will not have complied with the requirement to have filed the pro-forma version of the 2003 Prospectus within 30 days prior to the lapse date, and will therefore not be entitled to rely on the extension provisions under the securities laws of the Jurisdictions which would entitle the Funds to continue to be distributed under the 2002 Prospectus for 20 days after the lapse date while the 2003 Prospectus is being printed and distributed to the Applicant's distribution network.

9. The extension is sought to permit the Applicant sufficient time to settle the comments of the Decision Makers on the 2003 Prospectus and 2003 AIF, and, after receipt of the final Decision Document in respect of the 2003 Prospectus, time to print and distribute the 2003 Prospectus to the Applicant's distribution network.
10. There has been no material change in the affairs of the Funds since the date of the 2002 Prospectus.

- ¶ 4 AND WHEREAS under the System this MRRS decision document evidences the decision of each Decision Maker (collectively, the "Decision");
- ¶ 5 AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- ¶ 6 THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation as they apply to the distribution of Units of the Funds under a prospectus are hereby extended to the time limits that would be

2003 BCSECCOM 765

applicable if the lapse date for the distribution of Units under the 2002 Prospectus were November 21, 2003.

¶ 7 November 13, 2003

Angela Huxham
Director, Corporate Finance