

# ***Account Agreement & Disclosure Document***

**Credential<sup>®</sup>**  
Direct



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## 1. About Credential Direct and Credential Securities Inc.

Credential Securities Inc. ("**Credential Securities**") is a wholly-owned subsidiary of Credential Financial Inc. ("CFI"). CFI is owned by five Provincial Credit Union Centrals and The CUMIS Group Limited and makes its services available in association with participating financial organizations and their affiliates and subsidiaries (collectively the "Financial Organization"). Credential Direct is a trade name of Credential Securities Inc. and operates as a separate business unit. Credential Direct is a trademark of Credential Securities Inc.

Unless Credential Direct tells you otherwise regarding a particular security, securities sold by Credential Direct are not guaranteed, in whole or in part, by Credential Securities Inc., and are not insured by the Canada Deposit Insurance Corporation or any other government insurer that insures deposits in financial institutions. The value of many securities may fluctuate.

Credential Securities Inc. is a member of the Canadian Investor Protection Fund ("CIPF"). Customers' Accounts are protected by CIPF within specified limits. A brochure describing the nature and limits of coverage is available upon request.

In certain circumstances, Credential Securities Inc. may be able to deal with U.S. residents holding Canadian self-directed tax advantaged retirement plans and temporary U.S. residents. Securities offered through Credential Securities Inc. are not registered with the U.S. Securities & Exchange Commission and are offered and sold in the U.S. under an exemption from registration. Canadian self-directed tax advantaged retirement plans are not regulated under the laws of the U.S. and Credential Securities Inc. is not subject to the federal broker-dealer regulations of the U.S. Credential Securities Inc. is subject to U.S. state securities laws requiring the registration of broker-dealers.

## 2. Terms Used in these Agreements

"Account" means my account with Credential Direct.

"Application" means the Credential Direct New Account Application Form I signed for my Account.

"Electronic Access Device" means any device which allows me to access my Account or any service through electronic means such as personal computer, a telephone for interactive voice response, a pager, a PCS phone, a personal digital assistant or similar device.

"I", "me" and "my" mean each customer who signed an Application.

"you", "your" and "yours" mean Credential Direct, a division of Credential Securities Inc.

"Referring Organization" means the financial organization (and its affiliates and subsidiaries) I have a relationship with and that referred me to you.

## 3. Relationship Disclosure

This document is intended to help me understand my relationship with Credential Direct, and provide guidance and clarity on our respective responsibilities with regard to services, product availability, costs and other relevant information.

### 3.1 Account Relationship

Credential Direct is a business unit of Credential Securities. Credential Securities is a registered investment dealer under applicable securities legislation and a member of the Investment Industry Regulatory Organization of Canada.

Credential Direct provides clients with order execution services. You will not provide me with investment advice or recommendations and will not be responsible for making a suitability determination of trades when accepting orders from me or anyone else authorized to act on my behalf. I alone am responsible for my investment decisions.

### 3.2 Product and Service Offering

Credential Direct provides order execution services. Orders may be placed by speaking with a Credential Direct investment representative, using your online investing site or through any other automated service that you may provide in the future.

Credential Direct offers a number of products to investors, including:



**Stocks** - Stocks, also called shares or equities, represent a share in the ownership of a corporation. Some stocks pay a portion of the company's profits to investors in the form of dividends. Stocks trading on an exchange have a settlement period of three business days after the trade date. This is a normal industry practice to allow time for the buyer's brokerage to pay for the stock or the seller's brokerage to deliver the shares to complete the transaction.

**Options** - An option is a contract that represents the right, but not the obligation, to buy or sell a security at a specified price within a specified time. Options can be used to speculate, which can be risky, or they can be used to hedge the risk of holding a security. The settlement period for an option trade is one business day.

**Mutual Funds** - Mutual funds are investment funds operated by companies that use the proceeds from shares and units sold to investors to invest in stocks, bonds, derivatives and other financial securities. Mutual funds offer investors the advantages of diversification and professional management and are sold on a load or no load basis. Mutual fund shares/units are redeemable on demand at the fund's current net asset value per share/unit.

**Exchange-Traded Funds (ETFs)** - ETFs are open-ended investment funds or trusts that hold the same stock or commodity in the same proportion as those included in a specific index. Like index mutual funds, ETFs are designed to mimic the performance of a specified index by investing in the constituent assets included in that index. Units of ETFs are listed on major stock exchanges and can be traded throughout the trading day.

**Principal Protected Notes (PPNs)** - PPNs are debt-like instruments with a maturity date. The issuer agrees to repay investors the amount originally invested (the principal) plus interest. The interest rate is tied to the performance of an underlying asset, such as a portfolio of mutual funds or stocks, market index, hedge fund or portfolio of hedge funds. PPNs guarantee only the return of the principal. Although many PPNs are issued by chartered banks, they are not protected by the Canada Deposit Insurance Corporation.

**Fixed Income Securities** - A fixed income security is an investment that provides a return in the form of fixed periodic payments and eventual return of principal at maturity. The day the fixed income investment is to be paid back is called the maturity date. Fixed income investments that mature within a year are often referred to as money market instruments. Trades typically settle in one business day but settlement can be required for the same day depending on the issuer. GICs, Treasury Bills, Bankers Acceptances, Bonds and Debentures are examples of fixed income securities.

**Guaranteed Investment Certificates (GICs)** - GICs are deposit instruments most commonly available from financial institutions, requiring a minimum investment at a pre-determined rate of interest, for a stated term. They are generally non-redeemable prior to maturity, but there can be exceptions.

**Treasury Bills** - Treasury bills are short-term debt instruments issued by federal, provincial or municipal governments in large denominations and sold at a discount.

**Bonds & Debentures** - A bond evidences the issuer's agreement to pay a specified rate of interest to the investor at intervals over a given period of time and to then repay the principal on the bond's maturity date. Bonds (other than government bonds) are secured with collateral, such as mortgages or future revenues. Debentures are similar to bonds, but are not backed by collateral. Instead, their security depends on the issuer's creditworthiness.

Credential Direct offers the following types of accounts:

- Self-directed registered plans (e.g., RRSP, RESP, RRIF and Locked-In Plans)
- Self-directed investment accounts (e.g., cash, margin)
- Tax-Free Savings Accounts

A current and comprehensive list of products and services is available on the Credential Direct website at [www.credentialdirect.com](http://www.credentialdirect.com) or from a Credential Direct investment representative.

### 3.3 Content and Frequency of Account Reporting

I will receive statements for my Account(s):

- on a quarterly basis; or
- at the end of a month if:
  - I have requested to receive statements on a monthly basis; or
  - there has been activity in the account during the month (other than an automatic transaction).

You will send me a trade confirmation on the business day following the date of any trade conducted in my Account(s). I should review all account statements and trade confirmations as soon as I receive them to ensure accuracy.



I will also receive two annual reports intended to help me better understand the cost and performance of my investments. Credential Direct will provide a Performance Report, including cumulative account performance information and annualized compound percentage return information. I will also receive a Charges and Compensation Report, summarizing the charges I paid for the maintenance and servicing of my account and any third party compensation paid to Credential Direct over the period covered by the report. A Charges and Compensation Report will not be provided if there are no charges or compensation in a given period.

If I have any questions about account reporting, I may contact a Credential Direct investment representative.

### 3.4 Performance Benchmarking

The performance of investments may be assessed by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks; comparisons should be made to a benchmark that reflects the investment. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark for investments diversified in other products, sectors or geographic areas.

### 3.5 Conflicts of Interest

Actual, potential and perceived conflicts of interest arise where an action or decision by someone has the effect of benefiting others at that person's expense. Such conflicts exist in almost all human interactions and, as you are an intermediary, acting for both buyers and sellers, conflicts will arise from time to time:

- Between you and me, or between a Credential Direct investment representative and me.
- Between your other clients and me. You act for many clients and must allocate investment opportunities among all of them fairly, so as not to intentionally favor one client over another.
- Between your related or associated companies and me.

You have policies and procedures in place to address the handling of conflicts of interest by:

- Avoiding conflicts prohibited by law; and
- Avoiding conflicts that you cannot effectively control.

In situations that you do not or cannot avoid, where my interests may compete with yours, my interest is always given priority by your acting in one of two ways:

- You control or manage acceptable conflicts by:
  - Physically separating different business functions;
  - Restricting the internal exchange of information in person or through systems;
  - Reducing the possibility of one part of your organization unsuitably influencing another;
  - Setting up and testing your operational review and approval processes.
- You disclose information about any remaining conflicts to me so that I can assess independently if conflicts are significant for me.

Some examples of conflicts of interest that may arise and the methods you use to manage them include:

Possible Conflict of Interest	How You Manage It
You earn compensation by selling products and services to clients.	<ul style="list-style-type: none"> <li>▪ You endeavour to be fully transparent in disclosing fees and commissions, and fully inform me in advance so that I'm aware of the amount I will be paying.</li> </ul>



Possible Conflict of Interest	How You Manage It
You may receive compensation from securities issuers and other third parties based on their products sold to me, such as “trailer fees” on mutual funds.	<ul style="list-style-type: none"> <li>▪ You disclose to me the situations and types of third party compensation it might receive.</li> <li>▪ Securities regulations require issuers to provide specific disclosure in the offering document (e.g., prospectus) of such arrangements and the compensation payable.</li> </ul>
You sell securities of companies that are related or connected to Credential Securities.	<ul style="list-style-type: none"> <li>▪ All of Credential Securities’ related parties are disclosed in Section 8 of this Account Agreement &amp; Disclosure Document booklet.</li> </ul>
You are compensated in other ways as a result of the business I may do with you, including interest spreads on un-invested cash deposits with Credential Direct and foreign exchange spreads when I convert currencies.	<ul style="list-style-type: none"> <li>▪ The various forms of other compensation you may receive are disclosed to me.</li> <li>▪ I am advised to refer to other sections of this booklet and Credential Direct’s other disclosures in that regard.</li> </ul>
You may permit your registered investment representatives to be employed by, participate in or accept compensation from other persons or organizations, outside the scope of their relationship with Credential Direct.	<ul style="list-style-type: none"> <li>▪ These relationships are subject to legislative and industry regulatory requirements/ restrictions.</li> <li>▪ Credential Direct has adopted policies and procedures that supplement the regulatory requirements, including policies on privacy and confidentiality of information.</li> </ul>

Certain additional conflicts of interest disclosure is contained elsewhere in this Account Agreement & Disclosure Document booklet. If and when future material conflicts of interest arise that cannot be avoided, I will receive appropriate disclosure from Credential Direct.

If I ever have any questions or concerns, whether they involve conflicts of interest or anything else, I may ask Credential Direct for an explanation and more information.

### 3.6 Account Fees, Service Charges and Costs of Making Investments

Credential Direct will deduct from my Account(s) any applicable administrative fees, costs, charges, commissions and transaction charges for operating my Account(s) and placing trades for me. Generally, the costs, charges, commissions or other fees charged to me may depend on, among other things, the balance in my Account(s), the amount of my transaction, the types of products I transact in and the services I use. I am also advised that charges, such as commissions, may vary depending on whether I place an order with a Credential Direct investment representative or use your online investing site or other automated services.

A description of the account service fees and charges that I will or may incur relating to the general operation of the Account(s) (including foreign exchange and interest charges) and a description of charges that I will or may incur in making, disposing and holding investments are generally outlined in the Credential Direct Commissions & Fees Schedule. A copy of the Commissions & Fees Schedule, which sets out the current rates of applicable fees and charges, is available upon request or on your website [www.credentialdirect.com](http://www.credentialdirect.com). These fees are also shown in the Charges and Compensation Report, which I will receive from Credential Direct on an annual basis, if applicable.

**Commissions** - When I buy or sell certain investment products such as stocks, options or fixed income products, I will be charged a commission. I am advised that commission rates vary and minimum amounts may apply.

**Fees and Sales Charges** - Mutual fund companies may charge, among other things, front-end loads, back-end loads, short-term trading fees and deferred sales charges (DSCs). For instance, in the case of the purchase of a mutual fund security on a DSC basis, a charge may be triggered upon the redemption of the security if sold within the time period that a DSC would apply. In addition, I may incur miscellaneous fees such as set-up fees, processing fees and early redemption charges. I will find specific details about charges that I may incur in the simplified prospectus and Fund Facts sheet that applies to a fund. I am advised to consult a fund’s simplified prospectus or Fund Facts sheet or contact a Credential Direct investment representative if I have any questions.



**Administration, Transaction, Maintenance and Processing Fees** - Depending on the total value of assets I have in my Account(s), I may incur administrative, transaction, maintenance or processing fees. I am advised to refer to the Commissions & Fees Schedule for specific information.

**Miscellaneous Services** - Fees for miscellaneous services may also be charged to me. Such fees may include, among other things, charges for cheque requests, dis-honored items, certificate registration, etc. A list of miscellaneous charges that I may incur is included within the Commissions & Fees Schedule.

### 3.7 Account Documents

The following account opening documents are used to open most types of accounts at Credential Direct:

- New Account Application Form
- Account Agreement & Disclosure Document booklet
- Commissions & Fees Schedule
- IIROC Investor's Guide to Making a Complaint
- Any other documents that I signed in the course of account opening

## 4. Account Agreement

In acting as my agent for the purchase and sale of securities I agree with you as follows:

### 4.1 Age and Associations

I have reached the age of majority and have the power and capacity to enter into this Agreement. In addition, unless I have advised you to the contrary and provided the necessary documentation, I confirm that I am not:

- employed by a member of any stock exchange or any corporation primarily owned by an exchange;
- employed by a non-member broker or investment dealer;
- an officer, director or shareholder of a business that is a member of an exchange or of the Investment Industry Regulatory Organization of Canada;
- affiliated with a business in the above categories.

If my current situation is covered above, I acknowledge that I have received written approval from my employer to open the Account and will provide you with a copy of that approval. I will notify you immediately should my current situation change and obtain the necessary approval from my employer.

### 4.2 Services

All transactions made for my Account will be subject to the constitution, rules, by-laws, regulations and customs of the exchanges or markets and/or clearing houses (if any) where the orders are executed. You shall not be liable for any loss caused, whether directly or indirectly, by government restrictions, by exchange or market rulings, the suspension of trading, wars, strikes or by reason of any other fact which shall not have been caused by the act or default of any agent or employee of yours. I consent to your recording by any means including without limitation, audio tape recording, all or any part of instructions received from me. I agree that any such recordings will be admissible in a court of law. This consent and agreement is continuing and you are not required to confirm it prior to or during such recording. I agree that you will not be liable in connection with any transaction or prospective transaction, except for gross negligence or wilful misconduct on your part. I acknowledge that you have the right to refuse purchase or sale instructions from me whenever you shall deem it necessary for your protection, and that I waive any and all claims against you for any loss or damage arising from or related to any such refusal.

### 4.3 Safekeeping Obligations

You may accept or reject securities submitted for my account in your sole discretion. Your responsibilities for holding securities for me in safekeeping are limited to exercising the same degree of care exercised by you in the custody of your own securities and no more. You will not be responsible as a guarantor for any loss. Securities held for my Account may, at your discretion, be kept at a correspondent broker or at any institutional depository. You may fulfil your obligation to deliver my securities to me by delivering certificates or securities of the same kind or amount, although not the same certificates or securities deposited or delivered to you. You will credit all dividend and interest payments to my Account upon receipt and will remit funds and/or securities to me upon my request. You cannot guarantee the delivery of certificates or securities in any circumstances where a transfer agent or registrar of the securities is unable to provide a certificate or securities.



In the case of the sale of any securities or other property by you at my direction and your inability to deliver same to the purchaser by reason of my inability to supply it to you in transferable or negotiable form, I authorize you to take the necessary steps to complete the transaction, including the borrowing of any security or other property, in which event I will reimburse you for all costs, losses or liabilities incurred in connection therewith.

#### 4.4 Handling of Securities

Any and all property including credit balances held or carried in any of my Accounts for any purpose, including any property in which I have an interest (the "Collateral"), shall be subject to a lien in favour of you. The lien shall secure repayment to you of all of my liabilities to you. The Collateral will be held as security by you for repayment of my liabilities to you. You may transfer any of the Collateral in any of my Accounts from or to any other of my Accounts. You may deliver all or any part of the Collateral when you consider it necessary for your protection. In enforcing your lien, you may close, without notice, transactions in my Account (a) if you consider there to be inadequate security for my obligations, or (b) upon the happening of an event which in your opinion jeopardizes my Account.

All Collateral for my indebtedness to you will be held by you at a location of your choice. Any securities of mine which you hold at any time when I am indebted to you may, without notice to me, be pledged by you as security for any of your indebtedness for more or less the amount due by me to you. Any such pledge may be made either separately or together with other securities you hold. You may lend your securities or any part of them either separately or together with other securities you are holding to any third party on such terms as you consider proper.

#### 4.5 Payment

I agree to pay for all securities purchased on or before the day of settlement. I agree to pay all commissions on securities at your prevailing rates for such transactions. I will:

- be liable for payment upon demand of all commissions and fees;
- be liable for payment upon demand of any debit balance or other obligation owing in any of my Accounts;
- be liable for any payment still owing to you after my Accounts are liquidated in whole or in part by me or by you;
- be liable for payment of securities bought-in to cover short positions;
- pay you for any such obligation and indebtedness on demand.

#### 4.6 Collection Costs

I will reimburse you for the reasonable costs of collection of payments owed to you including legal fees.

#### 4.7 Communications

Communications with me may take the form of notices, margin calls, demands, reports, and confirmations. You will communicate to the last address on file for me. It is my responsibility to keep my personal information up to date. If I change my address I may do so either by calling Credential Direct telephone service or notifying you in writing or through a Referring Organization branch. All communications sent, whether by mail, telegraph, messenger, facsimile or otherwise, will be considered delivered to me personally, whether or not I actually receive them, on the 3rd business day following mailing or the next business day if sent by telegraph, messenger, or facsimile. Reports and trade confirmations will be considered final, if not objected to, on the date of notification by telephone or within 10 days from the trade date as shown on the trade confirmation. Statements of my Accounts will be considered final if not objected to within 30 days of the date appearing on the statement. Upon receipt from you of any statement of Account, I will:

- examine the statement immediately;
- notify you immediately of any errors in or objections to the statement.

If I do not notify you of any errors or objections within 30 days from the date appearing on the statement, I agree that the information and balances shown in the statement are accepted as complete and accurate. You will be released from all claims by me in connection with the statement or any action taken or not taken by you regarding my Account.





#### **4.8 Limited Liability**

Credential Direct may, in its discretion, act in all matters on instructions given or purporting to be given by or on my behalf. Credential Direct shall not incur any liability by reason of acting or not acting on or because of any error in such instructions. Neither Credential Direct nor any third party supplier of quotation information given under this service may be held liable for the accuracy or timeliness of the quotation information.

#### **4.9 Miscellaneous**

This Agreement applies to all Accounts, in which I have any interest alone or with others, which have or will be opened with you for the purchase and sale of securities. This Agreement will be governed by the Laws of the Province in which Credential Direct's office is located and through which my business is conducted. The Account will be considered to be opened the first time I use it. The first trade is deemed acceptance of the Agreement(s) contained in this booklet. Whenever there is a credit balance in my Account, the credit balance need not be segregated or held separately. A credit balance may be commingled with your general funds and used for the purposes of your business. A credit balance will be considered to be an item in a debtor and creditor account between you and me. I will rely only on your liability in respect of the credit balance.

Currency Conversion: If I make a trade involving a security which is denominated in a currency other than the account in which the trade is to settle, a conversion of currency may be required. In all such transactions and at any time a conversion of currency is made, you will act as principal with me in converting the currency at rates established or determined by you or parties related to you. You and parties related to you may earn revenue, in addition to the commission applicable to such a trade, based on the difference between the applicable bid and ask rates for the currency and the rate at which the rate is offset, either internally by you, with a related party or in the market.

Conversion of currency, if required, will take place at the trade date unless otherwise agreed. Where a transaction with a mutual fund company involves a currency conversion, the mutual fund company may charge me for the conversion. In that instance, neither you nor any party related to you earns any revenue in connection with such conversions.

This Agreement is binding on my heirs, executors, administrators and successors. I cannot transfer any of my rights or obligations under this Agreement to anyone else. This Agreement enures to the benefit of the successors and any assigns of Credential Direct. If the Account is jointly held, references to the singular should be read as plural. Headings do not form part of the Agreement. They are inserted for convenience only. If any provision of this Agreement is deemed invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, such invalidity or unenforceability will only apply to such provision. The validity of the rest of the Agreement will not be affected. The Agreement will continue to be carried out as if such invalid or unenforceable provision were not in the Agreement. It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents qui s'y rattachent soient rédigés et signés en anglais.

#### **4.10 No Investment Advice and No Suitability Review**

I acknowledge that Credential Direct and its Investment Representatives will not give me investment advice or recommendations and will not be responsible for the determination of my general investment needs and objectives regarding the purchase or sale of any security.

I acknowledge that Credential Direct and its Investment Representatives do not accept any responsibility to advise me on the suitability of any of my investment decisions or transactions. I acknowledge that I alone am responsible for the financial impact of my investment decisions. I further acknowledge that neither Credential Direct nor its Investment Representatives will provide me with any legal, tax or accounting advice or advice about the profitability of any investment.

In making investment decisions or transactions, I will consult with and rely upon my own advisors and not on Credential Direct. I understand that orders entered by me may be sent directly to the exchange or market without prior review by Credential Direct. I acknowledge my obligation to comply with the requirements regarding entry and trading of orders of the exchanges and markets where my orders are executed. However, Credential Direct reserves the right to review any of my transactions prior to their entry to the exchange or market. I acknowledge that Credential Direct has the right to reject, change or remove any order entered by me or to cancel any trade resulting from an order entered by me.



#### **4.11 Amendments and Terminations**

You may amend this Agreement at any time if you give me notice in writing of the amendment. The first transaction in my Account following notification of an amendment to this Agreement will be considered to be my acceptance of the amendment as of the effective date set out in the notice. You may terminate this Agreement at any time without notice. I may terminate this Agreement at any time by giving you written notice but such termination will not affect any existing liabilities or indebtedness to you.

#### **4.12 Account Closing**

If my Account remains inactive and has no assets or balances owing in the Account for a period of at least one year, you may, in your sole discretion, close my Account and terminate this Agreement, without prior notice to me.

#### **4.13 Account Identification**

I understand that I will be given a Credential Direct identification number, which shall be used to identify me when I place orders for trading in securities.

#### **4.14 Leverage Disclosure**

Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

### **5. Joint Account Agreement (not applicable to registered plans)**

If I have indicated that I want a Joint Account, I agree to the following additional terms. These are in addition to any other agreement contained in this booklet.

#### **5.1 Authority of Each Client**

Each of us acting alone is authorized to do the following on behalf of the Account, without notifying any of the other principals:

- buy and sell (including short sales) and otherwise deal in stocks, bonds and other securities whether or not they are on margin;
- receive any and all communications including confirmations, statements, etc.;
- receive and withdraw money, securities or other property without limitation in amount;
- make, change, waive or cancel agreements.

#### **5.2 Your Authority**

You have the authority to follow the instructions received from any one of us relating to the Joint Account. These instructions may include the delivery of securities or other property or the making of payments to any of the principals in the Account or to another party. We authorize you to follow the instructions even if the payments or delivery of securities are being made directly to one of the principals in the Account. It is not your responsibility to question the purpose or propriety of a delivery or payment. Provided you have acted correctly on the instructions you received you are not responsible for the outcome of the action.

You reserve the right to restrict activity at any time in the Account or to require joint written instructions by all of us for any Account activity.

#### **5.3 Revoking Authority**

This authority may be revoked by us by:

- writing directly to Credential Direct; or
- delivering written notice to any Referring Organization branch for forwarding.

The authority will remain in effect until rescinded by us.



## 5.4 Client's Liability

Each of us is jointly and severally (that means collectively and individually) liable for any debts, obligations or liabilities arising in connection with the Account.

## 5.5 Death of a Principal

You must be notified in writing immediately upon the death of one of the principals and, upon receiving that notification you may:

- require a copy of a death certificate and notarized copies of the appropriate estate papers;
- require a portion of the investments be retained in the Account;
- follow any other course of action you deem prudent.

The deceased principal's estate and each of the remaining parties to the Account will continue to be responsible to you, jointly and severally, for any debit balance or loss that:

- may be incurred in settling a transaction initiated prior to death;
- is incurred in the distribution or liquidation of the Account;
- occurs in adjusting for the interests of the remaining principals.

Each of us declares that our interests in the joint account are as joint tenants with full rights of survivorship and not as tenants-in-common. You shall be protected from all liability in obeying the instructions of the survivor of us respecting the disposition of securities or other property in our Account.

## 6. Margin Agreement

In consideration of Credential Direct, a division of Credential Securities Inc. ("Credential") accepting my account ("me", "my" and "I" refer to the Customer) I agree:

- 6.1 That this Agreement is in respect of all Margin transactions in my Margin Account, including Accounts previously opened, opened in the future or from time to time closed and then reopened or renumbered; that all words implying the singular number include the plural and vice-versa; that the word "securities" shall include all securities generally so-called and in particular shall include bonds, debentures, notes, warrants, rights "when- issued" securities of all kinds and choses in action of every kind, and all property customarily dealt in by brokers; and that this Agreement shall remain in full force and effect unless Credential advises me in writing of a complete or partial change or revocation.
- 6.2 That every transaction is subject to the constitution, by-laws, rules, regulations, and customs of the exchange (and its clearing corporation, if any) upon which the transaction is executed, or if not executed upon any exchange, to the by-laws, rules, regulations and customs of any market associations of brokers or dealers made applicable thereto by any law, agreement or custom of brokers, and to all laws, regulations and orders of any government or regulatory authority.
- 6.3 That Credential has the right to refuse to accept purchase or sale instructions from me wherever Credential shall deem it necessary for their protection; and that I waive any and all claims against Credential for any loss or damage arising from or related to any such refusal.
- 6.4 That all orders accepted by Credential are good until either executed or cancelled on the day of entry, unless a longer period is specified by me; that all orders accepted by Credential are binding on me from the moment of execution; and that non-receipt or late receipt of any executed trade confirmation shall not relieve me of the obligations to settle the transaction on Settlement Date.
- 6.5 That I shall pay commissions, if any, to Credential in respect of all purchases and sales of securities in my Account.
- 6.6 That I shall pay to Credential, on demand, any and all indebtedness arising from transactions effected by Credential for my Account, and shall at all times secure such indebtedness and maintain such Margins in connection with the Accounts as Credential shall require, and will promptly meet all Margin calls; and that any debit balance in my Account shall bear interest at such rate as Credential shall establish from time to time for its customers generally, and that Credential is not obliged to notify me of any change in such rate.
- 6.7 That I will maintain such Margin as Credential may in their absolute discretion request from time to time. If there is a decline in the market value of securities in the Account, Credential may require additional Margin. However, Credential retains the right to require additional Margin at any time for any reason. If additional Margin is required, then I will deliver to Credential either cash or additional marginable securities as Credential may require. Credential has the right to cancel the Margin facility, at any time, without notice.



- 6.8** That actual delivery is intended for every transaction in my Account; that with respect to all sale transactions I represent and warrant that it is a "long" sale unless specified otherwise at the time the order is entered, and that if I fail to make immediate delivery to Credential in proper form of any securities sold at my direction, then Credential is authorized to borrow any securities necessary to make such delivery, or to buy in such securities, and that I shall pay Credential any loss or expense incurred by reason of such borrowing or purchase or by Credential's inability to make such borrowing or purchase.
- 6.9** That whenever Credential in their sole discretion considers for their protection by reason of insufficiency of Margin, security or otherwise, it is necessary they may without demand for additional Margin and without advertisement or other notice sell any or all securities held or carried for my Account, and purchase any or all securities necessary to cover any short sale made for my Accounts; that any such purchase or sale may be made by Credential upon any exchange or other market or by public or private sale or purchase upon such terms and in such manner as Credential in their sole discretion may determine; that no demand, advertisement or other notice given by Credential shall constitute a waiver of Credential's right to take any action authorized under this Agreement without demand, advertisement, or notice; and that the net proceeds of any such sale shall be applied against my indebtedness to Credential without in any way diminishing my obligation to pay any deficiency.
- 6.10** That whenever there is a credit balance in my Account that the balance need not be segregated nor held separately but may be commingled with Credential's general funds and used for the general purpose of Credential's business; that such credit balance shall be an item in a debtor and creditor account between me and Credential; and that I shall rely on the liability of Credential in respect thereof.
- 6.11** That whenever I am indebted to, or have a short position with, Credential, any securities held for my Account may without notice to me be pledged or re-pledged as security for any of Credential's indebtedness, whether for more or less than the amount owing by me and either separately or together with other securities, and Credential may without notice to me loan such securities either separately or together with other securities, and Credential may without notice to me use any securities held in the Account for making delivery against a sale, whether a short sale or otherwise and whether such sale is for my Account or for the account of another of Credential's customer.
- 6.12** That all securities and credit balances held by Credential for my Account shall be subject to a general lien for any and all indebtedness to Credential howsoever arising and in whatever account appearing, including any liability arising by reason of any guarantee by me of the account of any other person; that Credential is authorized hereby to sell, purchase, pledge, or re-pledge any or all such securities without notice or advertisement to satisfy this lien; and that Credential may at any time without notice whenever Credential carries more than one account for me, enter credit or debit balances, whether in respect of securities or money, to any of such accounts and make such adjustments between such accounts as Credential may in their sole discretion deem fit; and that any reference to my Account in this clause shall include any Account in which I have an interest whether jointly or otherwise.
- 6.13** That Credential is not obligated to deliver the same securities as those deposited with or received by Credential for my Account but that Credential's obligation shall be discharged by delivering securities of an equivalent amount and of the same nature and kind.
- 6.14** That every transaction indicated or referred to in any notice, statement, confirmation or other communication and every statement of account shall be deemed as authorized and correct and is as ratified and confirmed by me unless Credential actually receives from me written notice to the contrary within 10 days of the date appearing on such notice, statement, confirmation or other communication, forwarded to me by prepaid mail at the address appearing on my Account Application or to some other address communicated to and acknowledged by Credential; and that any and all written notices and communications sent by Credential to me shall be deemed to have been received if sent by mail or any means of prepaid, transmitted or recorded communication, or if delivered to me at the address indicated on my Account Application or at some other address communicated to and acknowledged by Credential.
- 6.15** Credential is authorized to conduct a credit check should they deem it necessary.
- 6.16** That the provisions of this Agreement shall ensure to the benefit of and be binding upon Credential and their successors and assigns, and upon my successors, assigns, heirs, executors, and administrators, and shall continue in full force and effect in the event of my death, bankruptcy (whether voluntary or involuntary) or mental incompetency.
- 6.17** That no action taken by Credential or any failure to take action or exercise any right, remedy or power available under this Agreement or otherwise shall be deemed to constitute a waiver or other modification of any of Credential's rights, remedies, or powers, and that this Agreement is subject to modification only by a further agreement in writing between me and Credential.



## 7. Options Trading Agreement

In consideration of Credential Direct, a division of Credential Securities Inc. ("Credential") accepting my account ("me", "my" and "I" refer to the Customer) I agree as follows:

- 7.1 I understand and acknowledge that Options trading is not appropriate for all investors and has connected therewith a number of inherent risks, and I am fully prepared financially to undertake such risks and to withstand any losses created thereby. I further understand and acknowledge that commission charges may be significant in relation to the premiums paid and I agree to pay all commissions incurred by me on every transaction relating to Options including any exercising of an Option and or the honoring of any obligation in respect of any Option which has been exercised and all commissions that may be incurred relative to Credential selling out or buying in securities or Options.
- 7.2 Each transaction will be subject to the by-laws, regulations, rules, rulings and customs (whether in force at the time of the transaction or subsequently adopted) of the clearing corporation issuing the Option, the exchange on which the Option trades and any other regulatory body which may have jurisdiction. In addition, each transaction will be subject to Credential's rules, regulations and customs for Options trading.
- 7.3 Such by-laws, regulations, rules, rulings and customs may provide for position limits, exercise limits, margin requirements and requirements for cash-only trades during certain periods such as the last 10 business days to expiry of an Option. I will comply with all such rules, limits and requirements which are now in effect or which from time to time may hereafter be passed or adopted.
- 7.4 Credential will have sole discretion to determine whether or not to accept any order from me for a trade in an Option. Credential may execute orders for me acting as principal on the other side of a transaction or as part of larger transactions for me and others and may act for other customers on the other side of a transaction as Credential may deem advisable, subject, however, to the rules of the applicable exchange.  
  
I consent and agree to ratify any transaction with my account in which Credential acts as a market maker or principal in the purchase or sale of Options. It is also understood that any charge to me expressed as a commission for any purchase or sale of Options where Credential acts as a market maker or principal shall be deemed a sum payable increasing the cost to me of such transactions.
- 7.5 Credential's office through which I may instruct Credential as to Options transactions will be open during local business hours but an order may be executed at any time when the applicable exchange is open for trading.
- 7.6 I will instruct Credential on a timely basis and in any event in such time that Credential may complete such instructions as to the sale, close out or exercise of any Option or as to any other action to be taken in connection with such Option. I acknowledge that during the ten (10) business days immediately prior to the expiration date of any Option, the applicable Clearing Corporations and Exchanges on which the Options are from time to time listed and traded retain the right to restrict the exercise of an Option and that any such restriction may have a serious adverse effect on my ability to deal with such Option. Credential may take any action with respect to an Option that Credential in their sole discretion determine should be taken if I fail to give Credential timely instructions, but Credential shall not have any obligation to take any actions without my instructions.
- 7.7 Credential will allocate exercise and assignments of the exercise notices received by Credential to accounts of Credential's customers on a First-In, First-Out basis in accordance with Credential's procedures or on such other basis as Credential may advise.
- 7.8 Credential will not be liable to me for errors or omissions in connection with or in the handling of orders relating to the purchase, sale, execution or expiration of an Option or any matter related thereto, unless caused by Credential's gross negligence or willful misconduct.
- 7.9 I will at all times maintain such Margin as Credential may from time to time require upon or in my account and promptly meet all Margin calls.
- 7.10 I will promptly pay:
  - (a) all commissions and other transaction charges payable on all transactions executed by Credential on my behalf at Credential's customary rates or as negotiated between Credential and me;
  - (b) upon demand all my indebtedness to Credential;
  - (c) nonetheless, interest in any debit balance in my account at the per annum interest rate set by Credential from time to time as Margin interest for Credential's customers which Credential may change from time to time without advance notice to me; and



(d) by way of reimbursement, all expenses incurred by Credential in connection with any action taken pursuant to paragraph 18.

**7.11** Credential shall be entitled to retain moneys, securities (including securities held in segregation), commodities and properties belonging to me in Credential's possession as continuing security for any and all of my indebtedness and/or short positions and, in addition, if demanded, I shall promptly provide Credential from time to time with such further security as Credential may request or as Credential may be required by the rules or regulations of the applicable exchange, market and/or clearing corporation.

For this purpose Credential may effect such transfers among my accounts with Credential as Credential considers necessary, including transfers from foreign currency accounts at current exchange rates. While any such securities are so retained as security, I authorize Credential without notice to me to:

- (a) pledge the securities or any part thereof as security for Credential's own indebtedness;
- (b) loan the securities or any part thereof for Credential's firm's purposes or as their security; and
- (c) use the "securities" or any part thereof for making delivery against a sale, whether a short sale or otherwise, and whether such sale is for my account or that of any other of Credential's customers. The word "securities" as used herein shall include shares of stock, warrants or rights, Options, bonds, notes, debentures, trust and deposit certificates, commodities and contracts relating thereto, gold bars and all other rights to property of whatsoever nature or kind, including those belonging to me which may be in Credential's possession or control or in transit to or from Credential.

**7.12** Credential's responsibilities for holding securities for me for safekeeping will be limited to the same degree of care exercised by Credential in the custody of Credential's own securities and no more, and Credential will not be liable as a guarantor for any loss.

**7.13** Unless otherwise directed in writing, securities held for my account may at Credential's discretion be kept at Credential's head office or at any of Credential's branch offices or at any institutional depository. Credential may fulfill Credential's obligation to deliver to me securities belonging to me held by Credential by delivering certificates or securities of the same kind or amount, although not the same certificates or securities as deposited or delivered to Credential.

**7.14** Funds represented by any credit balance in favour of me from time to time with Credential need not be segregated or earmarked for me and may at Credential's discretion be used by Credential in the ordinary conduct of Credential's business, provided that the use of such funds as aforesaid will not prejudice my claim against Credential for such funds or Credential's liability to pay me the same when due.

**7.15** I will advise Credential of any changes in my financial situation, needs, experience and investment objectives from time to time. In addition, I agree to advise Credential of any restrictions in Options trading now applicable to me and will advise Credential of any changes in such restrictions which may become applicable to me.

**7.16** In case of my insolvency, death or attachment of property belonging to me, Credential may with respect to any open positions take such steps as Credential considers necessary to protect Credential against loss.

**7.17** Whenever Credential deems it necessary or advisable for Credential's protection to sell any securities in Credential's possession or to buy in any securities of which my account may be short, or to buy or sell short Options for my account and at my risk, such sale or purchase may be made in Credential's sole discretion without advertising the same and without prior notice, demand, tender or call to me.

**7.18** I grant permission to Credential to conduct a credit check on me should they deem it necessary.

**7.19** Every transaction indicated or referred to in any written notice, statement, confirmation or other communication given or made by Credential to me shall be deemed and treated as authorized and correct and as confirmed by me unless Credential shall receive from me at the office in which the account, to which the transaction relates is maintained, written notice to the contrary within 10 days from the time such notice, statement, confirmation or other communication was sent by Credential to me, without prejudice to Credential's right to correct any error in any such notice, statement, confirmation or other communication. In addition, Credential shall be entitled to correct any error in filling an order to buy or sell an Option at market by filling such order at the market price in effect at the time such order should have been filled.

**7.20** If this agreement is signed by more than one individual, our liabilities and obligations hereunder shall be joint and several and each of us agree that each of us has full power and authority to direct Credential to take any action whatsoever, with respect to my/our account with Credential and Credential is hereby authorized and directed to act upon the instructions of any of us with respect to such account. Any notice relating to such account, including contracts of purchase and sale, may be sent to any of us and shall be binding upon each of us.



- 7.21** None of the provisions hereof shall under any circumstances be deemed to have been waived, modified or otherwise affected except by agreement in writing signed on Credential's behalf by Credential's Designated Registered Options Principal or Credential's Alternate Registered Options Principal.
- 7.22** Any written notice, demand or other communication required or permitted to be given by Credential to me hereunder may be sent to me at the address specified by me, subject to any change in address furnished to Credential in writing and all written communications so addressed, whether sent by mail, telegraph, messenger or otherwise, shall be deemed to have been given to me personally whether actually received or not and shall be deemed to have been given on the date on which the same shall have been sent to Credential.
- 7.23** Credential's failure to exercise any of Credential's rights in any one or more instances shall not be deemed a waiver of any of such rights for the future.
- 7.24** This agreement shall be binding on me and my personal representatives, successors and assigns. This agreement replaces all prior agreements with Credential with respect to Option transactions.
- 7.25** This agreement will be governed by the laws of the jurisdiction in which Credential's office through which I customarily place orders for the purchase and sale of Options is situate. I agree that this agreement remains in full force and effect unless Credential advises me in writing of a change or revocation in whole or in part.

I represent to Credential that I am of legal age and I am not an employee of any other member, member firm or member corporation of any stock exchange, or of any non-member broker or investment dealer, and if I am an employee of any stock exchange, I will specifically so advise Credential in writing and complete all documentation required in order to permit me to be Credential's customer. I confirm that I have received the Risk Disclosure Statement for Futures and Options approved by certain Canadian Securities Regulatory Authorities.

## **8. Risk Disclosure Statement for Futures and Options (For options accounts only)**

No securities commission or similar authority in Canada has in any way, passed up the merits of Options referred to herein and any representation to the contrary is an offence. This document contains condensed information respecting the Options referred to herein. Additional information may be obtained from your broker.

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and Options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and Options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **8.1 Futures**

#### **(a) Effects of "leverage" or "gearing"**

Transactions in futures carry a high degree of risk. The amount of initial Margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared." A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial Margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or Margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### **(b) Risk-reducing orders or strategies**

The placing of certain orders (e.g., "stop-loss" order, where permitted under local law, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### **8.2 Options**

#### **(a) Variable Degrees of Risk**

Transactions in Options carry a high degree of risk. Purchasers and sellers of Options should familiarize themselves with the type of Option (i.e., put or call) which they contemplate trading and the associated risks. You



should calculate the extent to which the value of the Options must increase for your position to become profitable, taking into Account the premium and all transaction costs.

The purchaser of Options may offset or exercise the Options or allow the Options to expire. The exercise of an Option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the Option is on a future, the purchaser will acquire a futures position with associated liabilities for Margin (see the section on Futures above). If the purchased Options expire worthless, you will suffer a total loss of your investment which will consist of the Option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money Options, you should be aware that the chance of such Options becoming profitable, ordinarily, is remote.

Selling ("writing" or "granting") an Option generally entails considerably greater risk than purchasing Options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional Margin to maintain the position if the market moves un-favorably. The seller will also be exposed to the risk of the purchaser exercising the Option and the seller will be obligated to either settle the Option in cash or to acquire or deliver the underlying interest. If the Option is on a future, the seller will acquire a position in a future with associated liabilities for Margin (see the section on Futures on previous page). If the Option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another Option, the risk may be reduced. If the Option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the Option premium, exposing the purchaser to liability for Margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the Option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

### **8.3 Additional Risks Common to Futures and Options**

#### **(a) Terms and Conditions of Contracts**

You should ask the firm with which you deal about the terms and conditions of the specific futures or Options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of Options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an Option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

#### **(b) Suspension or Restriction of Trading and Pricing Relationships**

Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold Options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the Option may not exist. This can occur when, for example, the futures contract underlying the Option is subject to price limits while the Option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

#### **(c) Deposited Cash and Property**

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### **(d) Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### **(e) Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished





investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(f) Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

(g) Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

(h) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

(i) Off-exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

## 9. Shareholder Communication Information (National Instrument 54-101)

In this section, the words "you" and "your" mean the customer and the words "we" and "us" mean Credential Securities.

Shareholder communication is governed by National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*. Based on your instructions, the securities in your accounts with us are not registered in your name but in our name or the name of another person or company holding your securities on our behalf. You are referred to as the "beneficial owner" of your securities. The issuers of the securities held in your accounts may not know the identity of the beneficial owner of the securities.

We are required under securities law to obtain your instructions concerning various matters relating to your holding of securities in your account. Please indicate your instructions to us by completing the section entitled *Shareholder Communication Instructions* on the New Account Application Form ("Application").

### Part 1 – Disclosure of Beneficial Ownership Information

Securities law permits reporting issuers and other persons and companies to send materials related to the affairs of the reporting issuer directly to beneficial owners if the beneficial owner does not object to having information disclosed to the reporting issuer or other persons and companies. Part 1 of the *Shareholder Communication Instructions* section allows you to tell us if you OBJECT to the disclosure by us to the reporting issuer or other persons or companies of your beneficial ownership information, consisting of your name, address, electronic mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of your beneficial ownership information to matters relating to the affairs of the reporting issuer.



If you DO NOT OBJECT to the disclosure of your beneficial ownership information, please mark the first box in Part 1. You will not be charged with any costs associated with sending securityholder materials to you.

If you OBJECT to the disclosure of your beneficial ownership information by us, please mark the second box in Part 1. If you choose to OBJECT, all materials required to be delivered to you as a beneficial owner of securities will be delivered by us and you will be responsible for any costs associated with providing these materials to you.

## Part 2 – Receiving Securityholder Materials

For securities that you hold through your account, you have the right to receive proxy-related materials sent by reporting issuers to registered holders of their securities in connection with securityholder meetings. Among other things, this permits you to receive the necessary information to allow you to have your securities voted in accordance with your instructions at a securityholder meeting.

In addition to proxy-related materials, reporting issuers may choose to send other securityholder materials to beneficial owners, although they are not obliged to do so.

Securities law permits you to decline to receive three types of securityholder materials. Securities law does not provide for you to decline to receive other types of securityholder materials. The three types of materials that you may decline to receive are:

- (a) proxy-related materials, including annual reports and financial statements that are sent in connection with a securityholder meeting;
- (b) annual reports and financial statements that are not part of proxy-related materials; and
- (c) materials that a reporting issuer or other person or company sends to securityholders that are not required by corporate or securities law to be sent to registered securityholders.

Part 2 of the *Shareholder Communication Instructions* section of the Application allows you to indicate whether you want to receive all materials sent to beneficial owners of securities or whether you want to decline to receive the three types of materials referred to above. If you want to receive **ALL** materials that are sent to beneficial owners of securities, please mark the first box in Part 2. If you want to **DECLINE** to receive the three types of materials referred to above, please mark the second box in Part 2.

Please note that even if you decline to receive the three types of materials referred to above, a reporting issuer or other person or company is entitled to deliver these materials to you, provided that the reporting issuer or other person or company pays all costs associated with the sending of these materials. These materials would be delivered to you through us if you have objected to the disclosure of your beneficial ownership information to reporting issuers in Part 1.

**Important note:** *These instructions do not apply to any specific request you give or may have given to a reporting issuer concerning the sending of interim financial statements of the reporting issuer. In addition, in some circumstances, the instructions you give on the Application will not apply to annual reports or financial statements of an investment fund that are not part of proxy-related materials. An investment fund is also entitled to obtain specific instructions from you on whether you wish to receive its annual report or financial statements, and where you provide specific instructions, the instructions in the Application with respect to financial statements will not apply.*

## Part 3 – Preferred Language of Communication

Part 3 of the *Shareholder Communication Instructions* section advises you of the options available for your preferred language of communication (English or French). The language preference you have indicated in the Application will be considered your preferred language of communication. You will receive materials in your preferred language of communication if the materials are available in that language.

## Part 4 – Electronic Delivery

Securities law permits us to deliver some documents by electronic means if we have your consent to do so. Please provide your electronic mail address if you have one and indicate in the Consent to Electronic Delivery form that you are providing your consent for electronic delivery of such documents by us or our agents. While your electronic mail address forms part of the ownership information, the reporting issuer may not use electronic mail to deliver materials directly to you.



## Contact

If you have any questions or want to change your instructions in the future, please contact a Credential Direct Investment Representative.

## 10. Conflict of Interest Disclosure

### 10.1 Related and Connected Issuers

Canadian provincial securities laws require securities registered firms such as Credential Securities Inc. (CSI), when they trade in or advise with respect to securities of certain issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. Further, these rules require dealers, prior to trading with or advising their clients, to inform clients of the relevant relationships and connections with the issuer of the securities. Clients should refer to the applicable provisions of the relevant securities laws for the particulars of these rules or consult with a legal advisor.

An issuer of securities is "related" to CSI if, through the ownership of, or direction or control over voting securities, CSI exercises a controlling influence over that issuer, or that issuer exercises a controlling influence over CSI, or the same third party exercises a controlling influence over both CSI and the issuer.

An issuer is "connected" to CSI if due to indebtedness or other relationships a prospective purchaser of securities of the connected issuer might question CSI's independence from the issuer.

CSI is a wholly-owned subsidiary of Credential Financial Inc. (CFI). CFI is owned by five provincial credit union centrals and The CUMIS Group Limited. Credential Asset Management Inc. (CAM) is a mutual fund dealer and is also a wholly-owned subsidiary of CFI. Northwest & Ethical Investments L.P. is responsible for the management of mutual funds which may from time to time make up the families of NEI, Northwest and Ethical Funds which are offered in Canada. Northwest & Ethical Investments L.P. is owned as to 50% by the same five Provincial Credit Union Centrals which together own a 50% interest in CFI, and as to 50% by Fédération des caisses Desjardins du Québec.

The following is a list as at January 2013 of our related issues. We will provide you with a revised version of this document if the list changes:

- Each fund within the family of NEI Funds;
- Each fund within the family of Northwest Funds; and
- Each fund within the family of Ethical Funds.

In carrying on business as an investment dealer, CSI may from time to time act as agent for the purchase or sale of securities for clients of the funds within the family of NEI, Northwest and Ethical Funds.

Conflicts of interest resulting from the above relationships are minimized in a number of ways. Regulations, policies and procedures made by industry regulating bodies restrict the relationships among dealers and advisors and govern their relationship with clients. As well, CSI has its own extensive conflict of interest policies. Compliance with both internal and external regulations, policies and procedures are monitored at all levels of the company under the guidance of the company's Compliance Department.

### 10.2 Other Services and Outside Business Activities

CSI may also obtain from or provide to CAM and its subsidiaries, other management, administrative, referral or other services in connection with its ongoing business. Further, industry regulatory requirements generally do not permit individuals registered with CSI to be employed by, participate in, or accept compensation from any other person, outside the scope of his/her relationship with CSI, unless he/she has the prior approval of CSI. CSI has adopted internal policies and procedures that supplement the regulatory requirements, including its policies on privacy and confidentiality of information.

## 11. Electronic Funds Transfer Agreement

In this Agreement,

"you" and "your" means "Credential Direct"

"me", "my" and "I" mean each customer who signed a NAAF.

"Annual Fee" means the yearly account administration fee in place from time to time for Brokerage Accounts, details of which can be found in the Credential Direct Fees and Commissions Schedule.



"Processing Institution" means the financial institution that holds the Account to be credited/debited by means of Electronic Funds Transfer.

"Processing Institution Account" means my Account at the financial institution. "Brokerage Account" means my Account with Credential Direct.

"NAAF" means the Credential Direct New Account Application Form.

- (a) I acknowledge that all my financial transactions will be handled by your Electronic Funds Transfer service. The Processing Institution Account that Credential Direct is authorized to deposit or draw upon has been specified by me in my NAAF or on the Credential Direct Electronic Funds Transfer Form. A minimum \$10 cheque has been attached to my NAAF or a cheque has been marked "VOID" and has been attached to the Credential Direct Electronic Funds Transfer Form.
- (b) I acknowledge that this authorization is provided for the benefit of Credential Direct and the Processing Institution and is provided in consideration of the Processing Institution agreeing to process credits or debits for or against, respectively, my Processing Institution Account in accordance with the Rules of the Canadian Payments Association.
- (c) This authorization is continuing and Credential Direct may rely on this authorization for all financial transactions relating to my Brokerage Account(s) and/or my Processing Institution Account(s), until I notify Credential Direct of any changes in accordance with section (f) below.
- (d) I warrant and guarantee that all persons whose signatures are required to sign on my Processing Institution Account(s) have provided their signature(s) on my NAAF or on the Credential Direct Electronic Funds Transfer Form.
- (e) I hereby authorize Credential Direct to deposit or draw on the Processing Institution Account, for the following purposes:
  - (i) Depositing credit balances from my Credential Direct Brokerage Account(s) upon my authorization;
  - (ii) Debiting my Processing Institution Account for the purpose of settling trades, funding my Brokerage Account(s), or for any other purpose authorized by me as reflected on my NAAF.
- (f) I may change or revoke this authorization at any time upon providing 10 days written notice to Credential Direct. In the case of a change or revocation that impacts the debiting of my Annual Fee, written notice must be received by Credential Direct not later than November 20 of the year in which the Annual Fee is to be debited. Sample cancellation forms or further information on your rights to cancel any pre-authorized debits can be obtained from my Processing Institution or by visiting [www.cdnpay.ca](http://www.cdnpay.ca)
- (g) I acknowledge that Credential Direct has the right to terminate my authorization, if through no fault of your own, you are unable to debit the Processing Institution Account(s) in the full amount that I have specified.
- (h) I acknowledge that provisions and delivery of this authorization to Credential Direct constitutes delivery by me to the Processing Institution.
- (i) I acknowledge that I am responsible for ensuring that there are sufficient funds available in my Brokerage Account and/or my Processing Institution Account to cover any transfers. I am responsible for all service fees that may arise in connection with my Processing Institution Account.
- (j) I undertake to inform Credential Direct, in writing, of any changes in the Processing Institution Account information provided in this authorization prior to the placing of subsequent trades.
- (k) I acknowledge that the Processing Institution is not required to verify that a deposit or debit has been issued in accordance with the particulars of my authorization including, but not limited to, the amount and frequency of deposits or payments.
- (l) I acknowledge that the Processing Institution is not required to verify that any purpose of payment for which the debit was issued has been fulfilled by Credential Direct as a condition to honoring a debit issued or caused to be issued by me on my Processing Institution Account.
- (m) Revocation of this authorization does not terminate any contract for goods or services that exists between me and Credential Direct. My authorization applies only to the method of payment and does not otherwise have any bearing on the contract for the goods or services exchanged.
- (n) I have waived my right to receive pre-notification of the amount of each pre-authorized debit authorized by my NAAF and agree that I do not require advance notice of the amount of the pre-authorized debits before the debit is processed.



- (o) I have certain recourse rights if any debit does not comply with my NAAF. For example, I have the right to receive reimbursement for any debit that is not authorized or is not consistent with this document. To obtain more information on my recourse rights, I may contact my Processing Institution or visit [www.cdnpay.ca](http://www.cdnpay.ca)
- (p) If the funds in my Processing Institution Account are insufficient to cover any debit authorized by my NAAF, Credential Direct may assess the NSF fee in effect at that time, as outlined in the Credential Direct Fees and Commissions Schedule. In the case of insufficient funds, the NSF fee and the failed debit will be withdrawn from my Brokerage Account.

## 12. Electronic Brokerage Services Agreement

### Definitions

In this Agreement, the terms 'you' and 'your' refer to you, the Credential Direct Account holder and anyone you allow to trade on your Account. The terms "we", "our" and "us" refer to Credential Direct, a division of Credential Securities Inc. The term "Account" refers to your Credential Direct Web Account with Credential Direct. The term 'Electronic Brokerage Services' refers to any brokerage services, including Account and market information, trading services and other services to be provided to you from time to time by us through our Telephone or Internet services under the terms of this Agreement.

Any restrictions, which are currently on your Account, will also apply to your use of our Electronic Brokerage Services. Any written or computer-generated documents, which we may provide from time to time in respect of our Electronic Brokerage Services (including any instructions, manuals, schedule of fees or other documents) also form part of this Agreement.

### Passwords and Protection of Passwords

You need a password or passwords to access your Account and place orders through our Electronic Brokerage Services. You are responsible for the selection of your password or passwords, as well as for keeping them confidential.

Credential Direct is not responsible for any unauthorized access to your Account through your password or passwords. ***You must tell us immediately if you would like to change your password or passwords or if there is any unauthorized use of your user name or passwords.***

We may terminate this Agreement if we believe that your password or passwords are being used inappropriately or without authorization, or if there is any unusual activity in your Account.

### Use of Information

We provide Account information, securities quotations and market information through our Electronic Brokerage Services. Stock exchanges and other third party information providers may supply us with securities or market data.

You may use our Electronic Brokerage Services only to obtain Account and market information and to place orders on your Account.

***You are solely responsible for any investment decisions you make based on the information you receive from our Electronic Brokerage Services.***

Although we believe that the sources of our information are reliable, neither Credential Direct nor our third party information providers can guarantee the accuracy, sequence, timeliness or completeness or fitness for a particular purpose of such information.

In addition, the information provided through our Electronic Brokerage Services may include the views, opinions and recommendations of individuals and organizations that may be of interest to investors in general, however, neither Credential Direct nor any of our third party information providers endorse such views and opinions or give investment, tax, accounting or legal advice or recommend the purchase or sale of any security.

### Proprietary Interest in Information

You acknowledge and agree that the market data and other information provided through our Electronic Brokerage Services is proprietary to Credential Direct and for our third party information providers or its licensors and is protected by applicable copyright laws. As a user of our Electronic Brokerage Services, you agree not to reproduce, disseminate, retransmit, sell, distribute, publish, broadcast, circulate or commercially exploit such data and information without our express written consent. You will use the securities and market data furnished hereunder only for your individual use.



## **Buy or Sell Orders**

An 'order' is a request to buy or sell stock, mutual funds, options and other securities through our Electronic Brokerage Services.

By signing this Agreement, you authorize us to verify and accept your orders, and you acknowledge that you are solely responsible for the accuracy of your orders.

Credential Direct may exercise its sole discretion in acting on orders placed through your password or passwords, whether the order was placed by you, by someone else or in error.

Your buy or sell order will be processed once you have confirmed it and we have accepted it. Credential Direct will accept your order if:

- there is cash, sufficient Margin or securities in your Account to complete the order.
- the order is consistent with your stated investment objectives, risk profile and trading practices.
- your Account and the security, which is the subject of the order, are not under any legal or Credential Direct restriction.

You must tell us immediately if you:

- placed an order, but did not receive an order number.
- placed an order, but did not receive a written confirmation.
- placed an order, but received an inaccurate written confirmation.
- received a written confirmation for an order that you did not place.

## **Record Keeping**

Credential Direct may keep your order instructions relating to your use of our Electronic Brokerage Services in our database. You acknowledge that these records will be conclusive and binding on you in any disputes, including any legal proceedings as evidence of your Account transactions using the Electronic Brokerage Services, in the absence of clear proof that our records are erroneous or incomplete.

## **Interruptions in Service**

Credential Direct is not responsible for any interruptions in our Electronic Brokerage Services due to maintenance, negligence, omission, or other forces beyond our control and our information providers' control, including connection problems, power failure, and equipment or software problems.

Alerts are a notification service only. Credential Direct and its affiliates are not responsible for Alerts not delivered, due to PCS/Pager or Email reception errors or other human or mechanical errors. In addition, although all information provided on Alerts is from sources commonly used by Canadian securities dealers, Credential Direct and its affiliates assume no responsibility to verify or confirm the accuracy or completeness of the information being provided to it by such sources and, accordingly, all information on Alerts is provided on an as is basis and Credential Direct and its affiliates make no representations or warranties, express or implied, as to this information including, without limitation, any representations or warranties as to quality, accuracy of content, completeness, timeliness, legality, marketability, or fitness for purpose. Under no circumstances shall Credential Direct or any of its affiliates be liable, either directly or indirectly, for the information provided on Alerts.

Unless due to willful tortious misconduct or gross negligence, Credential Direct and its affiliates shall have no tort (breach of duty imposed by law making the offender liable to action for damages), contract or other liability to the subscriber and/or any third party.

The subscriber is solely responsible for the retrieval and use of the information provided on Alerts. The subscriber should apply professional judgment in making any use of such information, including without limitation, the use of the information as the basis for any conclusions. Credential Direct and its affiliates shall under no circumstances, be liable to the subscriber and/or any third party for any lost profits or lost opportunity, indirect, special, consequential, incidental or punitive damages whatsoever, even if Credential Direct or any of its affiliates have been advised of the possibility of such damages.

## **Limitation of Liability**

Credential Direct and our third party information providers are not responsible for any damages, losses, costs or injury suffered by you or by others related to the use or cancellation of the Electronic Brokerage Services.



### **Charges for Electronic Brokerage Services**

You agree that you will pay Credential Direct any standard charges, fees and commissions on demand. These charges, fees and commissions may be subject to change from time to time. Credential Direct will give you at least 30 days' written notice of any change in our charges, fees and commissions, which notice may be provided through our Internet or Telephone services.

### **Termination of this Agreement**

Termination of this Agreement or your Account Agreement will result in automatic termination of our password-related Electronic Brokerage Services. The obligations described above relating to your password or passwords, use of information and orders to buy and sell will remain in effect after this Agreement ends.

### **Amendments to this Agreement**

In the event of a change to any provision of this Agreement, Credential Direct will give you at least thirty (30) days prior written notice of the contemplated change, which notice may also be provided through our Internet services. Your continued use of your Account or maintenance of any funds on deposit or Securities held in your Account after the effective date of any such amendment shall constitute for all purposes your Agreement and consent to such amendment.

### **General**

This Agreement is in addition to, and not in substitution of, any other present or future Agreement between Credential Direct and you, including, but not limited to, the Account Agreement or Agreements you have already signed with Credential Direct. If there is a conflict between this Agreement and your Account Agreement, the terms of this Agreement shall govern. In all other respects the terms of your Account Agreement shall also apply to this Agreement.

## **13. Consent to the Electronic Delivery of Documents**

### **Consent to the Electronic Delivery of Documents**

For the purposes of this section only, 'I' and 'me' refer to the accountholder.

I have read and understand this Consent to Electronic Delivery of Documents (this "Consent") and consent to the electronic delivery of the documents listed below by Credential Direct in accordance with the terms of this Consent. I understand that, if I choose, I may instruct that document delivery be maintained in, or revert to, a paper format by changing the delivery settings online through the Credential Direct secure website (under "Accounts – eServices - Settings") or by contacting Credential Direct at 1.877.742.2900.

For the purpose of this Consent, I understand that all documents delivered electronically hereunder will be made available or delivered through the "Accounts – eServices – Documents" section of the Credential Direct secure website (hereinafter referred to as the "eServices site"). Based on the foregoing, I understand that I must be registered to access the secure website in order to receive documents electronically.

I further understand that the services provided hereunder by Credential Direct in connection with the electronic delivery of Documents constitute an "Electronic Brokerage Service," as such term is defined in the account agreement that I entered into with Credential Direct (my "Account Agreement").

- (a.) **Documents:** I understand that the types of Documents covered by this Consent include any record of a transaction in my Account that Credential Direct is required to send me under securities legislation, including account statements and trade confirmations (collectively, "Records"), and any other document that Credential Direct is required to send me under securities legislation or otherwise including, without limitation, amendments to any agreement that I entered into with Credential Direct, amendments to the Credential Direct Commission & Fee Schedule or Credential Direct policies, and tax related documents (collectively, "Notifications") (Records and Notifications may be hereinafter collectively referred to as the "Documents")
- (b.) **Delivery of Documents:** I understand that Records will be made available to me through the eServices site. For certain Records, Credential Direct will notify me that a Record is available to access by email. It is my responsibility to ensure that Credential Direct has my current email address at all times.
- (c.) **Deemed Delivery:** I acknowledge that any Document delivered to me through an Electronic Brokerage Service is deemed to be delivered to me on the day that the Document is made available through the eServices site, and not on the day that I actually review the Document. I agree that it is my responsibility to monitor the eServices site on a regular basis but in any event, not less than once every thirty (30) days. I understand and agree that Credential Direct is not responsible to me in any way for any damages or costs



incurred by me resulting from my failure to review Records made available to the eServices site and I understand that I may not receive further notice that a Record is posted in the eServices site.

Without limiting the generality of the foregoing, I acknowledge that my Account Agreement provides that account statements and trade confirmations are deemed to be complete and accurate unless I inform Credential Direct otherwise within a specified period of time and that in certain instances, I have the right under securities legislation to withdraw from the purchase of a security offered in distribution within a specified period of time after receiving a prospectus or Fund Facts document from Credential Direct. In connection with the foregoing, I understand that it is my responsibility to monitor the eServices site for Records in order to comply with the terms of my Account Agreement or to enforce my rights under securities legislation.

- (d.) **Delivery Options:** I understand that I may at any time request delivery of the Documents in paper format by contacting Credential Direct. I further understand that, in the case of Records, I may change the delivery options between electronic and standard mail delivery at any time online through the "Accounts – eServices - Settings" section of the Credential Direct secure website or by calling Credential Direct at 1.877.742.2900.
- (e.) **Document Retention:** I understand that I will be able to print and/or save any Document made available through the eServices site. I further understand that until such time as I close my Account(s) with Credential Direct, I will have access to Records made available through the eServices site for a period of 7 years from the date of the online availability of the Records, or the date of when I opened my Account, whichever is more recent, unless I otherwise delete them.
- (f.) **Technical Requirements:** I understand that Records made available to me through the eServices site will be in Adobe® Portable Document Format (PDF), which requires me to have Adobe Reader® software in order to open, save and/or print a Record. Credential Direct does not own or operate, and is not responsible for, Adobe Reader® software. I will use versions of software and browsers that will accommodate the functionality of Electronic Brokerage Services and update them as required from time to time.
- (g.) **Delivery Failure:** I understand that Credential Direct, in its sole discretion, may provide me with a paper copy of any Document through standard mail if it is of the view that a paper copy is necessary or if it is unable to deliver any Document electronically.
- (h.) **Capacity:** I represent to Credential Direct that I have the authority to enter into this Consent with respect to the Account(s) to which this Consent pertains, which may include, without limitation, any Account opened with Credential Direct in my name, either individually or jointly with another person, or in my capacity as a trustee, executor, officer or any other authorized representative.
- (i.) **Amendments:** I understand that Credential Direct may change the terms of this Consent at any time by giving me thirty (30) days advance notice and that any such notice may be in the form of a Notification posted to the eServices site or delivered to me through standard mail.
- (j.) **Other Agreements:** This Consent applies in addition to any other agreement I entered into with Credential Direct. I understand that by taking no further action, I am acknowledging that I have read, understood and agree to be bound by the terms of this Consent. I understand that by contacting Credential Direct to request delivery of the Documents in paper format, I will continue to receive paper copies of the Documents through standard mail.

#### 14. Credential Securities Inc. Self-Directed Retirement Savings Plan Declaration of Trust

We, Computershare Trust Company of Canada, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the annuitant named in the application to which this declaration is attached, for the Credential Securities Inc. Self-Directed Retirement Savings Plan (the "Plan") upon the following terms:

**Some definitions:** In this declaration, in addition to terms defined elsewhere herein,

"Act" means the *Income Tax Act* (Canada);

"Agent" refers to the company named in paragraph 14;

"common-law partner" has the meaning set forth in the Act;

"Contributions" means contributions of cash or investments to the Plan;

"Maturity Date" has the meaning set forth in paragraph 8;

"Retirement Income" has the meaning set forth in the Act;

"RRIF" means a registered retirement income fund, as defined in the Act;





“RRSP” means a registered retirement savings plan, as defined in the Act;

“spouse” means a spouse for the purposes of the Tax Laws;

“Tax Laws” means the Act and any applicable tax legislation of your province of residence, as recorded in your application;

“We”, “us” and “our” refer to Computershare Trust Company of Canada;

“You”, “your” and “yours” refer to the person who has signed the application and will be the owner of the Plan; (under the Act, you are known as the “annuitant” of the Plan).

**14.1. Registration:** We will apply for registration of the Plan in accordance with the Tax Laws. The purpose of the Plan is to provide you with a Retirement Income.

**14.2. Contributions:** We will accept Contributions made by you or, where applicable, your spouse or common-law partner. You or such other person will be solely responsible for determining the maximum limits for Contributions in any taxation year as permitted by the Tax Laws and for determining the taxation years, if any, in which such Contributions are deductible for tax purposes. We will hold the Contributions and any investments, income or gains therefrom (the “Plan Assets”) in trust, to be held, invested and used according to the terms of this declaration and the Tax Laws. No Contributions to the Plan may be made after the Maturity Date.

**14.3. Investments:** We will hold, invest and sell the Plan Assets according to your instructions. We may require any instructions to be in writing. We may place any un-invested cash in a demand deposit account with a chartered bank in Canada. We will pay interest on any cash balances at such rate and credited at such time as we in our sole discretion determine.

Investments will not be limited to those authorized by law for trustees. The Plan will bear any taxes, penalties or related interest imposed on the Plan by the Tax Laws, subject to paragraph 17. If the Plan Assets are insufficient to pay any taxes, penalties or related interest incurred, or if taxes, penalties or related interest are imposed after the Plan has ceased, you must pay or reimburse us directly for any such taxes, penalties or related interest. You may, by way of a duly executed power of attorney in a form acceptable to us, appoint an agent to give investment instructions. You release us from any claim or liability when acting upon the instructions of such agent.

Notwithstanding anything in this declaration, we may decline to accept any particular Contribution or to make any particular investment, in our sole discretion or for any reason, including if it does not comply with our administrative requirements or policies in place from time to time. We may also need you to provide special supporting documentation as a condition to our making certain investments for the Plan.

We will not be responsible for any loss resulting from the sale or other disposition of any investment forming part of the Plan Assets.

**14.4. Income Tax Receipts:** On or before March 31 in each year, we will send to you, your spouse or your common-law partner, as applicable, a receipt showing Contributions made by you or such person during the preceding year and, if applicable, the first 60 days of the current year. You, your spouse or your common-law partner will be solely responsible for ensuring that any deductions claimed for income tax purposes do not exceed the permitted deductions under the Tax Laws.

**14.5. Your Account and Statements:** We will maintain an account in your name showing all Contributions made to the Plan, all investment transactions and all withdrawals from the Plan. At least once each year we will send you an account statement showing these transactions, including income earned and expenses incurred during such period.

**14.6. Management and Ownership:** We may hold any investment in our own name, in the name of our nominee or agent, in bearer form or in such other name or form, or with any such custodian, clearing corporation or depository, as we may determine. We may generally exercise the power of an owner with respect to the Plan Assets, including the right to vote or give proxies to vote in respect thereof, or to sell assets to pay any assessments, taxes or charges imposed on the Plan by the Tax Laws, subject to paragraph 17. In exercising our rights and carrying out our responsibilities hereunder, we may employ agents and advisors, including legal counsel, and may act or not act on the advice or information of any such agent or advisor.

**14.7. Refund of Over-Contributions:** We will, upon receiving a written request from you or, if applicable, your spouse or common-law partner, refund an amount to that person in order to reduce the amount of tax that would otherwise be payable under Part X.1 of the Act, or under any other Tax Laws, by that person. We will not be responsible for determining the amount of any such refund.



**14.8. Purchase of Retirement Income or Transfer to a RRIF:** Your Plan will mature on the date (the “Maturity Date”) you select for the start of a Retirement Income but this date must not be later than December 31 of the calendar year in which your Retirement Income must begin, as required under the Act. You must notify us in writing at least 90 days prior to the Maturity Date. This notice must also give us your instructions to either:

- (a) sell the Plan Assets and use all of the cash in the Plan, less any sale costs and other related fees and charges (the “Plan Proceeds”), to purchase a Retirement Income for you starting on the Maturity Date; or
- (b) transfer the Plan Assets on or before the Maturity Date to a RRIF.

If you instruct us to purchase a Retirement Income for you, you must also specify the particular type of annuity, in accordance with section 146 of the Act that you would like to receive as your Retirement Income and the name of the authorized company from which we are to purchase same. Any annuity so selected may have one or more of the features permitted by subsection 146(3), subparagraph 146(2)(b)(ii) and paragraph 146(2)(b.1) of the Act. However, any Retirement Income so acquired may not be assigned in whole or in part and must be commuted if it would otherwise become payable to a person other than you or, after your death, your spouse or common-law partner. In addition, the total of the periodic payments in a year under an annuity after your death shall not exceed the total of the payments made in a year before your death. It is solely your responsibility to select a Retirement Income that complies with the Tax Laws.

If we do not receive your notice and instructions at least 60 days prior to December 31 of the calendar year in which your Retirement Income must begin, as required under the Act, we will sell the Plan Assets, subject to the requirements of the Tax Laws. If the amount of the Plan Proceeds exceeds \$10,000 (or such greater or lesser amounts as we may in our sole discretion determine), we will prior to the end of that year transfer the Plan Proceeds to a RRIF for you and you hereby appoint us (and/or the Agent) as your attorney(s) in fact to execute all such documents and make elections as are necessary to establish the RRIF.

You will be deemed

- (i) to have elected to use your age to determine the minimum amount payable under the RRIF according to the Tax Laws;
- (ii) not to have elected to designate your spouse or common-law partner to become the successor annuitant of the RRIF on your death; and
- (iii) not to have designated any beneficiary of the RRIF. We will administer such RRIF as trustee in accordance with the provisions of the Tax Laws. If the amount of the Plan Proceeds is less than \$10,000 (or such greater or lesser amount as we may in our sole discretion determine) we will deposit same, net of any required withholding, in a non-registered interest-bearing deposit account on your behalf and we will be entitled to collect administration fees directly from that account.

**14.9. Withdrawals:** You may, by written instructions or by other manner of communication acceptable to us, at any time before the commencement of a Retirement Income, request that we pay you all or any part of the Plan Assets. In order to make such payment, we may sell all or part of any of the investments, to the extent we deem appropriate. We will withhold any income taxes or other taxes and charges required on the withdrawal of funds and pay you the balance, after deducting any applicable fees and expenses. We will have no liability to you in respect of any sold Plan Assets or for any losses that may result from such sales.

**14.10. Transfers (On Relationship Breakdown or Otherwise):** Subject to any reasonable requirements we impose, you may direct us in writing to transfer Plan Assets (net of any costs of realizations), less any fees or charges payable hereunder and any taxes, interest or penalties that are or may become payable or have to be withheld under the Tax Laws, to:

- (a) an RRSP or RRIF under which
  - (i) you are the annuitant; or
  - (ii) your spouse, former spouse, common-law partner or former common-law partner, from whom you are living separate and apart, is the annuitant and the transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property in settlement of rights arising out of your marriage or common-law partnership, or after the breakdown of such marriage or partnership; or
- (b) a Registered Pension Plan (as defined in the Tax Laws) for your benefit. Such transfers will take effect in accordance with the Tax Laws and any other applicable law and within a reasonable time after any



required forms have been completed. If only a portion of the Plan Assets is transferred under this paragraph, you may specify in writing which Plan Assets you wish us to transfer or sell; otherwise, we will transfer or sell the Plan Assets that we deem appropriate. No transfer will be made until all fees, charges and taxes have been paid.

- 14.11. Designation of Beneficiary:** Where effective under applicable provincial law, you may designate one or more beneficiaries to receive the Plan Assets or Plan Proceeds on your death. You may make, change or revoke a beneficiary designation by completing, dating and signing the form we provide or any other form appropriate for this purpose and ensuring we receive it before we pay out the Plan under paragraph 12. If more than one form has been received by us, we will act on the one with the latest signature date.
- 14.12. Death:** If you die before the Maturity Date, we will, upon receipt of satisfactory evidence of your death and all other documents we may require, transfer the Plan Assets, or sell them and pay out the Plan Proceeds, to the designated beneficiary(ies) under the Plan. If you had not designated a beneficiary or if such beneficiary(ies) die before you, we will make such transfer or payment to your legal personal representative. Deductions will be made for all fees, costs, charges and taxes to be paid or withheld. We will be fully discharged once we make such transfers or payments, even though any beneficiary designation made by you may be invalid as a testamentary instrument. We will not be liable for any loss caused by any delay in making any such transfer or payment.
- 14.13. Proof of Age:** Your statement of your date of birth in your application will be deemed to be a certification of your age and your undertaking to provide any further evidence or proof of age that may be required for the purpose of determining the Maturity Date and acquiring a Retirement Income.
- 14.14. Delegation:** You authorize us to delegate to Credential Securities Inc. (the "Agent") the performance of certain of our duties, including the following:
- (i) registering the Plan with the Canada Revenue Agency;
  - (ii) receiving Contributions;
  - (iii) investing the Plan Assets in accordance with this declaration;
  - (iv) holding the Plan Assets in safekeeping, in its name or in the name of its nominee or custodian;
  - (v) maintaining your account and providing you with statements and notices;
  - (vi) receiving and implementing your notices and instructions;
  - (vii) collecting fees and expenses from you or the Plan;
  - (viii) filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
  - (ix) issuing tax receipts and preparing and filing tax returns or forms relating to the Plan;
  - (x) withdrawing or transferring Plan Assets in accordance with your instructions or for the purpose of making payments to you, any government authority or any other person entitled to same under the Plan, the Tax Laws or other applicable legislation;

and, any other duties relating to the Plan as we may determine appropriate from time to time. We will, however, bear ultimate responsibility for the administration of the Plan in accordance with this declaration and the Tax Laws.

You acknowledge that we may pay the Agent all or any portion of our fees hereunder and reimburse it for its out-of-pocket expenses in performing its delegated duties. You also acknowledge that the Agent will earn normal brokerage commissions on investment transactions processed by it. You acknowledge and agree that all protections, limitations of liability and indemnifications given to us under this declaration, including without limitation those under paragraph 15 and 16 are also given to, and are for the benefit of, the Agent.

- 14.15. Fees and Expenses:** We are entitled to receive and may charge against the Plan reasonable fees and other charges that we establish from time to time in conjunction with the Agent, provided that we will give you 30 days written notice of a change in the amount of any such fee. Subject to paragraph 17, we are also entitled to reimbursement for all taxes, penalties and interest and for all other costs and out-of-pocket expenses incurred by us or the Agent in connection with the Plan. All amounts so payable will be charged against and deducted from the Plan Assets, unless you make other arrangements with us. If the cash in the Plan is not sufficient to pay these amounts, we may, in our sole discretion, sell any of the Plan Assets in order to pay same and we will not be responsible for any loss occasioned by any such sale.
- 14.16. Trustee's Liability:** We are not responsible for determining whether any investment made on your instructions is or remains a "prohibited investment" for your Plan, as that term is defined in the Act.



We are entitled to act upon any instrument, certificate, notice or other writing believed by us to be genuine and properly signed or presented. When the Plan is terminated and all of the Plan Assets are paid out, we will be released and discharged from any further responsibility or obligation in connection with the Plan.

Subject to the express provisions of the Act and to paragraph 17 hereof, we will not be liable to you or the Plan for or in respect of any tax, penalty, interest, loss or damages suffered or incurred by the Plan, you or any other person in connection with the Plan, as a result of the acquisition, holding or transfer of any investment, or as a result of payments out of the Plan, made in accordance with the terms of this declaration or as a result of us acting or declining to act in accordance with instructions given to us, unless caused by our gross negligence, bad faith or willful misconduct and we may reimburse ourselves for, or pay, any tax, penalty, interest or charges imposed upon us under the Tax Laws or by any other government authority out of the Plan Assets.

Without limiting the generality of the foregoing, you will have no claim whatsoever against us in relation to any losses, diminution, damages, charges, costs, taxes, assessments, levies, interest, demands, fines, claims, penalties, fees or expenses incurred directly or indirectly with respect to the administration or trusteeship of the Plan or the Plan Assets ("Liabilities"), except Liabilities directly caused by our gross negligence, bad faith or willful misconduct. You specifically acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

You, your heirs and legal personal representatives shall at all times indemnify and save harmless us, our associates and affiliates and each of our respective directors, officers, custodians, agents (including the Agent) and employees from and against all Liabilities of any nature whatsoever (including all expenses reasonably incurred in the defense thereof) which may at any time be incurred by any of us, or be brought against us by any person, regulatory authority or government authority, and which may in any way whatsoever arise out of or be connected in any way with the Plan. If we are entitled to and make any claim under this indemnity, the Agent may pay the claim from the Plan Assets. If the Plan Assets are insufficient to cover the claim, or if the claim is made after the Plan has ceased to exist, you agree to personally pay the amount of the claim.

The provisions of this paragraph 16 shall survive the termination of the Plan.

**14.17 Liability of Trustee for Taxes, Interest and Penalties:** We are not responsible for taxes, interest and penalties imposed on you or the Plan, except for taxes, interest and penalties, if any, imposed on us by the Act that are not reimbursable by the Plan under the Act.

**14.18. Replacement of Trustee:** We may at any time resign as trustee under the Plan by giving you and the Agent 60 days written notice, or such shorter period of notice as the Agent may accept. The Agent may remove us as trustee by giving you and us 60 days written notice, or such shorter notice as we may accept. Upon giving or receiving any such notice of our removal or resignation, the Agent will within the notice period appoint a successor trustee authorized under the Tax Laws and any other applicable law (the "Successor Trustee").

If a Successor Trustee is not found within such notice period, we and/or the Agent may apply to a court of competent jurisdiction for the appointment of a Successor Trustee. Any costs incurred by us in securing the appointment of a Successor Trustee will constitute a charge against the assets of the Plan and will be reimbursed from the Plan Assets unless borne personally by the Agent. Our resignation or removal will not be effective until a Successor Trustee is appointed.

Any trust company resulting from a merger, amalgamation or continuation to which we are party, or succeeding to substantially all of our RRSP and RRIF trusteeship business (whether by sale of such business or otherwise), will, if authorized, become the Successor Trustee of the Plan without further act or formality.

**14.19. Amendments to this Declaration of Trust:** We may from time to time amend this declaration with the approval, if required, of the applicable taxation authorities as long as the amendment will not disqualify the Plan as an RRSP under the Tax Laws. We will give you 30 days written notice of any amendment unless it is made for the purpose of satisfying a requirement imposed by the Tax Laws.

**14.20. Notice:** You may give us instructions by personal delivery, fax or postage prepaid mail (or by such other means as we or the Agent may accept), properly sent to the Agent or to any other address that we designate. We may give you any notice, statement, receipt or other communication by postage prepaid mail, sent to the address recorded in your application or to any subsequent address you provide us. Our notices to you will be deemed to have been given on the second business day after mailing.



- 14.21. Reference to Statutes:** All references herein to any statute, regulation or any provision thereof will mean such statute, regulation or provision as the same may be re-enacted or replaced from time to time.
- 14.22. Binding:** The terms and conditions of this declaration will be binding upon your heirs and legal personal representatives and upon our successors and assigns. Notwithstanding that, if the Plan or the Plan Assets are transferred to a Successor Trustee, then the terms of such Successor Trustee's declaration of trust will govern thereafter.
- 14.23. Governing Law:** This declaration will be construed, administered and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, except that where the circumstances require, the terms "spouse" and "common-law partner" will be recognized in accordance with the Act.
- 14.24. Access to File (Applicable in Quebec Only):** You understand that the information contained in your application will be maintained in a file at the Agent's place of business. The object of this file is to enable us and the Agent, and our respective agents or representatives, to access your application, answer any questions you may have regarding the application and your Plan, and manage your Plan and your instructions on an ongoing basis. Subject to applicable law, personal information contained in this file may be used by us or by the Agent to make any decision relevant to the object of the file and no one may have access to the file except us, the Agent, our respective employees, agents and representatives, any other person required for the execution of our or the Agent's duties and obligations, you and any other person that you expressly authorize in writing. You are entitled to consult your file and to have anything in it corrected. In order to exercise these rights, you must notify us in writing.

**COMPUTERSHARE TRUST COMPANY OF CANADA**  
RSP DOT (09/12) FORM 6111E

## 15. Credential Securities Inc. Self-Directed Retirement Income Fund Declaration of Trust

We, Computershare Trust Company of Canada, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the annuitant named in the application to which this declaration is attached, for the Credential Securities Inc. Self-Directed Retirement Income Fund (the "Fund") upon the following terms:

**Some Definitions:** In this declaration, in addition to terms defined elsewhere herein,

"Act" means the Income Tax Act (Canada);

"Agent" refers to the company named in paragraph 11;

"common-law partner" has the meaning set forth in the Act;

"Retirement Income" has the meaning set forth in the Act;

"RRIF" means a registered retirement income fund, as defined in the Act;

"RRSP" means a registered retirement savings plan, as defined in the Act;

"spouse" means a spouse for the purposes of the Tax Laws;

"Tax Laws" means the Act and any applicable tax legislation of your province of residence, as recorded in your application;

"We", "us" and "our" refer to Computershare Trust Company of Canada;

"You", "your" and "yours" refer to the person who has signed the application and will be the owner of the Fund (under the Act, known as the "annuitant" of the Fund) and, after your death, your spouse or common-law partner if they become the successor annuitant of the Fund as described in paragraph 8 hereof ;

**15.1. Registration:** We will apply for registration of the Fund in accordance with the Tax Laws. The purpose of the Fund is to provide you with a Retirement Income in accordance with the Act.

**15.2. Acceptance of Property into the Fund:** We will accept into the Fund only cash and other property that is transferred in accordance with the Tax Laws, from:

- (a.) an RRSP or RRIF under which you are the annuitant;



- (b.) you, to the extent only that the property was an amount described in subparagraph 60(l)(v) of the Act (including refunds of premiums from a deceased person's RRSP where he or she was your spouse or common-law partner, or you were dependent upon him or her by reason of physical or mental infirmity);
- (c.) an RRSP or RRIF under which your spouse, former spouse, common-law partner or former common-law partner, from whom you are living separate and apart, is the annuitant and the transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property in settlement of rights arising out of your marriage or common-law partnership, or after the breakdown of such marriage or partnership;
- (d.) a registered pension plan of which you are a member (as defined in subsection 147.1(1) of the Act), or a registered pension plan in accordance with subsection 147.3(5) or (7) of the Act; or
- (e.) a specified pension plan in circumstances to which subsection 146(21) of the Act applies.

We will hold this property and any investments, income or gains therefrom (the "Fund Assets") in trust, to be held, invested and used according to the terms of this declaration and the Tax Laws.

**15.3. Investments:** We will hold, invest and sell the Fund Assets according to your instructions. We may require any instructions to be in writing. We may place any un-invested cash in a demand deposit account with a chartered bank in Canada. We will pay interest on any cash balances at such rate and credited at such time as we in our sole discretion determine.

Investments will not be limited to those authorized by law for trustees. The Fund will bear any taxes, penalties or related interest imposed on the Fund under the Tax Laws, subject to paragraph 14. If the Fund Assets are insufficient to pay any taxes, penalties or related interest incurred, or if taxes, penalties or related interest are imposed after the Fund has ceased, you must pay or reimburse us directly for any such taxes, penalties or related interest.

You may, by way of a duly executed power of attorney in a form acceptable to us, appoint an agent to give investment instructions. You release us from any claim or liability when acting upon the instructions of such agent.

Notwithstanding anything in this declaration, we may decline to accept any particular transferred property or to make any particular investment, in our sole discretion or for any reason, including if it does not comply with our administrative requirements or policies in place from time to time. We may also need you to provide special supporting documentation as a condition to our making certain investments for the Fund.

We will not be responsible for any loss resulting from the sale or other disposition of any investment forming part of the Fund Assets.

**15.4. Your Account and Statements:** We will maintain an account in your name showing all Fund Assets, all investment transactions and all payments from the Fund. At least once each year we will send you an account statement showing these transactions, including income earned and expenses incurred during such period. We will also send you by the end of February in each year a tax information slip showing the total amount of all payments made to you from the Fund during the preceding calendar year to enable you to report this amount on your income tax return.

**15.5. Management and Ownership:** We may hold any investment in our own name, in the name of our nominee or agent, in bearer form or in such other name or form, or with any such custodian, clearing corporation or depository, as we may determine. We may generally exercise the power of an owner with respect to the Fund Assets, including the right to vote or give proxies to vote in respect thereof or to sell assets to pay any assessments, taxes or charges imposed on the Fund by the Tax Laws, subject to paragraph 14. However, you may request us to arrange for you to be able to exercise such voting rights, whereupon if we have been given sufficient time, we will make such arrangements. In exercising our rights and carrying out our responsibilities hereunder, we may employ agents and advisors, including legal counsel, and may act or not act on the advice or information of any such agent or advisor.

**15.6. Payments:** Each calendar year, we will make one or more payments to you, totaling not less than the minimum amount as defined in subsection 146.3(1) of the Act. No payment will be for an amount exceeding the value of the Fund Assets immediately before such payment. The minimum amount for the year in which the Fund is established is zero, meaning you do not have to take payments if you do not want to. We will make payments to you in the amounts and at the times you direct us, as set out in your application form or in other acceptable directions, and you may change these directions. You may direct us to make payments which exceed the minimum amount for the year, in which case we must withhold tax from the excess. If you do not



specify the amount to be paid or if the amount you specify is less than the minimum amount for a year, we will make payment(s) to you equaling at least the minimum amount. At the end of the year in which the last payment is made, an amount equal to the value of the Fund Assets must be paid out.

You may elect to have the minimum amount determined using your spouse's or common-law partner's age. To do so, you must complete the appropriate area on the application form before we make any payment to you out of the Fund.

It is solely your responsibility to ensure that there is sufficient cash in the Fund to make these payments. We will not be required to make any such payment in specie. If any Fund Assets must be sold to provide the required cash and we do not have your instructions as to which to sell, we will sell any of the Fund Assets that we, in our sole discretion, consider appropriate. We will not be liable for any loss that results from a sale.

No payment from the Fund may be assigned, in whole or in part.

We will not make any payments other than those described in paragraphs 6, 7 and 9 of this declaration. However, before making any such payment, we may charge against the Fund the amount of any taxes, penalties, interest, fees and expenses that are payable hereunder, under the Tax Laws or under other applicable laws.

**15.7. Transfers (On Relationship Breakdown or Otherwise):** Subject to any reasonable requirements we impose, you may direct us in writing to transfer all or part of the Fund Assets (net of any costs of realizations and of any property we must retain under the Tax Laws to ensure that the minimum amount may be paid to you in that year) to:

- (a.) a RRIF under which you are the annuitant; or
- (b.) an RRSP or RRIF under which your spouse, former spouse, common-law partner or former common-law partner, from whom you are living separate and apart, is the annuitant and the transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property in settlement of rights arising out of your marriage or common-law partnership, or after the breakdown of such marriage or partnership.

Such transfers will take effect in accordance with the Tax Laws and any other applicable law and within a reasonable time after any required forms have been completed. If the transfer is to another RRIF under which you are the annuitant, we will also transfer all information necessary for the continuance of the Fund. If only a portion of the Fund Assets is being transferred under this paragraph, you may specify in writing which Fund Assets you wish us to transfer or sell; otherwise, we will transfer or sell the Fund Assets that we deem appropriate. No transfer will be made until all fees, charges and taxes have been paid. We will be discharged from all further duties and liabilities in respect of any Fund Assets so transferred.

**15.8. Designation of Successor Annuitant / Beneficiary:** Where effective under applicable provincial law, you may designate one or more beneficiaries to receive an amount or amounts out of the Fund after your death, in accordance with one of the following:

- (a.) *Successor Annuitant:* You may at any time elect that your spouse or common-law partner receives the payments under paragraph 6 after your death. (A successor annuitant cannot make this designation.) If you have not made this election, we may agree to make such payments to your spouse or common-law partner after your death, if your legal personal representative requests this; or
- (b.) *Beneficiary of Lump Sum:* You may designate one or more beneficiary(ies) to receive the Fund Assets or the proceeds thereof, less any applicable taxes and any fees or expenses payable under this declaration, in a lump sum payment.

You may make, change or revoke any such beneficiary designations by completing, dating and signing the form we provide or any other form appropriate for this purpose and ensuring we receive it before we pay out the Fund under paragraph 9. If more than one form has been received by us, we will act on the one with the latest signature date.

**15.9. Death:** In the event of your death, if you had not elected that your spouse or common-law partner become successor annuitant in accordance with paragraph 8(a) above (or you had so elected but your spouse or common-law partner predeceased you), we will, upon receipt of satisfactory evidence of your death and all other documents we may require, transfer the Fund Assets, or sell them and pay out the proceeds, to any other beneficiary(ies) designated in accordance with paragraph 8 above. If you had not designated a beneficiary or if such beneficiary(ies) die before you, we will make such transfer or payment to your legal



personal representative. Deductions will be made for all fees, costs, charges and taxes to be paid or withheld. We will be fully discharged once we make such transfers or payments, even though any beneficiary designation made by you may be invalid as a testamentary instrument. We will not be liable for any loss caused by any delay in making any such transfer or payment.

**15.10. Proof of Age:** Your statement of your date of birth in your application will be deemed to be a certification of your age and your undertaking to provide any further evidence or proof of age that may be required for the purpose of calculating your Retirement Income.

**15.11. Delegation:** You authorize us to delegate to Credential Securities Inc. (the "Agent") the performance of certain of our duties, including the following:

- (i.) receiving transfers of cash and other property into the Fund and accepting on our behalf your application;
- (ii.) registering the Fund with the Canada Revenue Agency;
- (iii.) investing the Fund Assets in accordance with this declaration;
- (iv.) holding the Fund Assets in safekeeping, in its name or in the name of its nominee or custodian;
- (v.) maintaining your account and providing you with statements and notices;
- (vi.) receiving and implementing your notices and instructions;
- (vii.) collecting fees and expenses from you or the Fund;
- (viii.) filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
- (ix.) issuing tax information slips and preparing and filing tax returns or forms relating to the Fund;
- (x.) withdrawing or transferring Fund Assets in accordance with your instructions or for the purpose of making payments to you, any government authority or any other person entitled to same under the Fund, the Tax Laws or other applicable legislation;

and any other duties relating to the Fund as we may determine appropriate from time to time. We, however, will bear ultimate responsibility for the administration of the Fund in accordance with this declaration and the Tax Laws.

You acknowledge that we may pay the Agent all or any portion of our fees hereunder and reimburse it for its out-of-pocket expenses in performing its delegated duties. You also acknowledge that the Agent will earn normal brokerage commissions on investment transactions processed by it. You acknowledge and agree that all protections, limitations of liability and indemnifications given to us under this declaration, including without limitation those under paragraphs 12 and 13 are also given to, and are for the benefit of, the Agent.

**15.12. Fees and Expenses:** We are entitled to receive and may charge against the Fund reasonable fees and other charges that we establish from time to time in conjunction with the Agent, provided that we will give you 30 days written notice of a change in the amount of any such fee. Subject to paragraph 14, we are also entitled to reimbursement for all taxes, penalties and interest and for all other costs and out-of-pocket expenses incurred by us or the Agent in connection with the Fund. All amounts so payable will be charged against and deducted from the Fund Assets, unless you make other arrangements with us. If the cash in the Fund is not sufficient to pay these amounts, we may, in our sole discretion, sell any of the Fund Assets in order to pay same and we will not be responsible for any loss occasioned by any such sale.

**15.13. Trustee's Liability:** We are not responsible for determining whether any investment made on your instructions is or remains a "prohibited investment" for your Fund, as that term is defined in the Act.

We are entitled to act upon any instrument, certificate, notice or other writing believed by us to be genuine and properly signed or presented. When the Fund is terminated and all of the Fund Assets are paid out, we will be released and discharged from any further responsibility or obligation in connection with the Fund.

We will not be liable to you or the Fund for or in respect of any tax, penalty, interest, loss or damages suffered or incurred by the Fund, you or any other person in connection with the Fund, as a result of the acquisition, holding or transfer of any investment, or as a result of payments out of the Fund, made in accordance with the terms of this declaration or as a result of us acting or declining to act in accordance with instructions given to us, unless caused by our gross negligence, bad faith or willful misconduct and we may reimburse ourselves for, or pay, any tax, penalty, interest or charge imposed upon us under the Tax Laws or by any other government authority, out of the Fund Assets. Without limiting the generality of the foregoing, you will have no claim whatsoever against us in relation to any losses, diminution, damages, charges, costs, taxes, assessments, levies, interest, demands, fines, claims, penalties, fees or expenses incurred directly or indirectly with respect to the administration or trusteeship of the Fund or the Fund Assets ("Liabilities"), except Liabilities directly caused by our gross negligence, bad faith or willful misconduct. You specifically





acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

You, your heirs and legal personal representatives shall at all times indemnify and save harmless us, our associates and affiliates and each of our respective directors, officers, custodians, agents (including the Agent) and employees from and against all Liabilities of any nature whatsoever (including all expenses reasonably incurred in the defense thereof) which may at any time be incurred by any of us, or be brought against us by any person, regulatory authority or government authority, and which may in any way whatsoever arise out of or be connected in any way with the Fund. If we are entitled to and make any claim under this indemnity, the Agent may pay the claim from the Fund Assets. If the Fund Assets are insufficient to cover the claim, or if the claim is made after the Fund has ceased to exist, you agree to personally pay the amount of the claim.

The provisions of this paragraph 13 shall survive the termination of the Fund.

**15.14. Liability of Trustee for Taxes, Interest and Penalties:** We are not responsible for taxes, interest and penalties imposed on you or the Fund, except for taxes, interest and penalties, if any, imposed on us by the Act that are not reimbursable by the Fund under the Act.

**15.15 Replacement of Trustee:** We may at any time resign as trustee under the Fund by giving you and the Agent 60 days written notice, or such shorter period of notice as the Agent may accept. The Agent may remove us as trustee by giving you and us 60 days written notice, or such shorter notice as we may accept. Upon giving or receiving any such notice of our removal or resignation, the Agent will within the notice period appoint a successor trustee authorized under the Tax Laws and any other applicable law (the "Successor Trustee"). If a Successor Trustee is not found within such notice period, we and/or the Agent may apply to a court of competent jurisdiction for the appointment of a Successor Trustee. Any costs incurred by us in securing the appointment of a Successor Trustee will constitute a charge against the assets of the Fund and will be reimbursed from the Fund Assets unless borne personally by the Agent. Our resignation or removal will not be effective until a Successor Trustee is appointed.

Any trust company resulting from a merger, amalgamation or continuation to which we are party, or succeeding to substantially all of our RRSP and RRIF trusteeship business (whether by sale of such business or otherwise), will, if authorized, become the Successor Trustee of the Fund without further act or formality.

In the event of a change of trustee, we will transfer the Fund Assets to the Successor Trustee within 30 days after the effective date of such change. Such a transfer will be subject to the requirements of paragraph 7 hereof, including the retention of any property necessary to ensure payment to you that year of the minimum amount.

**15.16. Amendments to this Declaration of Trust:** We may from time to time amend this declaration with the approval, if required, of the applicable taxation authorities as long as the amendment will not disqualify the Fund as a RRIF under the Tax Laws. We will give you 30 days written notice of any amendment unless it is made for the purpose of satisfying a requirement imposed by the Tax Laws.

**15.17. Notice:** You may give us instructions by personal delivery, fax or postage prepaid mail (or by such other means as we or the Agent may accept), properly sent to the Agent or to any other address that we designate. We may give you any notice, statement, receipt or other communication by postage prepaid mail, sent to the address recorded in your application or to any subsequent address you provide us. Our notices to you will be deemed to have been given on the second business day after mailing.

**15.18. Reference to Statutes:** All references herein to any statute, regulation or any provision thereof will mean such statute, regulation or provision as the same may be re-enacted or replaced from time to time.

**15.19. Binding:** The terms and conditions of this declaration will be binding upon your heirs and legal personal representatives and upon our successors and assigns. Notwithstanding that, if the Fund or the Fund Assets are transferred to a Successor Trustee, then the terms of such Successor Trustee's declaration of trust will govern thereafter.

**15.20. Governing Law:** This declaration will be construed, administered and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, except that where the circumstances require, the terms "spouse" and "common-law partner" will be recognized in accordance with the Act.



**15.21. Access to File (Applicable in Quebec Only):** You understand that the information contained in your application will be maintained in a file at the Agent's place of business. The object of this file is to enable us and the Agent, and our respective agents or representatives, to access your application, answer any questions you may have regarding the application and your Fund, and manage your Fund and your instructions on an ongoing basis. Subject to applicable law, personal information contained in this file may be used by us or by the Agent to make any decision relevant to the object of the file and no one may have access to the file except us, the Agent, our respective employees, agents and representatives, any other person required for the execution of our or the Agent's duties and obligations, you and any other person that you expressly authorize in writing.

You are entitled to consult your file and to have anything in it corrected. In order to exercise these rights, you must notify us in writing.

COMPUTERSHARE TRUST COMPANY OF CANADA  
(RIF DOT 09/12) FORM 5111E

## 16. Strip Bonds and Strip Bond Package Information Statement

In this section, "you" means each customer who signed an Application and "we" means Credential Direct, a division of Credential Securities Inc.

**We are required by provincial securities regulations to provide you with this Information Statement before you can trade in strip bonds or strip bond packages based on bonds of the Government of Canada, a Canadian province, or certain foreign governments or political subdivisions thereof. Please review it carefully.**

### Preliminary Note Regarding the Scope of this Information Statement

This information statement relates to strip securities that are based on bonds of the Government of Canada, a Canadian province, or certain foreign governments or political subdivisions thereof. Provincial securities regulations create an exemption from dealer registration and prospectus requirements for these types of securities.

Strip securities may also be based on Canadian corporate bonds. While some of the information in this Information Statement may also be relevant to corporate bond-based strips, corporate bond-based strips are outside the scope of this Information Statement. If you are planning to purchase a strip or strip package based on a corporate Canadian bond, please note that such securities are not governed by the regulations referred to above, but rather, may be subject to certain decisions issued by Canada's securities regulatory authorities exempting certain Canadian corporate bond-based strip securities from various regulatory requirements, including Section 2.1 of National Instrument 44-102 – *Shelf Distributions* and Section 2.1 of National Instrument 44-101 – *Short Form Prospectus Distributions*. See e.g. *RBC Dominion Securities Inc. et al.*, (2013) 36 OSCB 3867 (Apr. 8), online: [www.osc.gov.on.ca/en/SecuritiesLaw\\_ord\\_20130411\\_2110\\_rbc-dominion.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_ord_20130411_2110_rbc-dominion.htm). Pursuant to each such decision, Canadian securities dealers file with the applicable Canadian securities regulatory authorities a short form base shelf prospectus and certain supplements thereto, pursuant to which certain Canadian corporate-bond based strip securities may be distributed on an on-going basis without a full prospectus (the "CARs<sup>1</sup> and PARs<sup>2</sup> Programme"). For each decision, the applicable shelf prospectus and its supplements may be found on the System for Electronic Document Analysis and Retrieval or "SEDAR" at [www.sedar.com](http://www.sedar.com).

**Risk and other disclosures relating to securities issued as part of the CARs and PARs Programme are set forth in the shelf prospectus and supplements published on SEDAR, and investors considering purchasing such securities are advised to consult these documents, since considerations unique to securities issued as part of the CARs and PARs Programme are not addressed herein.**

### Strip Bonds and Strip Bond Packages ("Strips")

A strip bond - commonly referred to as a "strip" - is a fixed-income product that is sold at a discount to face value and matures at par. This means the holder is entitled to receive the full face value at maturity. Strips do not pay interest, but rather, the yield at the time of purchase is compounded semi-annually and paid at maturity. Since the return on a strip is fixed at the time of purchase, strips may be a suitable investment where the holder requires a fixed amount of funds at a specific future date.

<sup>1</sup> CARs are corporate strip bonds comprised of coupon and residual securities.

<sup>2</sup> PARs are a form of strip bond package where the coupon rate is reduced to current yields, thus allowing the package to be sold at par.



A strip is created when a conventional debt instrument, such as a government or corporate bond, discount note or asset-backed security (i.e., the “underlying bond”), is separated into its “interest” and “principal” component parts for resale. Components are fungible and may be pooled together where they share the same issuer, payment date and currency and have no other distinguishing features. The two types of components may be referred to as follows:

- The “coupon”: the interest-paying portion of the bond; and
- The “residual”: the principal portion.

A strip bond package is a security comprised of two or more strip components. Strip bond packages can be created to provide holders with a regular income stream, similar to an annuity, and with or without a lump sum payment at maturity.<sup>3</sup> By laddering strips with staggered maturities or other payment characteristics, holders can strategically manage their cash flow to meet their future obligations and specific needs.

### Strips vs. Conventional Bonds

Strips are offered on a variety of terms and in respect of a variety of underlying bonds, including government bonds issued by the Government of Canada or provincial, municipal and other government agencies, or a foreign government. CARs and PARs are examples of strips derived from high-quality corporate bonds. Some differences between strips and conventional bonds that you may wish to consider include the following:

- strips are sold at a discount to face value and mature at par, similar to T-bills. Unlike conventional interest-bearing debt securities, strips do not pay interest throughout the term to maturity; rather, the holder is entitled to receive a fixed amount at maturity. The yield or interest earned is the difference between the discounted purchase price and the maturity value; thus, for a given par value, the purchase price for a strip will typically be lower the longer the term to maturity;
- a strip with a longer term to maturity will generally be subject to greater price fluctuations than a strip of the same issuer and yield but with a shorter term to maturity;
- strips typically offer higher yields over T-Bills, GICs and term deposits, and over conventional bonds of the same issuer, term and credit rating;
- the higher yield offered by strips reflects their greater price volatility. Like conventional bonds, the price of a strip is inversely related to its yield. Thus, when prevailing interest rates rise, strip prices fall, and vice versa. However, the rise or fall of strip prices is typically more extreme than with conventional bonds of the same issuer, term and credit rating. The primary reason for this greater volatility is that no interest is paid in respect of a strip bond prior to its maturity;
- unlike conventional bonds that trade in \$1,000 increments, strips may be purchased in \$1 multiples above the minimum investment amount, thereby enabling a holder to purchase a strip for any desired face value amount above the minimum investment amount; and
- strips are less liquid than conventional bonds of the same issuer, term and credit rating: there may not be a secondary market for certain strips and strip bond packages, and there is no requirement or obligation for investment dealers or financial institutions to maintain a secondary market for strips sold by or through them; as a result, purchasers should generally be prepared to hold a strip to maturity, since they may be unable to sell it - or only able to sell it at a significant loss - prior to maturity.

### Dealer Mark-ups and Commissions

When purchasing or selling a strip bond or a strip bond package, the prospective purchaser or seller should inquire about applicable commissions (mark-ups or mark-downs) when executing the trade through an investment dealer or financial institution, since such commissions will reduce the effective yield (if buying) or the net proceeds (if selling). Investment dealers must make reasonable efforts to ensure the aggregate price, inclusive of any mark-up or mark-down, is fair and reasonable taking into consideration all reasonable factors. Commissions quoted by investment dealers generally range between \$0.25 to \$1.50 per \$100 of maturity amount of the strip, with commissions typically at the higher end of this range for small transaction amounts, reflecting the higher relative costs associated with processing small trades.

The table below illustrates the after-commission yield to a strip holder with different terms to maturity and assuming a before-commission yield of 5.5%. All of the yield numbers are semi-annual. For example, a strip bond with a term to maturity of one year and a commission of 25 cents per \$100 of maturity amount has an after-

<sup>3</sup> A bond-like strip bond package has payment characteristics resembling a conventional bond, including regular fixed payments and a lump-sum payment at maturity. In contrast, an annuity-like strip bond package provides regular fixed payments but no lump-sum payment at maturity.



commission yield of 5.229%. The before-commission cost of this particular strip bond will be \$94.72 per \$100 of maturity amount while the after-commission cost will be \$94.97 per \$100 of maturity amount. In contrast, a strip bond with a term to maturity of 25 years and a commission of \$1.50 per \$100 of maturity amount has an after-commission yield of 5.267%. The before-commission cost of this particular strip bond will be \$25.76 per \$100 of maturity amount while the after-commission cost will be \$27.26 per \$100 of maturity amount.<sup>4</sup>

Commission or dealer mark-up amount (per \$100 of maturity amount)	Term to maturity in years and yield after commission or dealer mark-up (assuming a yield before commission of 5.5%)					
	1	2	5	10	15	25
\$0.25	5.229%	5.357%	5.433%	5.456%	5.462%	5.460%
\$0.75	4.691%	5.073%	5.299%	5.368%	5.385%	5.382%
\$1.50	3.892%	4.650%	5.100%	5.238%	5.272%	5.267%

**Prospective purchasers or sellers of strips should ask their investment dealer or financial institution about the bid and ask prices for strips and may wish to compare the yield to maturity of the strip, calculated after giving effect to any applicable mark-up or commission, against the similarly calculated yield to maturity of a conventional interest-bearing debt security.**

#### Secondary Market and Liquidity

Strips may be purchased or sold through investment dealers and financial institutions on the “over-the-counter” market rather than on an exchange. Where there is an active secondary market, a strip may be sold by a holder prior to maturity at the prevailing market price in order to realize a capital gain or to access funds. However, liquidity may be limited for certain strip bonds and strip bond packages, and, as noted above, investment dealers and financial institutions are not obligated to maintain a secondary market for strips sold by or through them.

**As a result, there can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time, and investors should generally be prepared to hold strips to maturity or run the risk of taking a loss.**

#### Other Risk Considerations

Potential purchasers of strips should conduct their own research into the term, yield, payment obligations and particular features of a strip prior to purchase. While not an exhaustive list, you may wish to consider some of the following potential risks:

*Credit risk of the issuer* – strips represent a direct payment obligation of the government or corporate issuer, thus any change to an issuer’s credit rating or perceived credit worthiness may affect the market price of a strip, and the impact may be more severe than the impact on conventional bonds of the same issuer.

*Interest rate risk* – if interest rates rise, the market value of a strip will go down, and this drop in market value will typically be more severe than the drop in market value for the corresponding conventional bond from the same issuer for the same term and yield. If interest rates rise above the yield of the strip at the time of purchase, the market value of the strip may fall below the original price of the strip.

*Market and liquidity risk* – strips are not immune to market or liquidity risks and may have specific terms and conditions that apply in the event of a market disruption or liquidity event. If liquidity is low, it may be difficult to sell a strip prior to maturity and there may be large spreads between the bid and ask prices.

**There can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time.**

<sup>4</sup> The purchase price of a strip bond may be calculated as follows:

$$\text{Purchase Price} = \text{Maturity (Par) Value} / (1 + y/2)^{2n}$$

where “y” is the applicable yield (before or after commission) and “n” is the number of years until maturity. For example, the purchase price (per \$100 of maturity value) for a strip bond that has a yield of 5.5% and 25 years until maturity is:  $100/(1+0.0275)^{50} = \$25.76$ .



*Currency risk* – strips may pay out in a currency other than Canadian dollars. Currency fluctuations may enhance, nullify or exacerbate your investment gains or losses.

*Component risk* – you should ensure that you understand and are comfortable with the underlying components, terms, risks and features of a strip bond or strip bond package prior to purchase. For example, strips may be derived from asset-backed securities or callable or retractable bonds, and may have features such as inflation indexation or structured payments.

*Price volatility* – strips are generally subject to greater price volatility than conventional bonds of the same issuer, term and credit rating, and will typically be subject to greater price fluctuations in response to changes to interest rates, credit ratings and liquidity and market events. The table below shows the impact that prevailing interest rates can have on the price of a strip. For example, as indicated in the table below, an increase in interest rates from 6% to 7% will cause the price of a 5 year strip bond with a maturity value of \$100 to fall by 4.73% - a larger percentage drop than for a \$100 5 year traditional bond, whose price would fall only 4.16%, assuming the same increase in interest rates.

#### Market Price Volatility

	Market Price	Market Yield	Price with Rate Drop to 5%	% Price Change	Price with Rate Increase to 7%	% Price Change
6% 5-Year Bond	\$100.00	6.00%	\$104.38	+4.38%	\$95.84	-4.16%
5-Year Strip Bond	\$74.41	6.00%	\$78.12	+4.99%	\$70.89	-4.73%
6% 20-Year Bond	\$100.00	6.00%	\$112.55	+12.55%	\$89.32	-10.68%
20-Year Strip Bond	\$30.66	6.00%	\$37.24	+21.49%	\$25.26	-17.61%

#### Custodial Arrangements

Due to the high risk of forgery, money laundering and similar illegal activities—and the costs associated with such risks—with physical strips and bearer instruments, most investment dealers and financial institutions will only trade or accept transfer of book-based strips. CDS Clearing and Depository Services Inc. (“CDS”) provides strip bond services, including book-based custodial services for strips and underlying bonds. Custodian banks or trust companies may also create and take custody of strips that are receipt securities, and may permit holders to obtain a registered certificate or take physical delivery of the underlying coupon(s) or residue(s). However, if the holder decides to take physical delivery, he or she should be aware of the risks, including the risk of lost ownership, associated with holding a bearer security which cannot be replaced. In addition, the holder should be aware that the secondary market for physical strips may be more limited than for book-based strips due to the risks involved. Investors in strip components held by and at CDS are not entitled to a physical certificate if the strips are Book Entry Only.

#### Canadian Income Tax Summary

The Canadian income tax consequences of purchasing strip bonds and strip bond packages are complex. Purchasers of strip bonds and strip bond packages should refer questions to the Canada Revenue Agency (<http://www.cra-arc.gc.ca/>) or consult their own tax advisors for advice relating to their particular circumstances.

The following is only a general summary regarding the taxation of strip bonds and strip bond packages under the *Income Tax Act (Canada)* (the “Tax Act”) for purchasers who are residents of Canada and hold their strip bonds and strip bond packages as capital property for purposes of the Tax Act. The following does not constitute legal advice.

#### Qualified Investments

Strip bonds and strip bond packages that are issued or guaranteed by the Government of Canada or issued by a province or territory of Canada are “qualified investments” under the Tax Act and are therefore eligible for purchase by trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“Registered Plans”). Depending on the circumstances, strip bonds issued by corporations may also be “qualified investments” for Registered Plans.

#### Annual Taxation of Strip Bonds

The Canada Revenue Agency takes the position that strip bonds are a “prescribed debt obligation” within the meaning of the Tax Act. Consequently, a purchaser will be required to include in income in each year a notional



amount of interest, notwithstanding that no interest will be paid or received in the year. Strips may therefore be more attractive when purchased and held in non-taxable accounts, such as self-directed Registered Plans, pension funds and charities.

In general terms, the amount of notional interest deemed to accrue each year will be determined by using the interest rate which, when applied to the total purchase price (including any dealer mark-up or commission) and compounded at least annually, will result in a cumulative accrual of notional interest from the date of purchase to the date of maturity equal to the amount of the discount from face value at which the strip bond was purchased.

For individuals and certain trusts, the required accrual of notional interest in each year is generally only up to the anniversary date of the issuance of the underlying bond. For example, if a strip bond is purchased on February 1 of a year and the anniversary date of the issuance of the underlying bond is June 30, only five months of notional interest accrual will be required in the year of purchase. However, in each subsequent year, notional interest will be required to be accrued from July 1 of that year to June 30 of the subsequent year (provided that the strip bond is still held on June 30 of the subsequent year).

In some circumstances the anniversary date of the issuance of the underlying bond may not be readily determinable. In these circumstances individual investors may wish to consider accruing notional interest each year to the end of the year instead of to the anniversary date.

A corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary is required for each taxation year to accrue notional interest to the end of the taxation year and not just to an earlier anniversary date in the taxation year.

#### **Disposition of Strip Bonds Prior To Maturity**

A purchaser who disposes of a strip bond prior to, or at, maturity, is required to include in the purchaser's income for the year of disposition notional interest accrued to the date of disposition that was not previously included in the purchaser's income as interest. If the amount received on a disposition exceeds the total of the purchase price and the amount of all notional interest accrued and included in income, the excess will be treated as a capital gain. If the amount received on disposition is less than the total of the purchase price and the amount of all notional interest accrued and included in income, the difference will be treated as a capital loss.

#### **Strip Bond Packages**

For tax purposes, a strip bond package is considered a series of separate strip bonds with the income tax consequences as described above applicable to each such component of the strip package. Thus a purchaser of a strip bond package will normally be required to make a calculation in respect of each component of the strip bond package and then aggregate such amounts to determine the notional interest accrued on the strip bond package.

As an alternative, in cases where the strip bond package is issued at or near par and is kept intact, the Canada Revenue Agency will accept tax reporting that is consistent with reporting for ordinary bonds (i.e., reported on a T5 tax slip as accrued interest where it is matched by cash flow), including no obligation to report premium or discount amortization where the strip bond package is subsequently traded on the secondary market.

## **17. Protection of Your Privacy**

In this section the terms below have the following meanings:

"Affiliates" means Northwest & Ethical Investments L.P.;

"**Credential**" and/or "**Credential Companies**" means:

- Credential Asset Management Inc.
- Credential Securities Inc.
- **Credential Direct**
- Credential Insurance Services Inc.
- Credential Financial Strategies Inc.;

"Privacy Policy" means our policy pertaining to the protection and safeguarding of the personal information of our investors;

"Referring Organization" means the financial organization (and its affiliates and subsidiaries) that you have a relationship with and that referred you to us;

"you" and "your" means the client;



"we" and "us" means Credential Securities Inc.;

At Credential, we know that investors are concerned about the confidentiality and security of their personal information. We are therefore committed to safeguarding the confidentiality and protecting the security of personal information entrusted to us. At the heart of our commitment to protecting your privacy is our Privacy Policy. This disclosure contains a summary of the Privacy Policy. Please visit our Website at: [www.credential.com](http://www.credential.com), or contact our Partner & Client Care group at 1.855.714.3900 for a copy of our Privacy Policy.

### **Why we collect personal information**

We collect personal information to establish and operate your account(s) with us. We obtain most of the information directly from you with your consent. The decision to provide us with your personal information always rests with you. We may, however, be limited in our ability to provide you with certain products and services, if you decline to provide us with information essential to fulfill your request.

### **How we use personal information**

The type of information that we collect will depend on the type of product or service that you have requested. The following is the type of information that we generally collect and a description of how we use such information:

#### *Name, Mailing Address, E-mail Address, Telephone Number*

This information helps us identify you and allows us send you statements and other important notices. It also allows us to communicate with you to obtain instructions and respond to your requests and enquires.

#### *Date of Birth*

This helps us to fulfill our legal obligation to ascertain your identity and also helps protect you and us from error, identity theft and fraud. We may also use this information to determine your likely interest in other products and services that we offer.

#### *Social Insurance Number*

Under the Income Tax Act (Canada) we are required to obtain your social insurance number (SIN) if there are tax implications to your financial transactions. With your consent, we may also use your SIN for credit reporting purposes.

#### *Financial Information*

We collect this information to better understand your unique financial situation and investment needs and to help us provide appropriate investment advice.

#### *Health Information*

This information is required for certain types of insurance products. Any personal health information collected in connection with an insurance product is never shared.

#### *Internal Audit*

We may access your personal information for our and your Referring Organization's internal audit purposes, to assist in protecting you from illegal or fraudulent activity.

#### *Understanding Client Needs and Business Requirements*

We may use your personal information to help us understand your habits and preferences and to help us understand your current and future needs. We may also use this information to help us forecast our future business requirements.

#### *Settling Claims*

We may disclose your information to our insurance provider in the event a claim for monetary damages is made. We will only collect personal information in a fair and lawful manner. The personal information collected is used exclusively for the purposes described above and for no other purpose. We do not rent or sell personal information to any third parties.



## **Sharing personal information**

### *With your Referring Organization*

We work in partnership with your Referring Organization to provide you with an array of wealth management and insurance products and services.

Allowing us to share your personal information with your Referring Organization helps us fulfill our commitment to provide you with the best possible service and ensures you benefit from the full range of available financial products and services.

### **If you consent on the New Account Application form, your Referring Organization may use your personal information to:**

- refer you to other products and services that it offers;
- refer you to the products and services offered by the other Credential Companies;
- better manage its total relationship with you.

### *With Third Parties*

If you request a product or service that requires that we extend credit to you we may, with your consent, obtain information about you through a credit check. We may also, with your consent, obtain information from references that you have provided to us. If you decline to provide us with consent, we may not be able to extend credit to you.

### *With our Employees*

In the course of performing their duties, authorized employees may have access to personal, confidential information. Employees may only access information strictly necessary to perform their duties.

All employees that are likely to have access to personal, client information must sign, on an annual basis, a Code of Business Conduct under which they commit to maintaining the confidentiality of such information.

An employee who breaches their confidentiality obligations may be subject to disciplinary measures, including dismissal.

### *With our Affiliates and other Credential Companies*

We operate under a central processing system for certain transactions with our Affiliates and other Credential Companies and, accordingly, we may share information with our Affiliates and other Credential Companies from time to time.

Only authorized employees of the Affiliates or of the other Credential Companies will have access to personal, confidential information and such access will be limited to the information strictly necessary to carry out their duties. All employees of the Affiliates and other Credential Companies with such access must sign our Code of Business Conduct.

Any employee of an Affiliate or of the other Credential Companies who breaches their confidentiality obligations may be subject to disciplinary measures, including dismissal.

### *With Service Providers*

We disclose information to certain third party service providers retained by us to perform certain specialized services, such as mailing statements, providing secured data storage or transacting trades on behalf of clients. In these cases, we only disclose the specific information required to perform the services.

Each of our suppliers must undertake to use client information solely for the purposes of carrying out the services it has been retained to provide and must agree to safeguard information.

### *As Required by Law*

In certain instances, we may be compelled to disclose information in response to a legally valid demand, enquiry, proceeding or other order. In these cases, we take steps to ensure the request is valid and we only disclose the specific information necessary to satisfy the enquiry or order.





#### *With Securities Authorities*

We are required to also share your information with self-regulatory authorities (such as the Investment Industry Regulatory Organization of Canada, the Mutual Fund Dealers Association, Bourse de Montreal Inc. and the Canadian Investor Protection Fund).

These organizations require access to personal information of current and former clients, employees, agents, directors, officers, partners and others for regulatory purposes including surveillance of trading-related activity, sales, financial compliance, trade-desk review and other regulatory audits, investigation of potential regulatory and statutory violations, regulatory databases, enforcement or disciplinary proceedings, reporting to securities regulators, and information-sharing with securities regulatory authorities, regulated marketplaces, other self-regulatory organizations and law enforcement agencies in any jurisdiction in connection with any of the foregoing.

#### *Transfers of a Business*

As we continue to grow, we may expand or sell our businesses. The law permits us to disclose your personal information in such a business transaction. The receiving party must collect, use, and disclose the information only for the purposes for which you initially granted your consent to us. Such party will also be subject to the principles of our Privacy Policy and the relevant legislation protecting your privacy.

**We will not disclose personal information for purposes other than those for which it was collected, except with the consent of the individual or as required or permitted by law.**

#### **Safeguarding personal information**

We use a variety of security measures to protect your personal and investment information including:

- locked fireproof cabinets;
- electronic security such as data encryption, password protection, on-line data protection;
- restricting employee access to files and data centers; and
- shredding.

Our Chief Privacy Officer is responsible for the review and adjustment of our security procedures. Our Chief Privacy Officer ensures our Privacy Policy is properly administered and that our security measures are up to date and effective.

#### **Right to access personal information**

If you would like to know what personal information we have concerning you, you can make a written request at any time. You must make a written request that provides us with sufficient detail to enable us, with reasonable effort, to identify you and your personal information.

#### **Keeping personal information accurate**

If there is a change in your personal information or you become aware of an error in the personal information we have on file for you, please contact our Partner & Client Care group at 1-877-384-4225. You must make a written request that provides us with sufficient detail to enable us, with reasonable effort, to identify you and the personal information and the correction being sought.

#### **Retention of personal information**

Your personal information is kept on file for as long as we need it to provide you with the products or services you have requested and to meet legal or regulatory requirements. The length of time your personal information is retained may vary according to the product or service and the sensitivity and nature of the information.

#### **How to withdraw consent**

You may contact us to withdraw your consent at any time provided there are no contractual or other legal requirements limiting such withdrawal. Our Partner & Client Care group will explain your options and any consequences of withdrawing your consent.

If you do not consent to certain uses of your personal information, or if your consent is properly and legally withdrawn, we may not be able to provide you with certain products or services. We will thoroughly explain the consequences to help with your decision.



## Procedure for handling complaints

If you feel that the confidentiality of your personal information has been compromised, we encourage you to contact us to resolve the matter. Our complaint process is fair, impartial and confidential.

In most cases, your concern can be resolved by discussing it with your representative or our Partner & Client Care group. To contact Partner & Client Care:

Mail:	Credential Direct 700 -1111 West Georgia Street Vancouver, B.C. V6E 4T6	Telephone:	1.877.742.2900 (toll-free)
		Fax:	1.877.742.2901
		Email:	<a href="mailto:clientcare@credential.com">clientcare@credential.com</a>

When the complaint is received the date the complaint was received will be recorded and an acknowledgement of receipt of such complaint (if made in writing) shall be sent to you within thirty (30) days.

If your concerns have not been resolved by your representative to your satisfaction, please contact our Chief Privacy Officer:

Mail:	Chief Privacy Officer Credential Direct 700 -1111 West Georgia Street Vancouver, B.C. V6E 4T6	Telephone:	1.855.714.3800
		Fax:	1.604.714.3801
		Email:	<a href="mailto:privacyofficer@credential.com">privacyofficer@credential.com</a>

Our Chief Privacy Officer will investigate all records, conduct interviews with staff, and respond to you within 30 days.

If after contacting our Chief Privacy Officer your concerns remain unresolved, you may contact us to obtain further information about how your complaint can be escalated.

## 18. Referral Disclosure Information by Credential Asset Management Inc.

Credential Securities Inc. ("CSI") is an investment dealer providing online trading and related products and services to self-service investors (the "Services") through its division, Credential Direct. Credential Asset Management Inc. ("CAM") is a mutual fund dealer and is owned by the same entity that owns CSI. It is illegal for CAM to trade or, advise in respect of securities if it is not duly licensed or registered under applicable securities legislation to do so.

As such, CAM may from time to time refer clients who wish to obtain the Services to Credential Direct. For such referrals, CSI may pay a one-time referral fee to a participating Referring Organization or other financial organization with which a CAM representative, who refers a client to Credential Direct, is dually-employed (a "Referring Organization"). Referral fees are calculated based on the arrangements between CSI and a Referring Organization.

## 19. What to do if you have a Complaint

### 19.1 Our Complaint Process

#### Filing a complaint with us

If you have a complaint about our services or a product, contact us at:

Mail:	Credential Direct 700 -111 West Georgia Street Vancouver, B.C. V6E 4T6 Attention: Designated Complaints Officer	Telephone:	1.877.742.2900 (toll-free)
		Fax:	1.877.742.2901
		Email:	<a href="mailto:complaints@credential.com">complaints@credential.com</a>

You may want to consider using a method other than email for sensitive information.



**Help us resolve your complaint sooner:**

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of relevant documents, such as letters, emails and conversation notes.

**Tell Us:**

- What went wrong.
- When it happened.
- What you expect. For example: money back, an apology, account correction.

**We will acknowledge your complaint**

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint.

We may ask you to provide clarification or more information to help us resolve your complaint.

**We will provide our decision**

We normally provide our decision in writing, within 90 days of receiving a complaint.

It will include:

- a summary of the complaint.
- the results of our investigation.
- our decision to make an offer to resolve the complaint or deny it, and
- an explanation of our decision.

**If our decision is delayed**

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay.
- explain why our decision is delayed, and
- give you a new date for our decision.

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

**If you are not satisfied with our decision**

You may be eligible for OBSI's dispute resolution service.

**If you are a Québec resident**

You may consider the free mediation service offered by the Autorité Des Marchés Financiers.  
[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

**A word about legal advice:**

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your legal options. There are time limits for taking legal action. Delays could limit your options and legal rights later. Please consult your province for your time & statute limitations.



## 19.2 Taking Your Complaint to the OBSI

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint, or
- you are not satisfied with our decision.

OBSI can recommend compensation of up to \$350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

### Who can use OBSI

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives.
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to its time limits as noted.

### Time limits apply

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

## 19.3 Filing a complaint with OBSI

### Information OBSI needs to help you:

OBSI can help you best if you promptly provide all relevant information, including:

- Your name and contact information.
- Our firm's name and contact information.
- The names and contact information of any of our representatives who have been involved in your complaint.
- Details of your complaint.
- All relevant documents, including any correspondence and notes of discussions with us.

### Contact OBSI

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1.888.451.4519 or 416-287-2877 in Toronto

### OBSI will investigate

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.

During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

### OBSI will provide its recommendations

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

For more information about OBSI, visit: [www.obsi.ca](http://www.obsi.ca)

