

Page 1 redacted for the following reason:

NR

Ministry of Finance
BRIEFING DOCUMENT

To: Peter Milburn
Deputy Minister

Date Requested:
Date Required:

Initiated by:

Date Prepared: December 12, 2013

Ministry Contact: Darshi Klear
Executive Director
Debt Management Branch

Phone Number: 250 387-8815
Email: Darshi.Klear@gov.bc.ca
Cliff #: 333355

TITLE: Matched- Book Program Limit Increase

PURPOSE:
(X) DECISION

COMMENTS:

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: December 12, 2013

TITLE: Matched-Book Program Limit Increase

BACKGROUND:

The purpose of the Matched Book Program (MBP) is to take advantage of arbitrage opportunities that are occasionally available in the capital markets, by using borrowed proceeds to purchase high-quality assets at times when borrowing costs are lower than the return paid on the investments.

The maximum allowed size of the MBP (i.e. amount borrowed/invested) is currently \$500 million. As of October 31, 2013, the program's size was \$85 million. However, as result of the province's one-year, 2.5 billion Chinese Renminbi (RMB) issue (approximately CAD\$430 million), the program has increased to \$515 million.

DISCUSSION:

From early conception of the RMB idea to just days before the deal was launched, the bond's issuance amount had not been finalized, partly due to the uncertainty that existed entering a new market. It had been generally thought that maximum investor interest in a BC Renminbi deal was RMB 1.0 billion. Much broader investor interest only became apparent after the deal was announced. The size was eventually finalized at RMB 2.5 billion based on various market considerations (investor interest being sufficiently filled, allowing for after pricing performance of the bonds, and maximizing the return on the ensuing investment). Landing on this level however did mean that the maximum size of the MBP was exceeded.

The RMB proceeds were placed in an investment with an HSBC Hong Kong-based subsidiary rated Aa2 by Moody's and AA- with S&P and therefore meets the rating requirement of our MBP. A further requirement of the policy is that the investments with financial institutions be included on BCIMC's approved list and HSBC Hong Kong is not included on that list. You approved a waiver of that policy for the RMB investment. The success of the recent RMB issue has opened a new market for BC and it may be advantageous to enter into similar transactions in the near future. We are proposing that the language in the MBP be more flexible to include HSBC Hong Kong or similar financial institutions if the opportunity arises again, negating the need for any future waivers provided that the financial institution is highly rated as per the policy and the transaction meets the other policy requirements.

The \$500 million limit has been in place for at least ten years. A size limit is considered necessary to ensure that the fund does not create obstacles or "crowd out" funding room for the regular borrowing program. The Debt Management Branch does not believe this risk currently exists, particularly due to the reduced borrowing requirements forecast over the next few fiscal years. Furthermore, as the province diversifies its borrowing strategy to allow for more strategic issuance, access to new capital markets and broaden its investor base, the potential for future matched book trade opportunities will increase. Increasing the program's limit will allow the province to take advantage of such opportunities.

Net interest (i.e. the difference between the interest paid on the liability and that earned on the asset) is credited to the MOPD. Also, the MBP does not affect the Debt/GDP ratio, as the liability and asset offset one another.

RECOMMENDATION:


Increase the matched book program limit to \$750 million.

Amend the policy to allow flexibility to make investments with financial institutions who are not included on BCIMC's approved list.

The Risk Committee will be formally advised of the change at its next meeting in January 2014.

See the attached Matched Book Program parameters blacklined to include the affect of these changes.

Approved/Not Approved



PM
A Peter Milburn
Deputy Minister

December 23, 2013

Date

APPENDIX A

Matched Book Program Parameters

The following parameters, as approved by the Risk Committee, govern the management of the Matched Book Program.

1. Investments are restricted to British Columbia Investment Management Corporation's approved list, as well as financial institutions, foreign entities and sovereigns that are rated Aa3 (Moody's Investors Service) and AA- (Standard & Poor's Corporation) or better.
2. British Columbia paper is considered risk-free for the purposes of Matched Book investment.
3. Counterparty exposure incurred by the Matched Book Program is included in the aggregate provincial counterparty exposure.
4. The Matched Book Program is limited to \$600-750 million.
5. The purchase of assets with a remaining term greater than 12 years must be approved in advance by the Deputy Minister.
6. Allow date mismatches between receipt and payment on swaps, only if required to reduce commercial paper borrowing to a manageable size (less than \$50 million) maturing on a single day. If a date mismatch is required, then the counterparty must pay first. Mismatches between swap floating leg reset dates and commercial paper rollover dates are not permitted.
7. The following table specifies trade size and profit parameters:

MATCHED BOOK PROGRAM TRADE SIZE AND PROFIT PARAMETERS	
Trades with term greater than six months	
Minimum expected absolute dollar profit: \$50,000 present value	
Minimum principal size: \$20,000,000	
Trade	Minimum Expected Profit
Non-B.C. asset	15 bps on principal annually
New B.C. Issue	10 bps on principal annually
B.C. Buy back	8 bps on principal annually
Trades with term less than or equal to six months	
Minimum expected profit: 10 bps on principal	
Minimum expected absolute dollar profit: \$15,000 present value	
Minimum principal size: \$20,000,000	

Pages 6 through 8 redacted for the following reasons:

s13

Province of British Columbia RMB Deposit

Notional	2,500,000,000	Debt		Deposit		Positive Spread
Proceeds	2,497,249,225	<u>2.250%</u>	act/365f	<u>2.500%</u>	act/360	
		<u>dates</u>	<u>days</u>	<u>dates</u>	<u>days</u>	
		2013-11-13		2013-11-13		2,497,249,225.00
		2014-05-13	181	2014-05-12	180	3,321,779.70
		2014-11-13	184	2014-11-12	184	3,553,131.27
					Principal Payment	- 2,500,000,000.00
			<u>365</u> days		<u>364</u> days	<u>4,124,135.97</u>

Settlement - T+7
Business Days - Hong Kong, London, NY, Toronto

Notional	2,500,000,000
Commission	- 1,875,000
Legal 150,000 CAD	- 875,775 Exchange 5.8385
	<u>2,497,249,225</u>

Chand, Rita FIN:EX

From: Pierce, Tim W FIN:EX
Sent: Monday, November 4, 2013 2:54 PM
To: Klear, Darshi D FIN:EX; Latham, David FIN:EX; Horan, Greg J FIN:EX; Rawluk, Jacqueline FIN:EX
Subject: RE: RMB trade

Technically we can't say what the \$ profit margin is since we don't know where the CNH/CAD exchange rate will be in 1 years time. Barring an epic collapse of the rmb currency however, this deal will meet the required \$ profit margin of \$50,000.

With respect to the basis point margin, if the legal fees are included (appears in Don Delisle's spreadsheet) the net basis point margin is 14 bps i.e. less than the 15 bps required. If you exclude legal fees, the net profit margin is 17.5 bps which is okay.

From: Klear, Darshi D FIN:EX
Sent: Monday, November 4, 2013 7:46 AM
To: Pierce, Tim W FIN:EX; Latham, David FIN:EX
Subject: Fw: RMB trade

Pls do calculation Tim and let us know if Peter needs to sign the exception policy for matched book. Thx.

Sent from my BlackBerry 10 smartphone.

From: Hopkins, Jim FIN:EX
Sent: Sunday, November 3, 2013 11:38 PM
To: Klear, Darshi D FIN:EX
Subject: Re: RMB trade

Darshi..based on what Don tells you ,I expect you can tell Peter/Shelley that he doesn't need to sign the decision note re Matched Book policy exemption

First meeting w/ Bruce Flexman set the stage ..meeting w/ China Development Bank struck good conversation about CNH market (they are biggest CNH issuer) and their interest in a role on the next issue..they have now offered to give speech at media event tomorrow. 40 media have confirmed which is a strong showing..we are now off to visit ICBC

CIC President has just agreed to meeting Friday am

Plse say hello to everyone

Cheers Jim

----- Original Message -----

From: Hopkins, Jim FIN:EX

Sent: Friday, November 01, 2013 10:53 AM Pacific Standard Time
To: Klear, Darshi D FIN:EX
Subject: Fw: RMB trade

Darshi...Plse follow up w/Don on this today or Monday

Thx Jim

----- Original Message -----

From: Hopkins, Jim FIN:EX
Sent: Thursday, October 31, 2013 09:32 PM Pacific Standard Time
To: 'Don_Delisle@hsbc.ca' <Don_Delisle@hsbc.ca>
Cc: Klear, Darshi D FIN:EX; Pierce, Tim W FIN:EX; Latham, David FIN:EX
Subject: Re: RMB trade

Don..can you plse refresh our economics on trade net of the return on the deposit and the lower coupon, as you did earlier this week..I figure it is a net carry of about 20 bps. s22

Thx Jim

----- Original Message -----

From: Hopkins, Jim FIN:EX
Sent: Thursday, October 31, 2013 06:42 PM Pacific Standard Time
To: 'Don_Delisle@hsbc.ca' <Don_Delisle@hsbc.ca>
Subject: Re: RMB

Excellent

----- Original Message -----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Thursday, October 31, 2013 06:28 PM Pacific Standard Time
To: Hopkins, Jim FIN:EX
Cc: Jason R Henderson <jason_r_henderson@hsbc.ca>; andrew.d.porter@hsbc.ca <andrew.d.porter@hsbc.ca>; Kevin Galligan <kevin.galligan@us.hsbc.com>
Subject: RMB

Hi Jim

Our BSM has agreed to go to 2.5 billion at 2.5 % on the deposit note.
Thanks

Best Regards

Don Delisle
Debt Capital Markets
B (416) 868-3953
C s22
don_delisle@hsbc.ca

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Chand, Rita FIN:EX

From: Klear, Darshi D FIN:EX
Sent: Friday, November 1, 2013 10:25 AM
To: Klear, Darshi D FIN:EX; 'Bruce Sampson'; 'david'; 'Jamie McTavish'; 'Heinkel, Robert'
Cc: Feulgen, Sabine FIN:EX; Bawa, Reg R FIN:EX; Hopkins, Jim FIN:EX; Milburn, Peter R FIN:EX; Pierce, Tim W FIN:EX
Subject: RE: RMB Deal Priced

Actually the C\$ equivalent of the RMB 2.5 billion is closer to C\$428 million at C\$/Rmb rate of about 5.8... I was using the US\$ cross rate in my note.

Darshi

From: Klear, Darshi D FIN:EX
Sent: Friday, November 1, 2013 10:04 AM
To: 'Bruce Sampson'; 'david'; 'Jamie McTavish'
Cc: Feulgen, Sabine FIN:EX; Bawa, Reg R FIN:EX; Hopkins, Jim FIN:EX; Milburn, Peter R FIN:EX; Pierce, Tim W FIN:EX
Subject: RMB Deal Priced
Importance: High

<< File: sg2013110145441.jpg >>

Last night the province priced our much anticipated RMB issue (see Bloomberg screen shot attached). We went out planning to do RMB 500 to 1 billion (Can equivalent of \$85 to \$170 million) at 2.35% for one year. Book orders came in at over RMB 4 billion of high quality investors! Because of the oversubscription, HSBC recommended tightening the level to a 2.25% coupon – an improvement of 10 basis points. They were also able to hold our investment of the RMB to the 2.50% level for one year. The issue size is RMB 2.5 billion (Can equivalent of approx \$362 million).

BC is the first foreign government issuer into the CNH market and this is the largest CNH bond by a foreign issuer. This opportunity also diversifies our investor base putting BC in front of new investors in an emerging market. The trade along with the investment will result in a net profit to the province of about \$850,000 over the year. Needless to say, we are, very, very pleased!

Jim, along with Minister, Communications Director and a ministerial EA is enroute to Beijing for an opportunity to meet with financial media and investors in China.

If you require any further details, please let me know.

Cheers,

Darshi

Chand, Rita FIN:EX

From: Hopkins, Jim FIN:EX
Sent: Thursday, October 31, 2013 10:18 PM
To: Klear, Darshi D FIN:EX; Pierce, Tim W FIN:EX; Latham, David FIN:EX; Horan, Greg J FIN:EX; Rawluk, Jacqueline FIN:EX; Andrews, Alison FIN:EX; Philadelphia, Neil FIN:EX
Subject: RMB issue done today..RMB2.5 B @ 2.25 percent coupon priced at par

Many thanks for going many extra yards on this trade..it may net about Cdn\$850,000 and will introduce province to new investors in a new and emerging market...this could not be done w/o your special expertise

We have the first foreign gov't issuer in market and largest CNH bond by a foreign issuer..added accolades

Will check in as to how we are received in Beijing

Cheers Jim

Chand, Rita FIN:EX

From: Latham, David FIN:EX
Sent: Wednesday, October 30, 2013 10:41 AM
To: Klear, Darshi D FIN:EX; Shepherd, Michael J JAG:EX
Cc: Bindra, Homi JAG:EX; Andrews, Alison FIN:EX
Subject: RE: BC RMB DD call

Hi Mike,

s14

David

From: Klear, Darshi D FIN:EX
Sent: Wednesday, October 30, 2013 10:05 AM
To: Shepherd, Michael J JAG:EX
Cc: Latham, David FIN:EX; Bindra, Homi JAG:EX
Subject: RE: BC RMB DD call

s14

Darshi

From: Shepherd, Michael J JAG:EX
Sent: Wednesday, October 30, 2013 10:00 AM
To: Klear, Darshi D FIN:EX
Cc: Latham, David FIN:EX; Bindra, Homi JAG:EX
Subject: RE: BC RMB DD call

s14

Michael Shepherd, Q.C.
Senior Legal Counsel
Legal Services Branch, Ministry of Justice
Province of British Columbia
Phone: 250 356-8471 Fax: 250 387-1010

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From: Klear, Darshi D FIN:EX
Sent: Wednesday, October 30, 2013 8:53 AM
To: Shepherd, Michael J JAG:EX; Bindra, Homi JAG:EX
Cc: Latham, David FIN:EX
Subject: FW: BC RMB DD call

s14

Darshi

From: sean.m.hayes@us.hsbc.com [<mailto:sean.m.hayes@us.hsbc.com>]
Sent: Wednesday, October 30, 2013 8:11 AM
To: Hopkins, Jim FIN:EX; Klear, Darshi D FIN:EX; Latham, David FIN:EX
Cc: kevin.galligan@us.hsbc.com; Don_Dellisle@hsbc.ca
Subject: BC RMB DD call

Good Morning Jim, Darshi, David,

Per the recommendation from transaction management, we wanted to ask if we could push up the bring-down DD call 15 minutes to 1:45pm BC time, ahead of the go/no-go. Our colleagues overseas want to be sure we can get the prelim filed and up on the SEC website by 5:30pm so the extra time would be helpful. We would leave the go/no-go as scheduled for 2pm BC time. Please let us know if this works on your end.

Regards,
HSBC Team

Sean M. Hayes
Assistant Vice President, Public Sector DCM | HSBC Securities (USA) Inc.
452 Fifth Avenue, New York, NY 10018, USA

Phone. 212-525-3653
Mobile. s22
Email. sean.m.hayes@us.hsbc.com

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Ministry of Finance
BRIEFING DOCUMENT

To: Peter Milburn
Deputy Minister

Date Requested: October 7, 2013
Date Required: October 16, 2013

Initiated by: Jim Hopkins
ADM

Date Prepared: October 14, 2013

Ministry
Contact: Tim Pierce
Senior Manager, Capital Markets

Phone Number: 250 387-7132
Email: Tim.Pierce@gov.bc.ca

Cliff #: 332275

TITLE: Pending Renminbi Bond Issue and Investment of Proceeds – Approval of Parameters

DECISION REQUIRED

COMMENTS:

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: October 15, 2013

TITLE: Pending Renminbi Bond Issue and Investment of Proceeds – Approval of Parameters

BACKGROUND:

The Debt Management Branch (DMB) is considering issuing a one-year Chinese renminbi bond in the offshore renminbi bond market (designated CNH). The issue will be a minimum benchmark size of RMB 500 million and up to RMB 1 billion, subject to investor demand (CDN\$ 85 to CDN\$170 million equivalent).

Government is interested in issuing into the CNH market in order to diversify its investor base, gain access to a new source of global liquidity, and support internationalization of the renminbi and building on the BC-China economic, cultural and historical relationship. Government has agreed to issue in the CNH market and, as necessary, to pay-up as much as CDN \$500,000 over the province's comparable domestic cost of borrowing (or about 60 basis points for a one-year issue). In the present market, the cost of hedging a one-year CNH issue into Canadian dollars would be about 130 basis points more expensive than the province's domestic cost of borrowing.

An opportunity does exist to launch a CNH bond and deposit the proceeds in an Asian-based renminbi bank account, where the interest earned would be used to offset the bond's interest obligations. At maturity, the renminbi funds in the account would be withdrawn and used to meet the bond's principal repayment to investors. There would be no foreign exchange exposure, as the outstanding liability and asset are in the same currency. Currently, a small gain can be earned over and above the bond's interest cost, which would be exchanged to CAD at the prevailing F/X rate at maturity.

The transaction most closely resembles a Matched Book trade, where occasionally DMB takes advantage of arbitrage opportunities that exist in the market to turn a profit. The Matched Book program has earned about \$16 million in the last 20 years with the last trade transacted in 2009. This renminbi trade is not compliant with the existing Matched Book policy as outlined by the Ministry of Finance Risk Committee. An exception to the risk policy is therefore requested in order to transact in accordance with approved trade parameters.

DISCUSSION:

There are three areas where the transaction may not conform to policy.

- 1) Profit Margin – For trades involving non-BC assets (i.e. a deposit to an Asian bank account) a profit margin of 15 basis points is required (0.15%). Current estimates are that the interest rate on the CNH bond (about 2.45%) will be marginally lower than the yield on the deposit. It is quite possible that the basis point profit will be less than the stipulated margin.

- 2) Dollar Profit Margin – For trades with terms greater than six months, a minimum return of \$50,000 is required. The net profit is dependent on the notional size of the transaction. Assuming five basis points of positive carry on a RMB 500 million CNH bond, the profit margin would be \$42,500, which is slightly less than required by the current Matched Book policy.
- 3) Asset Types – Investments are restricted to bclMC's approved list. Furthermore, investments in foreign entities are required to be rated Aa3 by Moody's and AA- by S&P or better (similar to the province's derivative counterparty policy). DMB proposes to place the deposit with a HSBC Hong Kong-based subsidiary that is rated Aa2/AA minus and therefore meets the rating requirement. s13, s17

s13, s17

bclMC does not include the Hong Kong based HSBC subsidiary on their approved investment list, while they do include HSBC Canada, rated AA- with Standard and Poor's.

Existing policy limits the size of the Matched Book Program to CAD \$500 million. The current program is approximately CAD \$86 million. Issuing a CNH bond and investing the proceeds in an Asian-based renminbi bank account under the Matched Book Program would reduce the remaining room in the program. The program has been relatively inactive in the past few years and if room was needed the policy limit could be revisited.

RECOMMENDATIONS:

It is recommended that the profit margin parameters listed above in the Matched Book policy be waived for the inaugural CNH issue. Instead, margins need only result in positive earnings in both basis point and dollar terms.

Furthermore, it is recommended that the requirement for the Hong Kong-based HSBC subsidiary to be on bclMC's approved list be waived.

Approved / Not Approved

Peter Milburn
Deputy Minister

Date

Chand, Rita FIN:EX

From: Don_Delisle@hsbc.ca
Sent: Tuesday, October 15, 2013 11:14 AM
To: Hopkins, Jim FIN:EX; Klear, Darshi D FIN:EX; Pierce, Tim W FIN:EX; Horan, Greg J FIN:EX; Rawluk, Jacqueline FIN:EX; Wingerter, Dean M FIN:EX
Cc: jamesfielder@hsbc.com; timothysyyp@hsbc.com.hk; apratim.chakravarty@us.hsbc.com; andrew.d.porter@hsbc.ca; kevin.galligan@us.hsbc.com; timothysyyp@hsbc.com.hk; Chris Jones; delphinelee@hsbc.com.hk
Subject: Province of British Columbia RMB Pricing
Attachments: pic11650.gif

Good afternoon

Please find updated pricing for a RMB issue. Currently there is a positive carry for the transaction.

(Embedded image moved to file: pic11650.gif)

Below is today's rates for HSBC on Reuters

19:41 15OCT13 HSBCNET ON REUTERS HK08173

HSBCRMB

TEL: (+852) 28223008

DEALING CODE: HKBK

DATE:

15-Oct-2013

TIME: 05:54 HKT

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DELIVERABLE		SPOT	USD/CNH 6.0975/6.0995		CNH/HKD 1.2714/1.2718		CNY VOL	
CNH DEPO			USD/CNH SWP		CNH/HKD SWP			
OFFER	BID		BID	ASK	BID	ASK	BID	ASK
O/N	1.0500	0.5500	0.4 / 0.9		-0.2 / -0.1		/	
T/N	1.0500	0.5500	0.4 / 0.9		-0.2 / -0.1		/	
S/N	1.0500	0.5500	0.4 / 0.9		-0.2 / -0.1		/	
1 W	1.2500	0.7500	4.0 / 7.0		-1.6 / -0.9		1.5 / 2.3	
2 W	1.5500	1.0500	8.0 / 13.0		-3.1 / -1.9		1.7 / 2.1	
1 M	2.2500	1.7500	26.0 / 33.0		-7.7 / -6.1		2.0 / 2.4	
2 M	2.4500	1.9500	65.0 / 75.0		-17.3 / -15.0		2.0 / 2.4	
3 M	2.6500	2.1500	117.0 / 127.0		-29.0 / -26.6		2.0 / 2.4	
6 M	2.9500	2.4500	275.0 / 285.0		-64.0 / -61.2		2.5 / 3.0	
9 M	3.0000	2.5000	425.0 / 440.0		-98.4 / -94.2		2.9 / 3.4	
1 Y	3.1000	2.6000	590.0 / 610.0		-134.0 / -128.9		3.3 / 3.8	
2 Y	3.3000	2.6000	1080.0 / 1180.0		-250.9 / -228.6		4.0 / 4.6	
3 Y			1560.0 / 1760.0		-369.3 / -322.1			
4 Y			1850.0 / 2150.0		-456.6 / -374.5			
5 Y			2200.0 / 2500.0		-540.0 / -450.8			

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Best Regards

Don Delisle

DIRECTOR, DCM | HSBC Securities (Canada) Inc.

70 York Street

Phone. 416 8683953
Email. Don_Delisle@hsbc.ca
Internet. <http://This email must be read with the following disclaimer attached>

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NEW

HSBC 

Date: 04NOV2013

We confirm the following fixed-date multi-coupon deposit transaction arranged by : LOTUS NOTES

Our Ref: XDP133089999
Deal Date: 04NOV2013

PROVINCE OF BRITISH COLUMBIA

VANCOUVER, CANADA

Principal Deposited with us : CNY 2497,249,225.00
Commencement Date : 13NOV2013
Maturity Date : 12NOV2014
Interest Rate : 2.500000
Interest Payment Periodicity : SEMI-ANNUALLY
Interest Calculation Basis : 28-31/360
Interest Amount for the 1st period : CNY 31,215,615.31
(from 13NOV2013 to 12MAY2014)

Our Bank to receive : THE HONGKONG AND SHANGHAI BKG CORP
LTD HONG KONG (VIA CNY RTGS)
A/C No.

Your Bank to Receive: TO BE ADVISED

A/C No.

Your Intermediary Bank:
to Receive

Please inform us immediately of any errors, exceptions, or omissions in the transaction set forth above. Unless you respond immediately, the Bank's records shall be deemed correct and binding and conclusive on you. Any questions regarding this transaction should be directed to FX AND MM Operations on telephone no. (852) 2822 2543

Please confirm by signing and returning the duplicate copy of this letter. This confirmation does not require a signature.

Chand, Rita FIN:EX

From: Don_Delisle@hsbc.ca
Sent: Sunday, November 3, 2013 3:31 PM
To: Latham, David FIN:EX
Subject: Re: Legal Fees

Follow Up Flag: Follow up
Flag Status: Flagged

Hi David

My understanding (from speaking with HK BSM) is that the excess interest at coupon date will be reinvested at the 6 mth rate rate at that time. I am travelling Mon and Tues but if you have any questions just send me an wmail and I will give you a call.

Best Regards ..

Don Delisle
Debt Capital Markets
B (416) 868-3953
C s22
don_delisle@hsbc.ca

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<http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer>

----- Original Message -----

From: "Latham, David FIN:EX" [David.Latham@gov.bc.ca]
Sent: 11/03/2013 03:18 PM PST
To: Don Delisle
Cc: "Andrews, Alison FIN:EX" <Alison.Andrews@gov.bc.ca>; "Klear, Darshi D FIN:EX" <Darshi.Klear@gov.bc.ca>; Kevin Galligan; "Andrews, Alison FIN:EX" <Alison.Andrews@gov.bc.ca>
Subject: RE: FW: Legal Fees

HI Don,

This looks fine. One question I have is whether or not the residual amount (difference between the amount of interest earned on the investment (May 12th) and the amount required to pay the coupon on May 13th (ie. RMB3,321,779.70)) will be reinvested and earn interest at the same rate until the funds are cleared out at maturity.

One other question I have: is there an actual investment purchased within the "HSBC Time Deposit" account or does the account work similar to a Term Deposit/GIC? (ie. invested into an HSBC investment product)

Thanks,
David

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]

Sent: Friday, November 1, 2013 2:21 PM

To: Latham, David FIN:EX

Cc: Andrews, Alison FIN:EX; Klear, Darshi D FIN:EX; kevin.galligan@us.hsbc.com

Subject: RE: FW: Legal Fees

Hi David, Darshi

Please find attached the spreadsheet with the legal fees and commission deducted. I have also attached a bloomberg screen shot of the Canada / CNY exchange rate that I used for the conversion. Please let me know if you agree. Thanks very much.

(See attached file: BC CNY carry T+7 settle.xls)

Don Delisle

DIRECTOR, DCM | HSBC Securities (Canada) Inc.

70 York Street

Phone. 416 8683953

Email. Don_Delisle@hsbc.ca

Internet. <http://This email must be read with the folllowing disclaimer attached>

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From: >
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| "Latham, David FIN:EX" <David.Latham@gov.bc.ca>
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To: >
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| Don Delisle/HBCA/HSBC@HSBC02
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Cc: >
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| "Andrews, Alison FIN:EX" <Alison.Andrews@gov.bc.ca>, "Klear, Darshi D FIN:EX"
<Darshi.Klear@gov.bc.ca>
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Date: >
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| 01/11/2013 03:25 PM
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Subject: >
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| RE: FW: Legal Fees
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Hi Don,

s13, s17

If you could please confirm the equivalent amount in RMB as soon as you are able.

Regards,
David

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Friday, November 1, 2013 12:17 PM
To: Latham, David FIN:EX
Cc: Andrews, Alison FIN:EX; Klear, Darshi D FIN:EX
Subject: Re: FW: Legal Fees

Hi David

s13, s17

s13, s17 Thanks

Don Delisle
DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953

Email. Don_Delisle@hsbc.ca

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| From: |
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| "Latham, David FIN:EX" <David.Latham@gov.bc.ca>

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|----->
| To: |
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| Don Delisle/HBCA/HSBC@HSBC02
|

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| Cc: |
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| "Klear, Darshi D FIN:EX" <Darshi.Klear@gov.bc.ca>, "Andrews, Alison
FIN:EX" <Alison.Andrews@gov.bc.ca> |

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| Date: |
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| 01/11/2013 02:59 PM
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| Subject: |
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| FW: Legal Fees
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Hi Don,

s13, s17

Regards,
David

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Thursday, October 17, 2013 3:38 PM
To: Klear, Darshi D FIN:EX
Cc: Kevin Galligan
Subject: Re: Legal Fees

Hi Darshi

Thanks for the response and we completely understand your position. We have sent a message to HK to ensure they can pay semi annual on the deposit. We would expect a response in the next few hours.

Speak with you in the morning

Best Regards

Best Regards

Don Delisle
Debt Capital Markets
B (416) 868-3953
C s22
don_delisle@hsbc.ca

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<http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer>

----- Original Message -----

From: "Klear, Darshi D FIN:EX" [Darshi.Klear@gov.bc.ca]
Sent: 10/17/2013 03:12 PM MST
To: Don Delisle
Subject: RE: Legal Fees

Hi Don,

s13, s17

Also, in looking at the last few sets of docs sent over, I see that the draft term sheet indicates that the bond will pay semi annual interest. Will that be the case for the time deposit? I cannot stress enough that the time deposit earnings must pay the bond interest payment on the due dates and in full. We will deal with any residual in the time deposit account upon maturity of the bond. I am also wondering if there are any fees related to the time deposit - if so, then they must be factored into the overall cost etc. Will there be any regular reporting on the time deposit?

Look forward to speaking with you tomorrow and getting more details on the time deposit.
Thanks Don.

Darshi

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Thursday, October 17, 2013 11:11 AM
To: Klear, Darshi D FIN:EX
Subject: Legal Fees

Hi Darshi

Best Regards

Don Delisle
DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953

Email. Don_Delisle@hsbc.ca

Internet. <http://This email must be read with the following disclaimer attached>

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Chand, Rita FIN:EX

From: Klear, Darshi D FIN:EX
Sent: Thursday, October 31, 2013 9:29 PM
To: Wingerter, Dean M FIN:EX; Popham, Rex T FIN:EX; Latham, David FIN:EX; Shepherd, Michael J JAG:EX; Bindra, Homi JAG:EX; 'Ethan Siller'; 'Kevin Roggow'; Andrews, Alison FIN:EX; Philadelphia, Neil FIN:EX; Redchurch, Kevin FIN:EX; Landry, Dara M FIN:EX; O'Rae, Matthew FIN:EX; Tascon, Alvaro FIN:EX; Hope, Jean FIN:EX
Cc: Hopkins, Jim FIN:EX; Pierce, Tim W FIN:EX
Subject: Pricing on RMB trade

Follow Up Flag: Follow up
Flag Status: Flagged

Just to let you know that we priced the RMB trade tonight.

\$2.5 billion RMB
Coupon : 2.25%
Price: Par
Listing: Luxembourg
Settlement: Nov 13/13
Maturity: Nov 13/14

Will be on Bloomberg for open. Talk to you all in the morning.

The term/time deposit rate is confirmed at 2.50%

Quite a deal! Largest ever by a foreign sovereign issuer.

Darshi

Chand, Rita FIN:EX

From: Klear, Darshi D FIN:EX
Sent: Monday, October 28, 2013 3:47 PM
To: Latham, David FIN:EX
Subject: FW: Cashflows
Attachments: BC CNY carry T+7 settle.xls

Follow Up Flag: Follow up
Flag Status: Flagged

Darshi

-----Original Message-----

From: Hopkins, Jim FIN:EX
Sent: Monday, October 28, 2013 3:14 PM
To: Klear, Darshi D FIN:EX
Subject: FW: Cashflows

For your review plse and call with Darshi at 4 pm..

Thx Jim

-----Original Message-----

From: Don.Delisle@hsbc.ca [mailto:Don.Delisle@hsbc.ca]
Sent: Monday, October 28, 2013 3:07 PM
To: Hopkins, Jim FIN:EX
Subject: Cashflows

Hi Jim

Please find attached. Using the following assumptions:

Pricing of a 1 billion CNY issue on Friday November 1, T+7 for settlement on November 13.

7.5 cents commission so proceeds are 999,250,000

Put into a 364 day deposit paying 15 bps over the rate on the debt issue
Act/360 payable semi annually. (Note: must be 364 days as BONY must receive CNY coupons and principal 1 day prior to due date to allow them to make investor payments). Coupons must be paid 1 day earlier as well.

Can you have a look at the cashflows and I will call to discuss. Thanks

(See attached file: BC CNY carry T+7 settle.xls)

Don Delisle
DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953
Email. Don.Delisle@hsbc.ca
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Province of British Columbia RMB Deposit

Notional Proceeds	1,000,000,000 999,250,000	Debt		act/365f	Deposit		act/360	Positive Spread
		<u>dates</u>	<u>days</u>		<u>dates</u>	<u>days</u>		
		2013-11-13			2013-11-13			999,250,000.00
		2014-05-13	181	11,653,424.66	2014-05-12	180	12,490,625.00	837,200.34
		2014-11-13	184	11,846,575.34	2014-11-12	184	12,768,194.44	921,619.10
			<u>365</u> days			<u>364</u> days	Principal Payment	- 1,000,000,000.00
								<u>1,008,819.44</u>

Settlement - T+7

Business Days - Hong Kong, London, NY, Toronto

Chand, Rita FIN:EX

From: Klear, Darshi D FIN:EX
Sent: Tuesday, October 22, 2013 8:56 AM
To: 'Don_Delisle@hsbc.ca'; 'dean.wheller@bnymellon.com'; 'Elsa Y H Wang'; Hopkins, Jim FIN:EX
Cc: 'alan.dean@davispolk.com'; Latham, David FIN:EX; 'dean.wheller@bnymellon.com'; 'diane.m.kenna@us.hsbc.com'; 'ethan.siller@shearman.com'; 'its.closings@bankofny.com'; 'jamie.nielsen@bnymellon.com'; 'jean.weng@davispolk.com'; 'jlehner@shearman.com'; 'kevin.galligan@us.hsbc.com'; 'kevin.roggow@shearman.com'; 'lesley.daley@bnymellon.com'; 'luiz.f.lanfredi@us.hsbc.com'; 'mabelmok@hsbc.com.hk'; 'markcyli@hsbc.com.hk'; 'MFruchter@perkinscoie.com'; Shepherd, Michael J JAG:EX; 'nataliewktsui@hsbc.com.hk'; 'peterchan@hsbc.com.hk'; 'roshni.banker@davispolk.com'; 'sean.m.hayes@us.hsbc.com'; 'teisha.wright@bnymellon.com'; 'teresalau@hsbc.com.hk'; 'tscott@farris.com'; 'ian.s.m.kwok@hsbc.com.sg'
Subject: RE: RMB settlement mechanics -- timeline
Follow Up Flag: Follow up
Flag Status: Flagged

Hi Don, we need to understand how this account and time deposit work. Will there be a confirmation that we receive that states the interest rate, how often calculated and paid, how much notice required to make deposits and withdrawals from the account. Since we are expecting a positive carry, the amount not required for interest payments under the note should be held within the account until maturity. Is interest compounded?

We don't really have any information about the time deposit, only that the bank account has been established. WE will need the documentation supporting the time deposit asap, ok?

Darshi

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Monday, October 21, 2013 7:56 PM
To: 'dean.wheller@bnymellon.com'; Klear, Darshi D FIN:EX; Elsa Y H Wang
Cc: 'alan.dean@davispolk.com'; Latham, David FIN:EX; 'dean.wheller@bnymellon.com'; 'diane.m.kenna@us.hsbc.com'; 'ethan.siller@shearman.com'; 'its.closings@bankofny.com'; 'jamie.nielsen@bnymellon.com'; 'jean.weng@davispolk.com'; 'jlehner@shearman.com'; 'kevin.galligan@us.hsbc.com'; 'kevin.roggow@shearman.com'; 'lesley.daley@bnymellon.com'; 'luiz.f.lanfredi@us.hsbc.com'; 'mabelmok@hsbc.com.hk'; 'markcyli@hsbc.com.hk'; 'MFruchter@perkinscoie.com'; Shepherd, Michael J JAG:EX; 'nataliewktsui@hsbc.com.hk'; 'peterchan@hsbc.com.hk'; 'roshni.banker@davispolk.com'; 'sean.m.hayes@us.hsbc.com'; 'teisha.wright@bnymellon.com'; 'teresalau@hsbc.com.hk'; 'tscott@farris.com'; 'ian.s.m.kwok@hsbc.com.sg'
Subject: Re: RMB settlement mechanics -- timeline

Good morning Dean

We have one final question for you. Can you please confirm the cutoff time that BONY London needs the coupon and principal payments. Is it same day or one day prior to the payment dates. Thanks

Best Regards

Don Delisle
Debt Capital Markets

B (416) 868-3953
C s22
don_delisle@hsbc.ca

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|From: |
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|Elsa Y H Wang
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|To: |
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|----->
|"Klear, Darshi D FIN:EX" <Darshi.Klear@gov.bc.ca>
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|"alan.dean@davispolk.com" <alan.dean@davispolk.com>; "Latham, David FIN:EX"
<David.Latham@gov.bc.ca>; "dean.wheller@bnymellon.com" |
|<dean.wheller@bnymellon.com>; Diane M Kenna; Don Delisle; "ethan.siller@shearman.com"
<ethan.siller@shearman.com>; |
|"its.closings@bankofny.com" <its.closings@bankofny.com>; "jamie.nielsen@bnymellon.com"
<jamie.nielsen@bnymellon.com>; |
|"jean.weng@davispolk.com" <jean.weng@davispolk.com>; "jlehner@shearman.com"
<jlehner@shearman.com>; Kevin Galligan; |
|"kevin.roggow@shearman.com" <kevin.roggow@shearman.com>; "lesley.daley@bnymellon.com"
<lesley.daley@bnymellon.com>; Luiz F Lanfredi; |
|Mabel W H MOK; Mark C Y LI; "MFruchter@perkinscoie.com" <MFruchter@perkinscoie.com>;
"Shepherd, Michael J JAG:EX" |
|<Michael.Shepherd@gov.bc.ca>; Natalie W K TSUI; Peter T M CHAN;
"roshni.banker@davispolk.com" <roshni.banker@davispolk.com>; Sean M |
|Hayes; "teisha.wright@bnymellon.com" <teisha.wright@bnymellon.com>; Teresa S K LAU;
"tscott@farris.com" <tscott@farris.com>; Ian S M |
|KWOK
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 |10/21/2013 12:26 PM CDT
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 |RE: RMB settlement mechanics -- timeline
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All -- please find attached a timeline in table format.

A few action items by BNYM require BNYM's input at the bottom row of the table.

[attachment "BC Timeline.xls" deleted by Don Delisle/HBCA/HSBC]

Please let us know if you have any comments.

Regards,
 Elsa

Elsa Y. Wang
 HSBC Securities (USA) Inc. | Global Capital Financing Transaction Management, Americas
 452 Fifth Avenue, New York, NY 10018

Phone. 212.525.3320
 Mobile. s22
 Email. elsa.wang@us.hsbc.com

From: "Klear, Darshi D FIN:EX" <Darshi.Klear@gov.bc.ca>
 To: Elsa Y H Wang/HBUS/HSBC@HSBC02, "'alan.dean@davispolk.com'"
 <alan.dean@davispolk.com>, "Latham, David FIN:EX"
 <David.Latham@gov.bc.ca>, "'dean.wheller@bnymellon.com'"
 <dean.wheller@bnymellon.com>, Diane M Kenna/HBUS/HSBC@HSBC02, Don

Delisle/HBCA/HSBC@HSBC02, "ethan.siller@shearman.com"
 <ethan.siller@shearman.com>, "its.closings@bankofny.com"
 <its.closings@bankofny.com>, "jamie.nielsen@bnymellon.com"
 <jamie.nielsen@bnymellon.com>, "jean.weng@davispolk.com"
 <jean.weng@davispolk.com>, "jlehner@shearman.com" <jlehner@shearman.com>,
 Kevin Galligan/HBUS/HSBC@HSBC02,
 "lesley.daley@bnymellon.com" <lesley.daley@bnymellon.com>, Luiz F
 Lanfredi/HBUS/HSBC@HSBC02, Mabel W H MOK/HBAP/HSBC@HSBC03,
 Mark C Y LI/HBAP/HSBC@HSBC03, "MFruchter@perkinscoie.com"
 <MFruchter@perkinscoie.com>, "Shepherd, Michael J JAG:EX"
 <Michael.Shepherd@gov.bc.ca>, Natalie W K TSUI/HBAP/HSBC@HSBC03, Peter T M
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 "roshni.banker@davispolk.com" <roshni.banker@davispolk.com>, Sean M
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 <teisha.wright@bnymellon.com>, Teresa S K LAU/HBAP/HSBC@HSBC03,
 "tscott@farris.com" <tscott@farris.com>,
 "kevin.roggow@shearman.com" <kevin.roggow@shearman.com>

Date: 10/18/2013 05:33 PM

Subject: RE: RMB settlement mechanics -- timeline

Thanks for this Elsa, much appreciated. I notice that the closing timeframe has changed from T+7 to T+10. Please confirm this is correct.

Also, I think it would be helpful to break down amongst, Victoria, Tor/NY, London and HK date and time in the timeline. For example in #3 "2 business days before closing" HSBC is to send instructions to Euroclear - but what day or time will it be in Victoria. Or even in the case of closing date is that Victoria time? I'm not sure how important it is to everyone, but for example in #5 and #7 the times are broken down. In #8 and #9 BC won't be able to confirm receipt of funds as it will be 1:30 am BC time. Not sure how we handle that. Perhaps a table format would be easier for all to follow. Just a suggestion.

Darshi

From: elsa.wang@us.hsbc.com [mailto:elsa.wang@us.hsbc.com]
 Sent: Friday, October 18, 2013 1:09 PM
 To: alan.dean@davispolk.com; anitasmau@hsbc.com.hk; Klear, Darshi D FIN:EX; Latham, David FIN:EX; dean.wheller@bnymellon.com; diane.m.kenna@us.hsbc.com; don_delisle@hsbc.ca; elsa.wang@us.hsbc.com; ethan.siller@shearman.com; its.closings@bankofny.com; jamie.nielsen@bnymellon.com; jean.weng@davispolk.com; jlehner@shearman.com; Kevin.galligan@us.hsbc.com; lesley.daley@bnymellon.com; luiz.f.lanfredi@us.hsbc.com; mabelmok@hsbc.com.hk; markcyli@hsbc.com.hk; MFruchter@perkinscoie.com; Shepherd, Michael J JAG:EX; nataliewktsui@hsbc.com.hk; peterchan@hsbc.com.hk; roshni.banker@davispolk.com; sean.m.hayes@us.hsbc.com; teisha.wright@bnymellon.com; teresalau@hsbc.com.hk; tscott@farris.com; kevin.roggow@shearman.com
 Subject: RMB settlement mechanics -- timeline

Dear all -- as discussed on our earlier call, please find attached a draft of the step-by-step process for settlement, which includes timing of expected deliverables for each party.

Please let us know if you have any comments.

For BC's and Shearman's reference, attached are examples of the payment instruction letters that will need to be drafted and provided to the Common Depositary and HSBC Hong Kong.

Thanks,
Elsa

Elsa Y. Wang
HSBC Securities (USA) Inc. | Global Capital Financing Transaction Management, Americas
452 Fifth Avenue, New York, NY 10018

Phone. 212.525.3320
Mobile. s22
Email. elsa.wang@us.hsbc.com

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Chand, Rita FIN:EX

From: Hope, Jean FIN:EX
Sent: Wednesday, October 23, 2013 7:48 AM
To: Latham, David FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX
Cc: FIN PT DMB Back Office; Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

Sounds good. Please provide the investment details when you have them and we will have a letter ready to go should it be required. I will advise my contact at HSBC Hong Kong in advance that we may be sending the letter and confirm that they will be able to act on the instructions without any problems.

Please let me know if you need anything else.

Thanks,
Jean

From: Latham, David FIN:EX
Sent: Tuesday, October 22, 2013 9:35 PM
To: Hope, Jean FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX
Cc: FIN PT DMB Back Office; Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi Jean,

That is correct, we would require assistance in moving funds from the RMB bank account to the RMB time deposit. Unfortunately, the Province (DMB) doesn't have direct control over the wire coming into the RMB bank account (the funds are wired by our fiscal agent to the RMB bank account; therefore, we would be relying on a third party to complete our investment instructions on the wire moving the bond proceeds into this bank account. I will attempt to receive a guarantee from our fiscal agent that their wire group will enter the investment details into the wire; however, please be prepared to issue a letter of direction to HSBC for the investment should our Fiscal Agent not accept/guarantee that our request will be carried out.

I also have a contact with HSBC (is coordinating the bond and the investment terms so the cashflows match – this person could assist with logistics of the letter if that would help. HSBC has confirmed they can trade match the bond settlement with the investment in the time deposit (same day). As soon as we receive confirmation of the terms for the investment from HSBC I will advise BCM (they have been given our investment terms which they need to meet or exceed so final investment details are still uncertain). I expect these details will be provided by HSBC shortly after the bond issue has been launched.

Please note, the bond issue could be launched tomorrow; however, settlement will not be for a few days (ie. Oct 31st).

Thanks,
David

From: Hope, Jean FIN:EX
Sent: Tuesday, October 22, 2013 4:08 PM
To: Latham, David FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX

Cc: FIN PT DMB Back Office; Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

So this is now a different request. What you want our help with is moving money from the chequing account in Hong Kong to the investment account only? As stated in the letter we sent to you with the instructions from Hong Kong Bank, instructions for this transfer would normally be provided with the initial deposit, i.e. the bond settlement. Since you haven't provided instructions with the bond settlement wire you will have to prepare a letter signed by two signing officers (Jean, Beau, Jim, Reg or Chris) giving the Renminbi amount and the term you would like to invest. We could do this letter for you if you provide the investment information. I'm not sure where the letter needs to be sent but we can probably get HSBC Vancouver to help us forward the letter to the right person at HSBC Hong Kong. I do have a contact in Hong Kong as well so I could email her directly and find out that way as well.

Please provide me with the details of the investment as soon as you have them and we will begin to draft the letter.

I'm not sure with the time difference when we can complete this transfer but we will attempt to do it as soon as possible.

Please give me a call if you wish to discuss.

Regards,
Jean

From: Latham, David FIN:EX
Sent: Tuesday, October 22, 2013 3:46 PM
To: Hope, Jean FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX
Cc: FIN PT DMB Back Office; Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi Jean,

Perhaps I'm missing something here as I was under the impression that instructions to move funds from one bank account to another (the Time Deposit account) would have to be done by someone in BCM (I may have incorrectly assumed it might be Cora). If this is not the case, perhaps we could clarify who has authorization to move/transfer funds between the two HSBC accounts. (are you saying DMB has authorization to give these instructions to HSBC?...if so, who in DMB has authorization?)

David

From: Hope, Jean FIN:EX
Sent: Tuesday, October 22, 2013 3:37 PM
To: Latham, David FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX
Cc: FIN PT DMB Back Office; Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

Why would Cora be doing this wire? We are not wiring the funds from our account.

From: Latham, David FIN:EX
Sent: Tuesday, October 22, 2013 3:29 PM
To: Hope, Jean FIN:EX; Stephenson, Wanda FIN:EX; Hoover, Cora D FIN:EX
Cc: FIN PT DMB Back Office; Andrews, Allison FIN:EX
Subject: RE: re: Renminbi bank account

Hi Jean/Cora,

When we forward the manual wire to Cora for processing would you like DMB to use the manual form ("Request for Wire Transfer") and write under the "Reference:" field within the "Beneficiary's Bank Information" section, the investment instructions (which will need to be added to the wire/transfer provided to HSBC by BCM)? We will indicate RMB (for Renminbi) for the currency and also indicate under "For internal Treasury Use Only", in the comments section the account the funds are to be transferred from (ie. s17).

Thanks,
David

From: Hope, Jean FIN:EX
Sent: Tuesday, October 22, 2013 2:36 PM
To: Latham, David FIN:EX
Cc: Stephenson, Wanda FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

As of today, we do not have access to the account on HSBCnet and will not likely have it by tomorrow. If you have requirements to move money into this account, we have sent you a copy of the letter from HSBC Hong Kong specifying how to wire money to the account and how to provide investment instructions.

Please let me know if you need any further assistance from us.

Regards,
Jean

From: Latham, David FIN:EX
Sent: Tuesday, October 22, 2013 2:25 PM
To: Hope, Jean FIN:EX; Inness, Allyson FIN:EX; Stephenson, Wanda FIN:EX
Cc: Andrews, Allison FIN:EX
Subject: RE: re: Renminbi bank account

Thanks Jean....fyi...the bond issue has been postponed from today until tomorrow...Wednesday.

David

From: Hope, Jean FIN:EX
Sent: Tuesday, October 22, 2013 1:38 PM

To: Latham, David FIN:EX; Inness, Allyson FIN:EX; Stephenson, Wanda FIN:EX
Cc: Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

We are in the process of checking that the wire went through. HSBC will be able to have the account reflected online; we are working on this. Because of the time difference we won't be able to get any answers until late today or tomorrow. When you say the bond issue could occur Tuesday/Wednesday; did you mean today?

Jean

From: Latham, David FIN:EX
Sent: Tuesday, October 22, 2013 1:21 PM
To: Hope, Jean FIN:EX; Inness, Allyson FIN:EX; Stephenson, Wanda FIN:EX
Cc: Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Ok, thanks.....I'm assuming the wire went through ok. If HSBC is unable to have the account reflected so you can view online, I'm assuming manual wire/transfer instructions would be provided to HSBC by BCM (?) with investment instructions.

David

From: Hope, Jean FIN:EX
Sent: Tuesday, October 22, 2013 9:19 AM
To: Latham, David FIN:EX; Inness, Allyson FIN:EX; Stephenson, Wanda FIN:EX
Cc: Andrews, Alison FIN:EX
Subject: RE: re: Renminbi bank account

Hi David,

We cannot see the account right now. We are contacting HSBC this morning to look into this and will get back to you as soon as we hear.

From: Latham, David FIN:EX
Sent: Monday, October 21, 2013 5:26 PM
To: Hope, Jean FIN:EX; Inness, Allyson FIN:EX; Stephenson, Wanda FIN:EX
Cc: Andrews, Alison FIN:EX
Subject: re: Renminbi bank account

Hi all,

Just wanted to confirm that the HSBC bank account can be viewed online. Fyi...a possible bond issue could occur as early as Tuesday/Wed.

Thanks,

David

Chand, Rita FIN:EX

From: Hopkins, Jim FIN:EX
Sent: Thursday, October 17, 2013 6:32 PM
To: Klear, Darshi D FIN:EX
Cc: Latham, David FIN:EX; Pierce, Tim W FIN:EX
Subject: Re: Legal Fees

Darshi.

s13, s17

s13, s17

Cheers Jim

----- Original Message -----

From: Klear, Darshi D FIN:EX
Sent: Thursday, October 17, 2013 03:12 PM Pacific Standard Time
To: 'Don_Delisle@hsbc.ca' <Don_Delisle@hsbc.ca>
Subject: RE: Legal Fees

Hi Don,

s13, s17

Also, in looking at the last few sets of docs sent over, I see that the draft term sheet indicates that the bond will pay semi annual interest. Will that be the case for the time deposit? I cannot stress enough that the time deposit earnings must pay the bond interest payment on the due dates and in full. We will deal with any residual in the time deposit account upon maturity of the bond. I am also wondering if there are any fees related to the time deposit - if so, then they must be factored into the overall cost etc. Will there be any regular reporting on the time deposit?

Look forward to speaking with you tomorrow and getting more details on the time deposit.
Thanks Don.

Darshi

-----Original Message-----

From: Don_Delisle@hsbc.ca [mailto:Don_Delisle@hsbc.ca]
Sent: Thursday, October 17, 2013 11:11 AM
To: Klear, Darshi D FIN:EX
Subject: Legal Fees

Hi Darshi

In follow up to our conversation regarding legal fees, we just received estimates for our external counsel.

Davis Polk & Wardell (US Counsel) \$175,000 (USD Global fees are \$125,000)

Farris Vaughan Wills & Murphy (Canadian Counsel) \$ 50,000 (USD Global fees are \$30,000)

Thanks for considering Darshi

Best Regards

Don Delisle
DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953
Email. Don_Delisle@hsbc.ca
Internet. <http://This email must be read with the following disclaimer attached>

<http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer>

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Chand, Rita FIN:EX

From: Hopkins, Jim FIN:EX
Sent: Friday, January 3, 2014 5:13 PM
To: XT:Brown, Brian MIT:IN; Buttner, Klaus MIT:EX
Cc: Zhu, Raymond MIT:EX; Han, Henry MIT:EX; Klear, Darshi D FIN:EX; Latham, David FIN:EX; Edwardson, Jamie GCPE:EX; Pierce, Tim W FIN:EX
Subject: Province's offshore RMB issue

Brian/Klaus...for your further reference the following is some additional background and factoids on the province's CNH bond issue which may be handy at the various forums and the Finance Asia award dinner

Cheers Jim

- The province will continue to monitor the offshore RMB bond market and will hope to do another issue next fiscal year. We see good value in being an early- mover and getting name-recognition in this emerging and maturing capital market which has great promise for becoming a competitive alternative for highly-rated international issuers.
- The province's RMB 2.5 billion bond was for a 1-year term. The bond was marketed over 24 hours through the world's financial centers with price guidance of 2.35 percent and orders grew to over RMB 4 billion. The province was able to place RMB 2.5 billion(Cdn\$ 428 million equivalent) with quality investors who agreed to a coupon which was 10 basis points LOWER at 2.25 percent. The province priced its issue 15 basis points below the Government of China which was not expected to be possible.
- The final size of the issue was significantly larger than expected . We told the province's lead manager, HSBC , that we did not want to do anything less than the benchmark size in the CNH market which is RMB 500 million . Not only was the province able to exceed that level , it was able to do so and lower the cost to the province which was a testament to the value accorded by CNH investors to BC as a triple-A foreign government credit .
- Nearly 60 percent of the issue was bought by investors from Asia, largely based in Hong Kong, and 40 percent was placed in the US with 1 percent in Europe and Africa. About 62 percent of the issue was bought by central banks and official institutions.
- The province invested the proceeds from the bond in a RMB-denominated bank deposit, and generated a positive return and avoided any foreign exchange risk. Hedging the issue into a Canadian dollar liability would have been expensive compared to the province's cost of borrowing.
- The lead manager and sole book runner on the deal was HSBC. The dealer was responsible for managing investor orders, communicating to the financial community as the order book from around the world grew and advising the province on final pricing . HSBC did an excellent job of building the investor order book and advising the province on timing and pricing for a well received CNH deal. The Bank of China and the Industrial and Commercial Bank of China served as co-managers on this bond issue and each were given a 5 % allocation by the province. We were pleased to have these Chinese banks support the province on its debut offering and recognize their coverage of the province in the CNH market and their capabilities as CNH underwriters .

Duplicate

Duplicate

Chand, Rita FIN:EX

From: Latham, David FIN:EX
Sent: Wednesday, November 6, 2013 1:37 PM
To: Pierce, Tim W FIN:EX
Subject: FW: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13

Follow Up Flag: Follow up
Flag Status: Flagged

Fyi...

From: Klear, Darshi D FIN:EX
Sent: Wednesday, November 6, 2013 1:36 PM
To: Bawa, Reg R FIN:EX; Latham, David FIN:EX
Cc: Plummer, Glen GCPE:EX
Subject: FW: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13

Here is what I supplied to glenn yesterday. I'll talk to hsbc to see if they have any problems with advising of the rate. I just don't think we've made it public at this point.

Darshi

From: Klear, Darshi D FIN:EX
Sent: Tuesday, November 5, 2013 11:36 AM
To: Plummer, Glen GCPE:EX
Subject: Re: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13

Maybe just say invested at a higher rate

Sent from my BlackBerry 10 smartphone.

From: Plummer, Glen GCPE:EX
Sent: Tuesday, November 5, 2013 11:16 AM
To: Klear, Darshi D FIN:EX
Subject: RE: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13

I've tweaked the details a bit. Please let me know if this works for you.

Reporter / Outlet / Contact: Andrew MacLeod – The Tyee, amacleod@thetyee.ca

Deadline: 2 p.m. today, Nov. 05

Request: reporter would like more details about how the Province is reinvesting the Renminbi funds.

Recommendation / Response: GCPE on background.

The Province has invested the proceeds of the Renminbi (RMB) sale in a RMB-denominated investment – similar to a term-deposit, resulting in a positive return and protecting against foreign exchange risk.

The interest rate we pay on the bond issue is 2.25 per cent and the term-deposit like investment we purchased with the RMB funds provides a 2.50 per cent rate of return.

Date & Time of Inquiry: 10:33 AM, Nov. 5, 13

From: Klear, Darshi D FIN:EX
Sent: November-05-13 11:11 AM
To: Plummer, Glen GCPE:EX
Subject: RE: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13

Sure that looks fine. The bond issue was done at 2.25% coupon and the reinvestment of the proceeds is at 2.50%. So we were able to reinvest at a higher rate than what we borrowed at. Not sure if you want to mention all of that. The net gain is about 14 basis points after commissions and fees. I'll leave that to you but the attachment looks fine.

Darshi

From: Plummer, Glen GCPE:EX
Sent: Tuesday, November 5, 2013 11:08 AM
To: Klear, Darshi D FIN:EX
Subject: FIN Media Req: Andrew MacLeod - The Tyee - Renminbi bond issue - 05 Nov 13
Importance: High

Hi Darshi,

Thanks for your help with this.

For your review/input.

Reporter / Outlet / Contact: Andrew MacLeod – The Tyee, amacleod@thetyee.ca

Deadline: 2 p.m. today, Nov. 05

Request: reporter would like more details about how the Province is reinvesting the Renminbi funds.

Recommendation / Response: GCPE on background.

The Province has invested the proceeds of the Renminbi (RMB) sale in a RMB-denominated investment – similar to a term-deposit, resulting in a positive return and protecting against foreign exchange risk.

Date & Time of Inquiry: 10:33 AM, Nov. 5, 13

Glen Plummer
Senior Communications Officer
Government Communications and Public Engagement
250 387-3514

Chand, Rita FIN:EX

From: Latham, David FIN:EX
Sent: Tuesday, November 5, 2013 9:22 AM
To: 'teresalau@hsbc.com.hk'; 'Don_Delisle@hsbc.ca'
Cc: Andrews, Alison FIN:EX; 'bryanwong@hsbc.com.hk'; Klear, Darshi D FIN:EX; 'karenkam@hsbc.com.hk'; 'timothysyyip@hsbc.com.hk'
Subject: RE: Fw: BC

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Don/Teresa,

I would like to confirm if HSBC will require instructions from the Province to move the funds from the Bank Account to the Time Deposit or if HSBC will move these funds automatically on our behalf in order to ensure the funds are invested same day within the Time Deposit account according to the terms agreed upon. (ie. 2.50%, semi-annual interest payments (May 12th and November 12th) to mature on November 12, 2014). Please note, we are attempting to include these investment details within our bond settlement wire instruction letter; however, HSBC has requested our instructions for investment (provided in the Bank to Bank field) be removed from the bond settlement letter.

Regards,
David

From: teresalau@hsbc.com.hk [mailto:teresalau@hsbc.com.hk]
Sent: Monday, November 4, 2013 6:39 PM
To: Don_Delisle@hsbc.ca
Cc: Andrews, Alison FIN:EX; bryanwong@hsbc.com.hk; Klear, Darshi D FIN:EX; Latham, David FIN:EX; karenkam@hsbc.com.hk; timothysyyip@hsbc.com.hk
Subject: Re: Fw: BC

Don

Thank you very much !

Karen Kam from our Global Market Operations, cc-ed in this email, may contact Darshi, David and Alison.

Regards

Teresa S K LAU

Vice President, Financial Institutions Group, Global Banking
The Hongkong and Shanghai Banking Corporation Limited
Level 16, HSBC Main Building, 1 Queens Road Central, Hong Kong

Phone. 852 28223865
Fax. 852 34187084
Email. teresalau@hsbc.com.hk

Don Delisle---11/04/2013 08:55:52 PM---Hi Teresa The contacts at the Province of British Columbia are Darshi, David and Alison, all copied

From: Don Delisle/HBCA/HSBC@HSBC02
To: Teresa S K LAU/HBAP/HSBC@HSBC03
Cc: Karen S M KAM/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03, "Klear, Darshi D FIN:EX" <Darshi.Klear@gov.bc.ca>, "Andrews, Alison FIN:EX" <Alison.Andrews@gov.bc.ca>, David.Latham@gov.bc.ca, Bryan S M WONG/HMR/HMAL/HSBC@HSBC03
Date: 11/04/2013 08:55 PM
Subject: Re: Fw: BC

Hi Teresa

The contacts at the Province of British Columbia are Darshi, David and Alison, all copied on this email. The proceeds that will be deposited (David can you please confirm amount) are as follow:

Bond 2,500,000,000
less commission 1,875,000
less legal expense 875,775

Net Proceeds to be invested 2,497,249,225

Don Delisle
DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953
Email. Don_Delisle@hsbc.ca
Internet. <http://This email must be read with the following disclaimer attached>
<http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer>

Teresa S K LAU---04/11/2013 04:36:49 AM---Don Our GM is accepting the RMB deposit from the Province of BC. Do you have the client contact and

From: Teresa S K LAU/HBAP/HSBC@HSBC03
To: Don Delisle/HBCA/HSBC@HSBC02
Cc: Timothy S Y YIP/HBAP/HSBC@HSBC03, Karen S M KAM/HBAP/HSBC@HSBC03
Date: 04/11/2013 04:36 AM
Subject: Re: Fw: BC

Don

Our GM is accepting the RMB deposit from the Province of BC. Do you have the client contact and their address so that GM can send them the confirmation ?

Regards

Teresa S K LAU

Vice President, Financial Institutions Group, Global Banking
The Hongkong and Shanghai Banking Corporation Limited
Level 16, HSBC Main Building, 1 Queens Road Central, Hong Kong

Phone. 852 28223865
Fax. 852 34187084
Email. teresalau@hsbc.com.hk

Don Delisle---10/23/2013 11:28:32 AM---Hi Bryan Delphine and I just spoke with Mark and we have confirmed that everything is put in place a

From: Don Delisle/HBCA/HSBC@HSBC02
To: Bryan S M WONG/HMR/HMAL/HSBC@HSBC03, Sean M Hayes/HBUS/HSBC@HSBC02
Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, Delphine LEE/HBAP/HSBC@HSBC03, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, Jason R Henderson/HBCA/HSBC@HSBC02, Kevin Galligan/HBUS/HSBC@HSBC02, Mark C Y LI/HBAP/HSBC@HSBC03, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03
Date: 10/23/2013 11:28 AM
Subject: Re: Fw: BC

Hi Bryan

Delphine and I just spoke with Mark and we have confirmed that everything is put in place and we just need BC's go ahead to launch.

Best Regards

Don Delisle
Debt Capital Markets
B (416) 868-3953
C s22
don_delisle@hsbc.ca

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Bryan S M WONG---10/22/2013 09:23 PM CDT---Sean, Don, I have no issue with the calculation of the interests on the deposits in your spreadsheet

From: Bryan S M WONG
To: Sean M Hayes; Don Delisle
Cc: Andrew D PORTER; Delphine LEE; James FIELDER; James Sanders; Jason R Henderson; Kevin Galligan; Mark C Y LI; Teresa S K LAU; Timothy S Y YIP
Date: 10/22/2013 09:23 PM CDT
Subject: Re: Fw: BC

Sean, Don,

I have no issue with the calculation of the interests on the deposits in your spreadsheets. But please make sure the payment can be wired to the issuer's paying agent on those dates, in particular there are some UK and HK holidays around the payment dates.

Also, on the term sheets, please check if the business day convention and business days are correct, as one of the interest payment date actually falls on a UK holiday.

Regards,

Bryan S M WONG

Head of Balance Sheet Management, Hong Kong | The Hongkong and Shanghai Banking Corporation Limited
L18, HSBC Main Building, 1 Queens Road Central, Hong Kong

Phone	852 2822 3088
Fax	852 2218 9822
Email	bryanwong@hsbc.com.hk

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Sean M Hayes---10/23/2013 05:59:24 AM---Hi Bryan, Delphine, Don is in NY and does not have access to his computer, so sending on his behalf.

From: Sean M Hayes/HBUS/HSBC@HSBC02

To: Bryan S M WONG/HMR/HMAL/HSBC@HSBC03

Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, Delphine LEE/HBAP/HSBC@HSBC03, Don Delisle/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Mark C Y LI/HBAP/HSBC@HSBC03, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03, Jason R Henderson/HBCA/HSBC@HSBC02

Date: 10/23/2013 05:59 AM

Subject: Re: Fw: BC

Hi Bryan, Delphine,

Don is in NY and does not have access to his computer, so sending on his behalf. As you are aware, the BC RMB issue has been delayed to launch until tomorrow. We have put two termsheets and two cash flow statements - one each for T+7 and one each for T+10. We have taken into account the holidays. Can you please have a look and ensure you agree with the calculations.

Don will give you a call later after a client function.

Thanks

[attachment "BC CNY carry T+7 settle.xls" deleted by Bryan S M WONG/HMR/HMAL/HSBC] [attachment "BC CNY carry T+10 settle.xls" deleted by Bryan S M WONG/HMR/HMAL/HSBC] [attachment "Province of British Columbia DRAFT Deposit Termsheet T+7.doc" deleted by Bryan S M WONG/HMR/HMAL/HSBC] [attachment "Province of British Columbia DRAFT Deposit Termsheet T+10.doc" deleted by Bryan S M WONG/HMR/HMAL/HSBC]

Sean M. Hayes

Assistant Vice President, Public Sector DCM | HSBC Securities (USA) Inc.
452 Fifth Avenue, New York, NY 10018, USA

Phone. 212-525-3653
Mobile. s22
Email. sean.m.hayes@us.hsbc.com

Bryan S M WONG---10/21/2013 10:17:48 PM---Don, I think it's better for me to reply your separate mails here so to keep the wider group in the

From: Bryan S M WONG/HMR/HMAL/HSBC@HSBC03
To: Don Delisle/HBCA/HSBC@HSBC02, Delphine LEE/HBAP/HSBC@HSBC03
Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Mark C Y LI/HBAP/HSBC@HSBC03, Sean M Hayes/HBUS/HSBC@HSBC02, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03
Date: 10/21/2013 10:17 PM
Subject: Re: Fw: BC

Don,

I think it's better for me to reply your separate mails here so to keep the wider group in the loop.

- The 2.65% indication is an annual rate. Please take 2.63% instead as the best indication for semi-annual rate. And please be reminded that this best deposit rate will be subject to market movement, as well as the room remaining to provide the 25bp improvement from the normal rate when the deal is confirmed.
- CNH deposits usually follow both HK and China business days and 6 May 2014 is a HK holiday. If you want the interest payment to be to be paid one or two days earlier, the interest amount will be less of one or two days accrual.
- Please also note that 5 May 2014 is UK holiday. What is the business day calender does the bond follow?

Please kindly confirm the interest payment dates you want for the deposit, and let me know who will contact me or my team to confirm the deposit for the client.

Thanks.

Regards,

Bryan S M WONG

Head of Balance Sheet Management, Hong Kong | The Hongkong and Shanghai Banking Corporation Limited
L18, HSBC Main Building, 1 Queens Road Central, Hong Kong

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Don Delisle---10/21/2013 11:01:37 PM---Hi Bryan I would like to see if you agree with the cashflows set out here on the assumption of a 1 b

From: Don Delisle/HBCA/HSBC@HSBC02
To: Bryan S M WONG/HMR/HMAL/HSBC@HSBC03
Cc: Andrew D PORTER/HBCA/HSBC@HSBC02
Date: 10/21/2013 11:01 PM
Subject: Cashflow on the BC deposit

Hi Bryan

I would like to see if you agree with the cashflows set out here on the assumption of a 1 billion CNY deposit at 2.65% actual / 360. BC is being very particular that their coupon payments are covered by the investment. We are assuming that settlement is T + 10 days in this example.

notional	1,000,000,000		asset
			2.650% act/360
		dates	days
		06/11/2013	
		06/05/2014	181
		06/11/2014	184
			13,323,611.11
			13,544,444.44

And then we would have to adjust if we needed to pay a day or two earlier if required to get the payments to their issuing and paying agent in London

Don Delisle

DIRECTOR, DCM | HSBC Securities (Canada) Inc.
70 York Street

Phone. 416 8683953
Email. Don_Delisle@hsbc.ca
Internet. [http://This email must be read with the following disclaimer attached](http://This%20email%20must%20be%20read%20with%20the%20following%20disclaimer%20attached%20http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer)
<http://www.hsbc.ca/1/2/personal/popup/hsbc-securities-commentary-disclaimer>

Regards,

Bryan S M WONG

Head of Balance Sheet Management, Hong Kong | The Hongkong and Shanghai Banking Corporation Limited
L18, HSBC Main Building, 1 Queens Road Central, Hong Kong

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Email bryanwong@hsbc.com.hk

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Delphine LEE---10/22/2013 09:55:18 AM---Unencrypted. -- Thank you Mark, so from your mail it's all ok from the deposit side - we can accomoda

From: Delphine LEE/HBAP/HSBC
To: Mark C Y LI/HBAP/HSBC@HSBC03, Sean M Hayes/HBUS/HSBC@HSBC02
Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, Bryan S M WONG/HMR/HMAL/HSBC@HSBC03, Don Delisle/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03
Date: 10/22/2013 09:55 AM
Subject: Re: Fw: BC

Unencrypted. --

Thank you Mark, so from your mail it's all ok from the deposit side - we can accomodate the cash flow requests of BC.

Don/Kevin, this is ok? What is the next steps to confirm with BC on this deposit part?

The only other thing lacking is KYC from HBAP's side, that's it right Tim and team? Otherwise we ready to go tomorrow?

Delphine LEE

DEBT SYNDICATE | The Hongkong and Shanghai Banking Corporation Limited
17/F HSBC Main Building, 1 Queens Road Central, Hong Kong

Phone. +852 2822 3071
Mobile. s22
Email. & nbsp; delphinelee@hsbc.com.hk / dlee335@bloomberg.net

Mark C Y LI---10/22/2013 09:48:27 AM---Unencrypted.

From: Mark C Y LI/HBAP/HSBC
To: Andrew D PORTER/HBCA/HSBC@HSBC02, Bryan S M WONG/HMR/HMAL/HSBC@HSBC03, Delphine LEE/HBAP/HSBC@HSBC03, Don Delisle/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03
Date: 10/22/2013 09:48 AM
Subject: Re: Fw: BC

Unencrypted.

Mark C Y LI---10/22/2013 09:42:51 AM---Delphine et al, I feel there may have been mis understanding on the case.

From: Mark C Y LI/HBAP/HSBC

To: Delphine LEE/HBAP/HSBC@HSBC03

Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, Don Delisle/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03, Bryan S M WONG/HMR/HMAL/HSBC@HSBC03

Date: 10/22/2013 09:42 AM

Subject: Re: Fw: BC

Delphine et al,

I feel there may have been mis understanding on the case.

For interest payment to BC for 12-month Time Deposit -

- I had a call with Bryan last Friday and confirmed that we **CAN** provide interest to BC on specific date (Dec 31 and Jun 30).
- There will be specific operations procedure at the operations backend - I will skip these from this mail as these should be standard banking practice.

1.

From an interest payment from BC RMB account to other parties

- We can do it same day (Dec 31 / Jun 30) as long as BC provides us payment instructions.

1.

Only prerequisites of above is availability of funds in the respective account.

PCM can provide support to monitor the in-out of funds, though the placing of TMD would be under Bryan.

Please let me know if there are any other updates / concern / further clarifications.

Best Regards,

Mark C Y LI

Vice President, Regional Sales, Government and Public Sector | Global Payments and Cash Management, Asia Pacific
HSBC, Level 23, 1 Queens Road Central, Hong Kong

Phone. (852) 2822 4038
Mobile. s22
Fax. (852) 2899 8826
Email. markcyli@hsbc.com.hk

Delphine LEE---10/22/2013 08:17:57 AM---Dear Don and team, (taking out Bryan) The deposit details is now our remaining hurdle before we can

From: Delphine LEE/HBAP/HSBC

To: Don Delisle/HBCA/HSBC@HSBC02, Andrew D PORTER/HBCA/HSBC@HSBC02, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Mark C Y LI/HBAP/HSBC@HSBC03, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03

Date: 10/22/2013 08:17 AM

Subject: Fw: BC

Dear Don and team, (taking out Bryan)

The deposit details is now our remaining hurdle before we can launch the deal. Bryan mentioned below that he's ok with 2.65% and there's around CNH2bn room remaining, as of yesterday. FYI from syndicate side, a CNH1bn is quite likely (distributed to Asia), and with participation from US+Europe, there's good possibility to do more.

That said I talked to Bryan yesterday afternoon and he's not in and will not be charge of payment flows, **which is the key point for this deal now**. Perhaps you could go back to Bryan's mail and answer those queries he has as well as who the contact person/ team you have been liaising? I'd like to help follow up on this during Asian time today so **to make sure we have a deal on Wednesday Asia time**. Thank you!

Delphine LEE
DEBT SYNDICATE | The Hongkong and Shanghai Banking Corporation Limited
17/F HSBC Main Building, 1 Queens Road Central, Hong Kong

Phone. +852 2822 3071
Mobile. s22
Email. delphinelee@hsbc.com.hk / dlee335@bloomberg.net

----- Forwarded by Delphine LEE/HBAP/HSBC on 10/22/2013 07:56 AM -----

From: Bryan S M WONG/HMR/HMAL/HSBC

To: Don Delisle/HBCA/HSBC@HSBC02

Cc: Andrew D PORTER/HBCA/HSBC@HSBC02, "Delphine LEE" <delphinelee@hsbc.com.hk>, James FIELDER/HBAP/HSBC@HSBC03, James Sanders/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, Mark C Y LI/HBAP/HSBC@HSBC03, Teresa S K LAU/HBAP/HSBC@HSBC03, Timothy S Y YIP/HBAP/HSBC@HSBC03

Date: 10/21/2013 03:28 PM

Subject: Re: BC

Don,

As the deposit is going to be booked in TREATS, I suppose we will be able to book the deposit with forward settlement and any interest payment frequencies/dates requested.

If the interest payments of the deposit are one day prior to the coupon dates of the bond, will the interest amounts be enough to cover the coupons due to one less day of accrual? I am not sure if it is necessary to have the interest payments one day prior to the coupon dates of the bond. Does the issuer need to wire the required amount to its paying agent one day in advance? I hope you can identify a person in HK to follow up all the payment flows of both the bond and the deposit. I suppose that person should be from DCM?

1yr deposit rate indication is 2.65% today. As mentioned before, the rate is an improvement of 25bp from our normal bid of 2.40% due to a strategy endorsed by AMH ALCO to attract RMB customer deposit in HK. That improvement is subject

to a notional cap and there is about CNH 2 bio room remaining. So how much of the deposit by the issuer can enjoy that improved rate will depend on how much room remaining under that notional cap at the time of confirmation.

Regards,

Bryan S M WONG

Head of Balance Sheet Management, Hong Kong | The Hongkong and Shanghai Banking Corporation Limited

L18, HSBC Main Building, 1 Queens Road Central, Hong Kong

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Email	bryanwong@hsbc.com.hk

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From: Don Delisle/HBCA/HSBC@HSBC02
To: "Bryan S M WONG" <bryanwong@hsbc.com.hk>, "Delphine LEE" <delphinelee@hsbc.com.hk>, James FIELDER/HBAP/HSBC@HSBC03, Mark C Y LI/HBAP/HSBC@HSBC03, Teresa S K LAU/HBAP/HSBC@HSBC03, Andrew D PORTER/HBCA/HSBC@HSBC02, "Kevin Galligan" <kevin.galligan@us.hsbc.com>, James Sanders/HBCA/HSBC, Timothy S Y YIP/HBAP/HSBC@HSBC03
Date: 10/21/2013 10:18 AM
Subject: BC

Good morning Bryan

We just got off the call re BC and have a question for you. BC has made it clear to us that they require semi annual payments on the the deposit investment to allow them to pay the interest on the bond. On the call, Mark felt that if we had the interest payments one day prior to the coupon dates we should be able to wire the required amount to BC's paying agent in London in time for them to make the coupon payments and principal on maturity. Given the fact that it appears that it is going to be a T plus 10 day settle and we are hoping to launch Tues for pricing likely Wed with settlement of the bond 10 business days later, what is the rate we can show BC when we update them tomorrow given these parameters? I.e. Long settle and semi annual payments slightly shorter than 6 months to allow for the transfer of funds to BC's paying agent

Feel free to call me on my mobile at any time if you have questions or concerns as BC is looking for an update tomorrow

Thanks Bryan

Best Regards

Don Delisle
Debt Capital Markets
B (416) 868-3953
C s22
don_delisle@hsbc.ca

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ORIGINAL REF: XDP133089999 |

Date: 04 Nov 2013 |

We confirm the following fixed rate multi-coupon deposit transaction arranged by LOTUS NOTES

Our Ref: XDP133089999 |

Deal Date: 04 NOV 2013 |

PROVINCE OF BRITISH COLUMBIA
PROVINCIAL TREASURY PO BOX 9414
STN PROV GOVT VICTORIA BC
CANADA V8W 9V1

Principal Deposited with us : CNY 2,497,249,225.00 |

Commencement Date : 13 NOV 2013 |

Maturity Date : 12 NOV 2014 |

Interest Rate : 2.5 |

Interest Payment Periodicity : SEMI-ANNUALLY |

Interest Calculation Basis : 28-31/360 |

Interest Amount for the 1st period : CNY 31,215,615.31 (from 13 NOV 2013 to 12 MAY 2014)

Our Bank to receive : AS PER OUR STANDARD SETTLEMENT INSTRUCTION

Your Bank to Receive: HSBC HONG KONG A/C NO s17 |

Your Intermediary Bank: HSBC HONG KONG A/C NO s17


Please inform us immediately of any errors, exceptions, or omissions in the transaction set forth above. Unless you respond immediately, the Bank's records shall be deemed correct and binding and conclusive on you. Any questions regarding this transaction should be directed to FX AND MM Operations on telephone no. s22

Please confirm by signing and returning the duplicate copy of this letter.


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Tel: (852) 2822 1111 Facsimile: (852) 2525 4813