

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



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## 1. About Credential Qtrade Securities Inc.

Credential Qtrade Securities Inc. is a wholly owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five provincial Credit Union Centrals and The CUMIS Group Limited. Credential Securities makes its services available in association with participating financial organizations and their affiliates and subsidiaries (collectively the "Financial Organization"). Credential Securities is a trade name of Credential Qtrade Securities Inc. Credential Securities is a registered trademark of Aviso.

Unless otherwise stated, mutual funds and other securities sold are not guaranteed, in whole or in part, by Credential Qtrade 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 and past performance may not be repeated.

Credential Qtrade 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 Qtrade 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 Qtrade 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 Qtrade Securities Inc. is not subject to the federal broker-dealer regulations of the U.S. Credential Qtrade 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 Qtrade Securities Inc.

"Application" means the Credential Qtrade Securities Inc. New Account Application Form I signed for my Account.

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

"you", "your", "yours", "Credential Securities" and "CQSI" mean Credential Qtrade 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 CQSI and my Advisor and provide guidance and clarity on our respective responsibilities with regard to services, product availability, costs and other relevant information.

### 3.1 Understanding the Advisory Relationship

CQSI is a registered securities dealer under applicable securities legislation and is a member of the Investment Industry Regulatory Organization of Canada (IIROC).

My CQSI Advisor can assist me in identifying my investment needs and goals and creating investment strategies to pursue these as part of our relationship. My Advisor is responsible for providing suitability assessments (see below). Unless my Account(s) is a discretionary account (such as a Credential Managed Account (CMA) or OnPoint Managed Portfolios account (OMP)), I will provide approval for each trade before it is executed and I will be responsible for all investment decisions in my Account(s).

If my Account is a CMA or an OMP account, a Portfolio Manager will independently exercise his or her authority (using his or her discretion) to make investment decisions within the framework of my risk tolerance and investment objectives. He or she will not make any recommendations to me and I will not make any decisions, as my Portfolio Manager will invest on my behalf.

### 3.2 Understanding Roles and Responsibilities

**My Role** - I understand that it is important for me to actively participate in our relationship. In particular, I will:

- **Keep you up to date.** I will provide full and accurate information to you and my Advisor regarding my personal and financial circumstances, and promptly advise you of any change to information that could



reasonably result in a change to the types of investments appropriate for me, such as a change to my income, investment objectives, risk tolerance, time horizon or net worth.

- **Remain informed.** I will take steps to understand the potential risks and returns on investments. I will carefully review sales literature provided by you and, where appropriate, consult professionals, such as a lawyer or an accountant, for legal or tax advice.
- **Stay on top of my investments.** I will promptly review the documentation and other information provided to me regarding my Account(s), the transactions conducted on my behalf and the holdings in my Account(s).
- **Ask questions.** I will ask questions and request information from you to address any questions I may have about my Account(s), transactions or holdings, or my relationship with you or my Advisor.

**Your role** - I understand that you and my Advisor will:

- **Be fair and honest.** You and my Advisor will treat me in a manner characterized by principles of fair dealing and high standards of honesty and integrity.
- **Make suitable investment recommendations.** My Advisor will have reasonable grounds for believing that any investment that he or she specifically recommends to me is suitable given my investment objectives, risk tolerance and other personal and financial circumstances I have disclosed.
- **Answer your questions.** You and/or my Advisor will promptly respond to any questions or concerns I may have regarding my Account(s).

### 3.3 Suitability Assessment Obligation

Through conversations with me and a review of the information provided by me on my New Account Application Form (NAAF), my Advisor will gain an understanding of my financial situation. The information I provide is broadly referred to as "Know Your Client" (KYC) information and will be used by my Advisor to determine whether a given investment is suitable for me. I will be provided with a copy of my KYC information at the time of account opening and, thereafter, each time there is a material change to my KYC information.

The KYC information and other factors that guide us in our decision as to an investment's suitability include what we understand to be my current:

- **Financial situation** - What financial assets (e.g., deposits, investments, etc.) and liabilities (e.g., debt, mortgage, etc.) I have and the sources and amount of my income. You will consider the size of any transaction compared to the overall value of my net financial assets (assets minus liabilities).
- **Investment knowledge** - Whether I consider myself, or you understand me, to be a novice at investing, have some knowledge or feel I understand some of the more complex financial products.
- **Investment objectives** - What I tell you are my specific financial goals. This will help you determine how to balance the desire to keep my money safe (not lose principal), earn income, and increase my capital through growth in the market value of my holdings/Account.
- **Time horizon** - When I expect to need my financial assets. For example, to buy a house, pay for education or retire. In retirement, this may also include consideration of tax requirements to withdraw minimum amounts.
- **Risk tolerance** - Whether I feel comfortable with the possibility of losing money in some years, even if I have many years to earn and save.
- **Investment portfolio composition and risk level** - How the purchase or sale of particular securities affects holdings in my overall Account(s) in terms of allocation of holdings between debt, equity and other classes, and the risk involved in holding the assets.

Your understanding of my profile is critical. Some of the above factors are relatively easily answered by providing a number or simply answering "yes" or "no"; however, some factors are more complex, particularly my risk tolerance.

The combination of factors that make up my profile will help you and my Advisor suggest the allocation of my holdings between, for example:

- Registered (tax-advantaged) and non-registered accounts;
- Debt, equity, mutual fund and other instruments; and
- Canadian and foreign investments.



Following is a summary of the procedures my Advisor uses to help me understand how he or she brings all the information I provide into his or her recommendation of investment types to me.

### **Suitability process**

My Advisor uses a three-step approach to determine if an investment is suitable for me.

1. Based on discussion with me and my answers on the KYC form, my Advisor determines whether I am risk-averse, somewhat risk-tolerant or can accept higher losses in the search for higher gains.
2. My Advisor rates investments as low, medium or high risk. For example, a GIC is low risk whereas borrowing to invest in stock from companies in developing countries is very high risk.
3. My Advisor considers other relevant factors, for example:
  - **Ability to absorb a loss:** If I am risk-averse, but have a reasonable amount of financial assets and I want to invest a small amount of my overall Account in a new issue of a start-up company run by someone I know and whose business acumen I respect, my Advisor will tell me that while the specific investment is not suitable for me, it might be acceptable if I can “afford” to lose some money, even that entire investment. An investment that is small in proportion to the total portfolio is not unsuitable.
  - **Preferred or Restricted Products:** Whether I want predominantly socially responsible investments or at least to avoid investment in firms whose products are alcohol, tobacco, pornography, gambling, guns, and chemical, biological or nuclear weapons.

Following this assessment, if an investment is considered to be unsuitable, my Advisor will discuss the situation with me and may recommend that I not proceed to purchase the investment or that I make changes to the other investments in my Account to ensure suitability of my overall portfolio. If I nevertheless wish to purchase an investment that my Advisor has determined unsuitable, my Advisor will, on a case by case basis, determine whether to proceed with the transaction.

### **Timing of suitability reviews:**

When:

1. Accepting each of my orders or
2. Recommending a security or strategy to me, you will review each order or strategy in the context of the KYC suitability factors described above.

You will also assess the suitability of the investments in my Account(s) whenever:

- I transfer or deposit securities into an Account;
- There is a material change to my KYC information; or
- There is a change in the Advisor responsible for my Account(s).

If my Advisor identifies any concerns during the suitability determination, he or she will discuss them with me and may be required - pursuant to securities legislation, IIROC Rules or good business practice - to document our discussion. If my Advisor is strongly concerned, he or she may refuse to execute a transaction. In extreme cases, my Advisor may determine to terminate our advisory relationship.

Unless specifically arranged with my Advisor, my Account(s) will not be assessed for suitability in other circumstances, such as during periods of significant market fluctuations. As an exception to the above, ongoing suitability for CMA and OMP accounts will be provided as part of the managed account services.

### **3.4 Product and Service Offering**

CQSI offers a number of products to investors, including:

**Mutual Funds** - Investment funds operated by companies that use the proceeds from shares and units sold to investors to invest in stock, 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.

**Socially Responsible Funds** - Funds that invest only in companies that meet the criteria of certain moral guidelines or beliefs. These criteria vary from fund to fund. One fund may avoid investing in companies that profit from tobacco, alcohol or armaments, while another fund may invest according to certain religious beliefs.

**Labour Sponsored Funds** - Funds sponsored by labour organizations to provide capital for small to medium-sized and emerging companies. Labour sponsored funds vary greatly in terms of size, risks and



management style. Most are provincially based, although some are national. They can be divided into two broad categories: funds that invest in a diverse range of industries and funds that concentrate on specific sectors. Sales of labour funds are restricted by residency requirements.

**Principal Protected Notes (PPNs)** - 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 common stocks, a market index, a hedge fund or a 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.

**Guaranteed Investment Certificates** - 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.

**Fixed Income Securities** – Securities that generate a predictable stream of interest or dividend income, such as bonds, debentures and preferred shares.

**Equities** - Ownership interests in a corporation's stock that represents a claim on its earnings and assets.

**Exchange-Traded Funds (ETFs)** - Open-ended mutual fund trusts that hold the same stock in the same proportion as those included in a specific stock index. Shares of ETFs trade on major stock exchanges. Like index mutual funds, ETFs are designed to mimic the performance of a specified index by investing in the constituent companies included in that index. Like the stocks in which they invest, shares can be traded throughout the trading day.

**Bonds** - Debt investments evidencing a debt on which the issuer promises to pay the holder a specified amount of interest based on the coupon rate, for a specified length of time, to repay the loan on its maturity. Strictly speaking, assets are pledged as security for a bond issue, except in the case of government "bonds", but the term is often loosely used to describe any funded debt issue.

Not all products are available at every branch or through every program offered. My Advisor can explain these products to me, as well as how they work, their risks and possible returns, and whether they are appropriate for me. For more information, I can also read plain-language investment explanations in *Investments at a Glance*, a booklet prepared by the Canadian Securities Administrators for financial consumers like me (available on the Ontario Securities Commission website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)).

CQSI provides advised accounts, managed accounts and order execution accounts. Unless I am a CMA or an OMP client, I have an advised account. If I am a CMA or an OMP client, I have a "non-advisory" or "discretionary" account.

CQSI also offers financial planning services in select branches and fee-based accounts. To learn more about fee-based accounts, I can speak to my Advisor.

### 3.5 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 my Account(s) during the month (other than an automatic transaction).

With the exception of a CMA account or an OMP account, CQSI will send me a trade confirmation on the business day following the date of any trade conducted in my Account(s). I should review any trade confirmation as soon as I receive it to ensure its accuracy.

If I am a CMA or OMP client, I waive the requirement to provide me with trade confirmations.

I will also receive two annual reports intended to help me better understand the cost and performance of my investments. CQSI 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(s) and any third party compensation paid to CQSI 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 you or my Advisor.

### 3.6 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.

CQSI does not provide benchmark comparisons in account reporting. I will speak to my advisor if I have questions about the performance of my portfolio or what benchmark(s) might be appropriate.

### 3.7 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, as well as between my Advisor 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; or
- 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;
  - Removing the financial incentive of an employee to favor a particular product or service over another that may be more suitable;
  - Setting up and testing your operational review and approval processes.
- You disclose information about any remaining conflicts to me so that, when I evaluate your recommendations and actions, I can assess independently if conflicts are significant for me.

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

Possible Conflict of Interest	How You and My Advisor Manage It
CQSI earns compensation by selling products and services to clients.	<ul style="list-style-type: none"> <li>▪ You and my Advisor 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> <li>▪ CQSI offers a variety of pricing options to choose from.</li> </ul>
Different products and services have differing levels of compensation.	<ul style="list-style-type: none"> <li>▪ The compensation payable to CQSI and/or my Advisor is disclosed to me and CQSI offers pricing alternatives intended to reduce the conflicts associated with commission-based pricing.</li> <li>▪ My Advisor is required by industry regulations and firm policy only to make "suitable" investment recommendations.</li> </ul>



Possible Conflict of Interest	How You and My Advisor Manage It
CQSI and/or my Advisor 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>▪ CQSI and my Advisor disclose to me the situations and types of third party compensation they 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>
My CQSI Advisor may sell me securities of companies that are related or connected to CQSI.	<ul style="list-style-type: none"> <li>▪ My Advisor is required by regulation to disclose this when he or she makes a recommendation to me.</li> <li>▪ All related parties are disclosed in the Conflict of Interest Disclosure section of this booklet.</li> </ul>
CQSI is compensated in other ways as a result of the business I may do with it, including interest spreads on un-invested cash deposits with CQSI and foreign exchange spreads when I convert currencies.	<ul style="list-style-type: none"> <li>▪ The various forms of other compensation CQSI may receive are disclosed to me.</li> <li>▪ I may refer to other sections of this booklet and CQSI’s other disclosures in that regard.</li> </ul>
CQSI may need to select which clients will be offered certain securities if availability is limited.	<ul style="list-style-type: none"> <li>▪ CQSI has a “fair allocation” policy for managed accounts.</li> <li>▪ For non-discretionary accounts, individual advisors make the determination based on individual client relationships.</li> </ul>
CQSI may permit certain individuals who are registered with it (including my Advisor) to be employed by, participate in or accept compensation from other persons or organizations, outside the scope of his or her relationship with CQSI.	<ul style="list-style-type: none"> <li>▪ These relationships are subject to legislative and industry regulatory requirements/ restrictions.</li> <li>▪ CQSI 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 (AA&DD) booklet, and I have been advised by my Advisor to review it. If and when future material conflicts of interest arise that cannot be avoided, I will receive appropriate disclosure from CQSI and my Advisor, as applicable.

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

### 3.8 Account-Related and Investment-Related Fees and Expenses

CQSI offers a choice of commission and fee-based accounts, which are described below. You will recommend an account type that is appropriate to me based on expected transaction volumes, account size, intended account use and various other factors. Accounts are either ‘commission-based’ or ‘fee-based’.

**Commission-Based Accounts** - If I have a commission-based account, I will be charged a fee for most transactions I make. The fee will be a negotiable dollar amount for equity transactions. For fixed-income products, you apply a negotiable mark-up to the product sold to me. For mutual fund transactions, you may receive a payment from me or made by the mutual fund which is variable depending upon the specific mutual fund (and class of fund) I buy. In general, although there are exceptions, mutual funds fall into one of three classes: deferred sales charge (DSC) funds, low load funds, and no load funds. Terminology may differ slightly between mutual fund companies and my Advisor can explain these differences to me.

Mutual funds generally pay you a combination of upfront and ongoing commission payments. Ongoing payments are often referred to as ‘trailer fees’. The precise amount paid to you depends on the specific fund I purchase. All commission payments will be disclosed to me in the mutual fund prospectus and Fund Facts sheet. My Advisor will also review these commission payments with me (and discuss their impact on the fund’s performance) at the time of purchase, should I choose.

**Fee-Based Accounts** - CQSI offers fee-based accounts called ‘OnPoint’ accounts. Fees for OnPoint accounts are calculated monthly and (subject to the number of trades made) are generally determined with



reference to the nature and/or amount of the assets held within the account. For example, the amount I am charged to hold cash is less than the amount I am charged to hold stocks and bonds. Depending on the size of my Account, I am entitled to a certain number of free trades each year.

If I open an OnPoint account, I will sign a separate account agreement and agree to specific fees at that time.

**Credential Managed Account** - If I am a CMA client, the fees I will pay are disclosed to me in my Managed Account Agreement. Fees are payable quarterly and are calculated as a percentage of the assets held in my Account. Depending on the style of investment mandate I have, I may pay a higher or lower fee in percentage terms. For example, an equities-based mandate will carry a higher fee than a fixed-income mandate. As the size of my Account grows, I may qualify for a reduced fee.

**OnPoint Managed Portfolio Account** - If I am an OMP client, the fees I will pay are disclosed to me in my Managed Account Agreement. Fees are payable quarterly and are calculated as a percentage of the assets held in my Account. Depending on the style of investment mandate I have, I may pay a higher or lower fee in percentage terms. For example, an equities-based mandate will carry a higher fee than a fixed-income mandate. As the size of my Account grows, I may qualify for a reduced fee.

**Other Expenses** - In addition to the fees and expenses detailed above, I am responsible to pay certain fees related to the operation of my Account. These fees are fixed and contained in the Service Fee Schedule, a copy of which I received at account opening. These fees are also shown in the Charges and Compensation Report, which I will receive from CQSI on an annual basis, if applicable. Examples of such fees include the annual account administration fee, inactive fees and transfer fees. I will be notified of any changes in the annual administration fees and other charges by way of notices mailed with my account statements.

### 3.9 Account Documents

#### Full Service Accounts:

I will receive the following documents at the time of account opening:

- New Account Application Form (containing KYC information)
- AA&DD booklet
- Service Fee Schedule
- Making a Complaint: A Guide for Investors
- How Can I Get My Money Back? A Guide for Investors
- How IROC protects Investors brochure
- Canadian Investor Protection Fund brochure
- Any other documents that I signed in the course of account opening and operation

#### Credential Managed Accounts:

I will receive the following documents at the time of account opening:

- New Account Application Form (containing KYC information)
- Investment Policy Statement
- Managed Account Agreement
- AA&DD booklet
- Making a Complaint: A Guide for Investors
- How Can I Get My Money Back? A Guide for Investors
- How IROC protects Investors brochure
- Canadian Investor Protection Fund brochure
- Any other documents that I signed in the course of account opening and operation

#### OnPoint Managed Portfolio Accounts:

I will receive the following documents at the time of account opening:

- New Account Application Form (containing KYC information)
- Managed Account Agreement
- AA&DD booklet
- Making a Complaint: A Guide for Investors
- How Can I Get My Money Back? A Guide for Investors



- How IIROC Protects Investors brochure
- Canadian Investor Protection Fund brochure
- Any other documents that I signed in the course of account opening and operation

#### 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 willful 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 my CQSI Advisor or notifying you in writing.

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 Securities may, in its discretion, act in all matters on instructions given or purporting to be given by or on my behalf. Credential Securities shall not incur any liability by reason of acting or not acting on or because of any error in such instructions. Neither Credential Securities 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 Securities' 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 transaction 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 Securities. 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 Amendments / 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.

#### **4.11 Account Closing**

I agree to give you seven days' notice of any intended cash withdrawal. I agree that if my Account is closed by me in the first year of its operation you may charge a fee to close my Account. The fee will be disclosed by you from time to time and I agree to pay the fee and authorize you to charge the fee to my Account.

#### **4.12 Account Identification**

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

#### **4.13 Leverage Disclosure**

Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If I borrow money to purchase securities, my 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.

#### **4.14 Inactive Accounts**

An Inactive Account is an Account with no trading activity during a 12 month period commencing each July 1st through to June 30th (the "Inactive Period"). Accounts that have been open for the entire Inactive Period and that have no trading activity during the Inactive Period will be charged a fee in accordance with the fee schedule.



## 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 Securities; or
- delivering written notice to any Referring Organization branch for forwarding.

The authority will remain in effect until rescinded by us.

### 5.4 Clients' 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 declare 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. If you are a resident of Quebec, your interests in the Joint Account are as tenants-in-common.

## 6. Margin Agreement

**In consideration of Credential Qtrade Securities Inc. accepting my account 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 bylaws, 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, 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** That Credential is authorized to conduct a credit check should they deem it necessary.
- 6.16** That the provisions of this Agreement shall enure 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. 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, email 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 email 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 email address forms part of the ownership information, the reporting issuer may not use email to deliver materials directly to you.

## **Contact**

If you have any questions or want to change your instructions in the future, please contact your Investment Advisor.



## 8. Conflict of Interest Disclosure

### 8.1 Related and Connected Issuers

Canadian provincial securities laws require securities registered firms such as CQSI, 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 CQSI if, through the ownership of, or direction or control over voting securities, CQSI exercises a controlling influence over that issuer, or that issuer exercises a controlling influence over CQSI, or the same third party exercises a controlling influence over both CQSI and the issuer.

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

CQSI is a wholly owned subsidiary of Aviso Wealth Inc. (Aviso). Aviso is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. (Desjardins) and 50% by a limited partnership owned by the 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 Aviso. 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 also a wholly owned subsidiary of Aviso, and is therefore a related issuer to CQSI. OceanRock Investments Inc. (ORI) is responsible for the management of mutual funds which may from time to time make up the family of OceanRock Funds and Meritas Funds which are offered in Canada. ORI is also a wholly owned subsidiary of Aviso, and is therefore a related issuer to CQSI. Desjardins is a wholly owned subsidiary of Fédération des caisses Desjardins du Québec, a federation of financial services cooperatives owned by the Desjardins caisses. Desjardins Investments Inc. is responsible for the management of mutual funds which may from time to time make up the family of Desjardins funds which are offered in Canada. Due to its indirect ownership interest in CQSI, through Aviso Wealth LP, Desjardins is a related issuer to CQSI. Fiera Capital Corporation (Fiera) is responsible for the management of mutual funds which may from time to time make up the family of Fiera Capital Funds which are offered in Canada. Fiera is a related or connected issuer of Desjardins, and is therefore a related or connected issuer to CQSI.

The following is a list as at April 2018 of our related issuers. 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;
- Each fund within the family of Ethical Funds;
- Each fund within the family of Meritas Funds;
- Each fund within the family of OceanRock Funds;
- Each fund and ETF within the family of Desjardins Funds and ETFs;
- Each fund within the family of Fiera Funds; and
- Exchange traded securities of Fiera which trade on the Toronto Stock Exchange.

In carrying on business as an investment dealer, CQSI 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, Ethical, Meritas, OceanRock, Desjardins and Fiera 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, CQSI 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.

### 8.2 Other Services and Outside Business Activities

CQSI may also obtain from or provide to CAM and its affiliates or 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 CQSI to be employed by, participate in, or accept compensation from any other person, outside the scope of his/her relationship with CQSI, unless he/she has the prior approval of CQSI. CQSI has adopted internal policies and procedures that supplement the regulatory requirements, including its policies on privacy and confidentiality of information.



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

We, Canadian Western Trust Company, 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 Qtrade 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 15;

"**applicable legislation**" means all provincial and federal legislation governing the Plan, the Plan Assets and the parties hereto including, without limitation, privacy and securities legislation. Any reference to applicable legislation shall be deemed to include all such statutes and any regulations, policies, rules, orders or other provisions thereunder, all as may be amended, re-enacted or replaced from time to time;

"**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;

"**Securities Regulator**" means the government department, agency, board or commission, or self-regulatory organization which regulates the sale of Securities in the applicable jurisdiction.

"**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 Canadian Western Trust Company;

"**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).

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.
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.

If locked-in Plan Assets are transferred to the Plan in accordance with applicable provincial or federal pension legislation, the additional provisions contained in the Locked-In Retirement Account ("LIRA") or Locked-In Retirement Savings Plan ("LRSP") addendum (the "Addendum") to this Declaration of Trust will form part of this Declaration of Trust and will govern the Plan Assets. In the event of any inconsistencies between the Addendum and Declaration of Trust, the provisions of the Addendum will govern.

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 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. However, it will be your responsibility to determine whether any Contribution or investment is or remains a "qualified investment" for RRSPs pursuant to the Tax Laws. The Plan will bear any taxes, penalties or related interest imposed under the Tax Laws (other than those taxes, penalties and interest that the Trustee is liable for and that can't be paid out of the property of the Plan). 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.

4. **Income Tax Receipt:** On or before March 31 of 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 sixty (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.
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.
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 taxes, assessments or charges in connection with the Plan (other than those taxes, assessments and charges that the Trustee is liable for under the Act and that can't be paid out of the property of the Plan). 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.
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.
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 you reach 71 years of age. You must notify us in writing at least ninety (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) 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 you reach seventy-one (71) years of age, 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.

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.

- 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, penalties or interest that are or may become payable or have to be withheld under the Tax Laws (other than those taxes, penalties and interest that the Trustee is liable for under the Act and that can't be paid out of the property of the Plan), 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 legislation 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.

- 11. No Advantages:** No advantage that is conditional in any way on the existence of the Plan may be extended to you or to a person with whom you do not deal at arm's length, other than the benefits and advantages permitted by the Tax Laws.
- 12. Designation of Beneficiary:** Where effective under applicable legislation, 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 payout the Plan under paragraph 13. If more than one form has been received by us, we will act on the one with the latest signature date.
- 13. 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 payout the Plan Proceeds, to the designated beneficiary(ies) under the Plan. If you had not designated a beneficiary or if such beneficiary(ies) dies 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 (other than taxes that the Trustee is liable for under the Act and that can't be paid out of the property of the Plan). 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. 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.
- 15. Delegation:** You authorize us to delegate to Credential Qtrade Securities Inc. (the "Agent") the performance of certain of our duties, including the following:
- a. registering the Plan with the Canada Revenue Agency;
  - b. receiving Contributions;
  - c. investing the Plan Assets in accordance with this declaration;
  - d. holding the Plan Assets in safekeeping, in its name or in the name of its nominee or custodian;
  - e. maintaining your account and providing you with statements and notices;
  - f. receiving and implementing your notices and instructions;
  - g. collecting fees and expenses from you or the Plan;
  - h. filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
  - i. issuing tax receipts and preparing and filing tax returns or forms relating to the Plan;
  - j. 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 16 and 17 are also given to, and are for the benefit of, the Agent.

**16. 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 thirty (30) days written notice of a change in the amount of any such fee. 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 (other than those taxes, penalties and interest that the Trustee is liable for under the Act and that can't be paid out of the property of 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.

**17. Group RSP:** If the Plan is part of a Group RSP. You are required to be an employee or member, or the spouse or common-law partner of the employee or member, of the sponsoring organization of the Group RSP named in the Application (the "Group Sponsor"). You accept the Group Sponsor as your Agent for the purposes of constituting the plan. Upon your ceasing to be an employee or member of the Group Sponsor and upon notification from the Group Sponsor being received by us, the following will apply:

- a. We will not accept any further contributions to this Plan; and
- b. You shall provide us with written notice to transfer the Plan to a self-directed RRSP, self-directed RRIF with us or another financial institution which is not part of the Group RSP. If we do not receive your written instructions within fifteen (15) days from the date we receive notice from the Group Sponsor, you will be deemed to have instructed us to transfer Plan Assets and to act as your attorney to execute documents and make elections necessary to establish another RSP or RIF, selected by us in our sole discretion and to apply for registration of such RSP or RIF under Applicable Tax Legislation.

**18. Trustee's Liability:**

- a. The Trustee will exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility of a non-qualified investment being acquired or held by the Plan.
- b. Notwithstanding any other provisions hereof, the Trustee will not be liable in its personal capacity for or in respect of:
  - i. Any taxes or interest which may be imposed on the Plan under Tax Laws (whether by way of assessment, reassessment or otherwise) or for any charge levied or imposed by any governmental authority upon or in respect of the Plan, as a result of the purchase, sale or retention of any investment including, without limiting the generality of the foregoing, non-qualified investments, other than taxes, penalties and interest imposed on the Trustee arising from its personal liability, including without limitation, arising from its administrative error, under Tax Laws and that can't be paid out of the property of the Plan; or
  - ii. Any loss suffered or incurred by you, the Plan, or any beneficiary under the Plan caused by or resulting from the Trustee acting or declining to act upon instruction given to it, whether by you, a person designated by you or any person purporting to be you, unless caused by the Trustee's dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard.
- c. You, your legal personal representative, and each beneficiary under the Plan will at all times, indemnify and save harmless the Trustee in respect of any taxes, penalties, interest or other governmental charges which may be levied or imposed on the Trustee in respect of the Plan or any losses incurred by the Plan (other than losses, taxes, penalties, interest or other government charges for which the Trustee is liable in accordance herewith and that can't be paid out of the property of the Plan) as a result of the acquisition, retention or transfer of any investment or as a result of payments out of the Plan made in accordance with these terms and conditions or as result of the Trustee acting or declining to act on any instruction given to it by you. You, where required or requested, will provide the Trustee with such information as it may require in order to value assets being acquired or held by the Plan.

The provisions of this section 18 shall survive the termination of the Plan.



**19. Replacement of Trustee:** We may at any time resign as trustee under the Plan by giving you and the Agent sixty (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 sixty (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 legislation (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.

In the event of a change of trustee, we will transfer the Plan Assets to the Successor Trustee within thirty (30) days after the effective date of such change. Such a transfer will be subject to the requirements of paragraph 10 hereof.

**20. 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 thirty (30) days written notice of any amendment unless it is made for the purpose of satisfying a requirement imposed by the Tax Laws.

**21. 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.

**22. 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 reenacted or replaced from time to time.

**23. 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.

**24. 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.

**25. 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 legislation, 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.

**CANADIAN WESTERN TRUST COMPANY**  
RSP DOT (FORM 131.10)

## **10. Credential Qtrade Securities Inc. Self-Directed Retirement Income Fund Declaration of Trust**

We, Canadian Western Trust Company, 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 Qtrade 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;

"**applicable legislation**" means all provincial and federal legislation governing the Fund, the Fund Assets and the parties hereto including, without limitation, privacy and securities legislation. Any reference to applicable legislation shall be deemed to include all such statutes and any regulations, policies, rules, orders or other provisions thereunder, all as may be amended, re-enacted or replaced from time to time;

"**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;

"**Securities Regulator**" means the government department, agency, board or commission, or self-regulatory organization which regulates the sale of Securities in the applicable jurisdiction.

"**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 Canadian Western Trust Company;

"**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 6 hereof.

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.
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(1)(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.

If locked-in Fund Assets are transferred to the Fund in accordance with applicable provincial or federal pension legislation, the additional provisions contained in the Life Income Fund ("LIF") or Locked-In Retirement Income Fund ("LRIF") addendum (the "Addendum") to this Declaration of Trust will form part of this Declaration of Trust and will govern the Fund Assets. In the event of any inconsistencies between the Addendum and Declaration of Trust, the provisions of the Addendum will govern.

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 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. However, it will be your responsibility to determine whether an investment is or remains a "qualified investment" for RRIFs pursuant to the Tax Laws. The Fund will bear any taxes, penalties or related interest imposed under the Tax Laws (other than those taxes, penalties and interest that the Trustee is liable for and that can't be paid out of the property of the Fund). 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.

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.
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 taxes, assessments or charges in connection with the Fund (other than those taxes, assessments and charges that the Trustee is liable for under the Act and that can't be paid out of the property of the Fund). 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.
6. **Payments:** Each calendar year, we will make one or more payments to you, totalling 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 equalling 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 legislation.

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. an 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 legislation 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.

**8. Designation of Successor Annuitant / Beneficiary:** Where effective under applicable legislation, 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 receive 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.

**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 payout 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 (other than those taxes the Trustee is liable for under the Act and that can't be paid out of the property of the Fund). 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.

**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.

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

- a. receiving transfers of cash and other property into the Fund and accepting on our behalf your application;
- b. registering the Fund with the Canada Revenue Agency;
- c. investing the Fund Assets in accordance with this declaration;
- d. holding the Fund Assets in safekeeping, in its name or in the name of its nominee or custodian;
- e. maintaining your account and providing you with statements and notices;
- f. receiving and implementing your notices and instructions;
- g. collecting fees and expenses from you or the Fund;
- h. filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
- i. issuing tax information slips and preparing and filing tax returns or forms relating to the Fund;
- j. 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.

**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 thirty (30) days written notice of a change in the amount of any such fee. 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 (other than those taxes, penalties and interest that the Trustee is liable for under the Act and that can't be paid out of the property of 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.

**13. Trustee's Liability:**

- a. The Trustee will exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility of a non-qualified investment being acquired or held by the Fund.
- b. Notwithstanding any other provisions hereof, the Trustee will not be liable in its personal capacity for or in respect of:
- c. Any taxes or interest which may be imposed on the Fund under Tax Laws (whether by way of assessment, reassessment or otherwise) or for any charge levied or imposed by any governmental authority upon or in respect of the Fund, as a result of the purchase, sale or retention of any investment including, without limiting the generality of the foregoing, non-qualified investments, other than taxes, penalties and interest imposed on the Trustee arising from its personal liability, including without limitation, arising from its administrative error, under Tax Laws and that can't be paid out of the property of the Fund; or
- d. Any loss suffered or incurred by you, the Fund, or any beneficiary under the Fund caused by or resulting from the Trustee acting or declining to act upon instruction given to it, whether by you, a person designated by you or any person purporting to be you, unless caused by the Trustee's dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard.
- e. You, your legal personal representative, and each beneficiary under the Fund will at all times, indemnify and save harmless the Trustee in respect of any taxes, penalties, interest or other governmental charges which may be levied or imposed on the Trustee in respect of the Fund or any losses incurred by the Fund (other than losses, taxes, penalties, interest or other government charges for which the Trustee is liable in accordance herewith and that can't be paid out of the property of the Fund) as a result of the acquisition, retention or transfer of any investment or as a result of payments out of the Fund made in accordance with these terms and conditions or as result of the Trustee acting or declining to act on any instruction given to it by you. You, where required or requested, will provide the Trustee with such information as it may require in order to value assets being acquired or held by the Fund.

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

**14. Replacement of Trustee:** We may at any time resign as trustee under the Fund by giving you and the Agent sixty (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 sixty (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 legislation (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 thirty (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. 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 thirty (30) days written notice of any amendment unless it is made for the purpose of satisfying a requirement imposed by the Tax Laws.
- 16. 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.
- 17. 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.
- 18. 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.
- 19. 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.
- 20. 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 legislation, 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.

**CANADIAN WESTERN TRUST COMPANY**  
RIF DOT (FORM 130.8)

## 11. Electronic Funds Transfer

In this Agreement,

"you" and "your" means "Credential Securities"

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

"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 Securities.

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

- (a.) The Processing Institution Account that Credential Securities is authorized to deposit or draw upon has been specified by me in my NAAF. A specimen cheque marked "VOID", or other valid banking information confirmation, is attached to my NAAF, or has otherwise been previously submitted.
- (b.) I acknowledge that this authorization is provided for the benefit of Credential Securities 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 Securities 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 Securities 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.
- (e.) I hereby authorize Credential Securities to deposit or draw on the Processing Institution Account, for the following purposes:
  - (ii) Depositing credit balances from my Credential Securities Brokerage Account(s) upon my authorization;
  - (iii) Debiting my Processing Institution Account for the purpose of settling trades in my Brokerage Account(s).
- (f.) I may change or revoke this authorization at any time upon providing 10 days written notice to Credential Securities.
- (g.) I acknowledge that Credential Securities 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 Securities 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.
- (j.) I undertake to inform Credential Securities, 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 Securities 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 Securities. 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.) A pre-authorized direct deposit or debit may be disputed by me under the following conditions:
  - (i) the pre-authorized credit or debit was not drawn in accordance with my authorization;
  - (ii) my authorization was revoked in writing; or
  - (iii) a required pre-notification, if any, was not given.

In order to be reimbursed, I acknowledge that a declaration to the effect that either (i), (ii) or (iii) took place must be completed and presented to my Processing Institution, duly signed by me, with a copy to Credential Securities, within ninety calendar (90) days after the date the item in dispute was posted in my Processing Institution Account. I acknowledge, when disputing any item after ninety (90) days, that a claim on the basis that my authorization was revoked, or any other reason, is a matter to be resolved fully between Credential Securities and myself.
- (o.) I hereby waive my right to receive pre-notification of the amount of each pre-authorized debit and agree that I do not require advance notice of the amount of the pre-authorized debits before the debit is processed.

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

In this section, "you" means each customer who signed an Application and "we" means Credential Qtrade 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.

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.

<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.

<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.



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 following table 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-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%

<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:  $100 / (1 + 0.0275)^{50} = \$25.76$ .



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.**

*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 following table 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.

## **13. Protection of Your Privacy**

In this section the terms below have the following meanings:

**"Aviso Companies"** means:

- Credential Asset Management Inc.
- Credential Qtrade Securities Inc.
- Credential Insurance Services Inc.
- Credential Financial Strategies Inc.
- Qtrade Asset Management Inc.
- Qtrade Insurance Solutions Inc.
- OceanRock Investments Inc.
- Northwest & Ethical Investments L.P.

and such other companies that may be wholly or indirectly owned by Aviso from time to time;

"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 Qtrade Securities Inc.;

At Credential Securities, 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.aviso.ca](http://www.aviso.ca) or contact our Partner & Client Care group at 1.855.714.3800 (toll-free) 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. Here 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 Aviso 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 the other Aviso Companies*

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

Only authorized employees of the Aviso 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 Aviso Companies with such access must sign our Code of Business Conduct. Any employee of the Aviso 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 1.855.714.3800. 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 Qtrade Securities Inc. 700 - 1111 West Georgia Street Vancouver, B.C. V6E 4T6	Telephone:	1.855.714.3800 (toll-free)
		Fax:	604.714.3801
		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 Qtrade Securities Inc. 700 - 1111 West Georgia Street Vancouver, B.C. V6E 4T6	Telephone:	1.855.714.3800 (toll-free)
		Fax:	604.714.3801
		Email:	<a href="mailto:privacyofficer@avisoc.ca">privacyofficer@avisoc.ca</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.

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

### 14.1 Our Complaint Process

#### Filing a complaint with us

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

Mail:	Credential Qtrade Securities Inc. 700 - 1111 West Georgia Street Vancouver, B.C. V6E 4T6 Attention: Designated Complaints Officer	Telephone:	1.855.714.3800 (toll-free)
		Fax:	604.714.3801
		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.

### **14.2 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.

### **14.3 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)





**Credential Qtrade Securities Inc.**

700 -1111 West Georgia Street

Vancouver, B.C. V6E 4T6

