

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, QUEBEC, NOVA SCOTIA,
NEWFOUNDLAND, PRINCE EDWARD ISLAND, YUKON TERRITORY AND NUNAVUT
TERRITORY

AND

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

AND

IN THE MATTER OF HSBC CANADA ASSET TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, Newfoundland and Prince Edward Island, and each of the Yukon Territory and Nunavut Territories (together the "Jurisdictions") has received an application from HSBC Canada Asset Trust (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for the Trust to prepare and file interim financial statements of the Trust for the period ended June 30, 2000 (the "Initial Period of Operations") shall not apply to the Trust;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS the Trust has represented to the Decision Makers that:

1. the Trust is a closed-end trust formed under the laws of British Columbia pursuant to a declaration of trust made as of May 26, 2000, and is a reporting issuer or its equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation;
2. the principal office of the Trust is located in British Columbia;
3. the year end of the Trust is December 31;
4. the only business carried on by the Trust during the Initial Period of Operations was the acquisition of certain mortgages and other assets of HSBC Bank Canada (the "Acquisition") which was completed on June 28, 2000;
5. the Trust carried out its initial public offering under a prospectus dated June 21, 2000 (the "Prospectus");

6. the Prospectus included an audited balance sheet of the Trust as at May 26, 2000 as well as an unaudited pro-forma balance sheet (the "Pro Forma Balance Sheet") that gave effect to the completion of the Acquisition and the Trust's initial public offering;

7. given the minimal period of operations of the Trust from June 28, 2000 to June 30, 2000 and that the Pro Forma Balance Sheet materially described the financial position of the Trust as at June 30, 2000, the benefit to be derived by the securityholders of the Trust and the market in general from receiving an interim financial statement for the Initial Period of Operations would be minimal;

8. there would be significant expense to the Trust if it were required to prepare, file and send to its securityholders interim financial statements for the Initial Period of Operations and the interim comparative financial statements when the Trust files its interim financial statements for the period ending June 30, 2001;

9. financial information for the Initial Period of Operations will be included in the interim financial statements of the Trust for the period ending September 30, 2000, and the annual financial statements of the Trust for the year ending December 31, 2000; and

10. no material differences exist between the financial position of the Trust as at June 30, 2000, and the financial position of the Trust as described in the Pro Forma Balance Sheet;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

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;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation for the Trust to prepare and file interim financial statements of the Trust for the Initial Period of Operations and prepare and file comparative financial statements of the Trust for the Initial Period of Operations when the Trust files its interim financial statements for the period ending June 30, 2001 shall not apply to the Trust, provided that:

1. the financial information for the Initial Period of Operations will be included in the interim financial statements of the Trust for the period ending September 30, 2000, and the annual financial statements of the Trust for the year ending December 31, 2000; and

2. the Trust issues a press release no later than 10 days from the date of this Decision stating that on the basis of this Decision, interim financial statements of the Trust will not be issued for the period ended June 30, 2000, and confirming that the Acquisition was completed on the terms described in the Prospectus and will be reflected in the interim financial statements of the Trust for the period ending September 30, 2000.

DATED August 15, 2000.

"Margaret Sheehy"
Margaret Sheehy
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from the requirement to file and send to securityholders interim financial statements, subject to conditions.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 91