

# Accounts and Services Agreement and Disclosures

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For Clients of Portfolio Managers

November 2017



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## Relationship Disclosure

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Your Portfolio Manager, has selected National Bank Independent Network (NBIN), a division of National Bank Financial Inc (NBF Inc.) to act as custodian for your assets and account services. This Relationship Disclosure provides you with an understanding of the products and services offered, the features of your account(s), how they operate and our responsibilities to you.

### Your Relationship with NBIN and Your Portfolio Manager

NBIN will provide you with an order-execution and custody account where your Portfolio Manager will make investment decisions and place trading instructions on your behalf.

Your Portfolio Manager will have the authority to act for you in the same manner and with the same force and effect as if you had taken such action with us. NBIN will follow your Portfolio Manager's instructions regarding purchases, sales, or other products or services requested for your account, in every respect without having to confirm with you any of the instruction your Portfolio Manager gives NBIN for your account. These transactions will be made according to the terms and conditions of agreements that you may enter from time to time with NBIN in respect to your accounts.

Your Portfolio Manager will receive on your behalf shareholder information, unless you direct NBIN to send this information directly to you and your Portfolio Manager will make decisions on the voting of proxies and other corporate actions involving the securities in your accounts.

### Service without Suitability Validation by NBIN

NBIN offers an order-execution only service. Your Portfolio Manager is solely responsible to provide you with advice in respect to your account and to ensure that the investment strategy determined by your Portfolio Manager, including the use of leveraging strategies, remains suitable for you given your investment objectives, time horizon, risk

tolerance, investment knowledge and overall financial situation. This means that trading orders and other instructions from your Portfolio Manager are accepted and carried out without us making recommendation or validating their suitability or appropriateness with respect to your personal circumstances. NBIN assumes no responsibility for the suitability of your investments.

## Services and Products Offered by NBIN

Through your Portfolio Manager, NBIN offers registered and non-registered investment accounts. Non-registered accounts include, cash account, margin accounts (accounts with borrowing privileges), margin short accounts and accounts with options trading. NBIN also offers a variety of registered accounts including the Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Education Savings Plans (RESP), Registered Disability Savings Plans (RDSP) and Tax-Free Savings Account (TFSA). The *Client Account Agreement* that describes the terms and conditions under which all these accounts operate and the Declaration of Trust governing the accounts can be found on pages 12-114.

## Investment Products

The following investment products are offered by NBIN:

- Cash and cash equivalents
- Fixed income or debt securities
- Equities including warrants
- Investment funds including mutual funds and exchange traded funds
- Alternative investments

As custodian, NBIN will also provide for your account:

- Trading and Settlement services
- Maintenance of your account and holdings records
- Preparation of account statements and tax documentation

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## Fees and Charges You Can Expect to Pay

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Management fees payable to your Portfolio Manager, fees incurred by your Portfolio Manager in respect to products and services for your accounts and other fees payable to NBIN shall be deducted from the assets held in your accounts. The fees we charge will vary depending on the type of account you opt for and the products and services required on your behalf by your Portfolio Manager. For details on these fees and other charges, please refer to the *NBIN Statement of Disclosure of Fees and Service Charges for clients of Portfolio Managers* document and be sure to ask your Portfolio Manager if you have any questions.

### Management Fees Charged by your Portfolio Manager

Management Fees charged by your Portfolio Manager will be processed by NBIN and paid directly to your Portfolio Manager.

### Commissions (Common and Preferred Shares, ETFs and Other Listed Securities)

Commissions may be charged both when a stock or other listed security is purchased and when it is disposed of. The commission will be added to the cost of the security on a purchase and deducted from the proceeds for a disposition. These amounts will be clearly identified on the transaction confirmations if you receive.

### Spreads (Fixed-Income Securities other than Preferred Shares)

A spread is a charge built into fixed-income investments reflecting the difference between the actual cost of a product to the distributor and the price at which it is offered to you. Virtually all financial institutions charge spreads on their fixed-income products. For example, the rate a bank pays on a 5-year GIC will be lower than what they will charge on a 5-year mortgage – this difference being the spread.

Investment dealers build spreads into their fixed-income transaction rates by purchasing securities such as bonds, debentures or treasury bills in extremely large quantities

directly from the issuers at a certain interest income level or “yield.” They then resell them to individual investors in much smaller quantities at a slightly lower yield. The difference between these two rates is the spread. It covers the cost of doing business and the financial risk of holding large quantities of securities in inventory.

Note that when your Portfolio Manager quotes you a yield-to-maturity on a fixed-income investment, the spread has already been taken into account. In other words, the yield you are quoted is exactly the rate of return you will earn on the bond, stripped coupon or treasury bill, provided you hold it to maturity. Generally speaking, the spread will vary directly with the maturity of the security – the shorter the term, the smaller the spread and vice versa.

Finally, one other situation where we may earn revenue in the form of a spread is when a transaction involves converting currencies. For instance, if you purchased a stock listed in euro on the Frankfurt stock exchange in your Canadian dollar-denominated account, we would convert your Canadian cash to euros using our exchange rate for the day in order to settle the transaction. NBIN could earn a spread on that currency conversion due to the difference between our wholesale and retail foreign exchange rates.

## Mutual Funds

### Mutual Funds – Management Fees

All Mutual Funds charge management Fees, which are deducted directly from the fund’s assets and goes toward paying the fund’s expenses (portfolio management, record keeping, custody, reporting, etc.) and generating a profit margin for the fund company. Management fees are charged as a percentage of the fund’s assets under administration – and this percentage is disclosed in both the fund’s prospectus and its annual information form. Management fees vary depending on the category of underlying assets, with fees for equity funds typically being higher than for bond or money market funds. For certain funds, a portion of the management fee is remitted to the distributor (in this case, NBIN) on an ongoing basis for as long as the investor owns the fund. The portion of the management fee remitted to the distributor is called a trailing commission or “trailer fee.”

### **Mutual Funds – Trailing Commissions**

When a trailing commission is paid by the fund out of its management fee to the distributor, the percentage used to calculate this amount is fully disclosed in the fund's prospectus. The logic behind trailing commissions is that they compensate the distributing firm for the costs incurred for maintaining the position on its books, issuing statements, etc.

### **Mutual Funds – Commissions**

Commissions are charged on many mutual funds but, contrary to other investments, the commission applies either when you buy the fund or when you sell it – not both.

Commissions charged upon the purchase (sometimes referred to as a “front load”) are calculated as a percentage of your gross purchase and are simply subtracted from the actual amount invested. For instance, a 2% commission charged on a \$5,000 fund purchase will result in \$100 being taken off the top by NBIN and \$4,900 being invested.

Many funds are available for purchase with a “deferred sales charge” option (sometimes referred to as “back load”). With this option, there is nothing to be paid up front, and your full amount is invested in the fund. The fund company will apply a charge when you redeem your investment according to a declining schedule – the longer you own the fund, the less you pay when you redeem it. In most cases the deferred sales charge actually falls to zero over a period not usually exceeding seven years. This deferred sales charge is applied on the gross amount redeemed and subtracted from the proceeds of the sale. For instance, if you redeemed \$5,000 of mutual funds and the deferred sales charge had declined to 1% because you had held the fund for several years, \$50 will be taken off the proceeds and the net amount you receive from the sale will be \$4,950.

Finally, there are also many funds offered for sale without transaction commissions (often referred to as “no-load” funds). If you wish to include mutual funds in your portfolio, it would make good sense to take some time exploring the various commission options with your Portfolio Manager to figure out which one is best for you.



## Fees Related to Transactions Executed on Foreign Exchanges

If you buy or sell securities listed on foreign markets, you should know that certain stock exchanges, securities commissions, prime brokers or foreign governments may, from time to time, impose taxes or apply trading, execution or settlement fees on financial transactions made in their country. These fees are kept by the exchange, securities commission, prime brokers or government and are not shared with NBIN.

When such fees are levied, they are over and above the usual commissions and administration fees that NBIN applies to your accounts and your transactions, regardless of the pricing option you have chosen. Where applicable, these supplemental charges will appear on your transaction confirmations.

## Interest Charges

If you borrow against the value of securities held in one of your accounts, you will be charged interest on the outstanding loan. Similarly, if you sell securities short, you may be charged a borrow fee for the borrowing of securities to cover your short position.

## Administration Fees

NBIN may charge administration fees such as account fees, custody fees and other service charges associated with the operation of your account. For details on these charges, please refer to the *NBIN Statement of Disclosure of Fees and Service Charges for clients of Portfolio Managers* document and be sure to ask your Portfolio Manager if you have any questions. Note that fees and other charges mentioned above may change from time to time. We will let you know in advance of any changes, as prescribed by applicable securities regulations.

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## Documentation to Help You Track your Account Activity

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### Trade Confirmations

When securities are bought and sold in your account, a trade confirmation will be sent to your Portfolio Manager, unless you have opted to receive trading confirmations in which case trade confirmations will be sent to you within one business day of the trade date.

### Account Statements

Client statements are produced monthly for transactions such as buy and sell orders, deposits, withdrawals and transfers. If monthly activity only consists of interest debits or credits or dividend payments, only a quarterly statement will be produced each March, June, September and December. The securities in your accounts are valued using, wherever possible, reputable independent pricing feeds that are consistent with industry standards of accuracy, timeliness, and completeness. Whenever possible, an asterisk is printed beside each price which is questionable. Where data has not been updated in some time, we follow regulatory guidelines up to and including marking the value as \$0.00. The value you receive when selling or redeeming a security(ies) may be more or less than its (their) value on your statement.

Your statement will include:

- Your name, address and account number
- The type of account
- The statement period
- Your Portfolio Manager's name and contact information
- Details of each trade
- Details of non-trade transactions
- Total holdings

### Investment Performance Reporting

Your Portfolio Manager is responsible to provide you with investment performance reporting information such as a rate of return calculation or realized and unrealized income

and capital gains reports and all other information required by applicable securities regulations.

## Disclosure of Conflicts of Interest

We have adopted policies and procedures to assist us in identifying, minimizing and avoiding any conflicts of interest that we may face. Where that is not possible, we inform our clients of the potential conflicts of interest. In all respects, we aim to operate our businesses to ensure that the best interests of our clients are paramount.

For full details on our conflicts of interest policies, please refer to the section entitled *Statement of Policies Respecting Conflicts of Interest* in this disclosure.

## Voicing your Concern

If you have a complaint, please let us know or refer to the section entitled *Making a Complaint* in this disclosure for further details.

## Checklist of Documents to be Provided to you

We will provide you with copies of the following documents pertaining to your account:

- Welcome Letter
- NBIN Accounts and Services Agreement and Disclosures for clients of Portfolio Managers
- An Investor's Guide to Making a Complaint brochure
- Strip Bonds and Strip Bond Packages Information Statement (where required by provincial securities regulations)
- National Bank Independent Network Statement of Disclosure of Fees and Service Charges for clients of Portfolio Managers

# Account Terms and Conditions

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## Portfolio Manager Client Account Agreement

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This Agreement is applicable to registered and non-registered accounts. Non registered accounts include, cash accounts, margin accounts (accounts with borrowing privileges), margin short accounts and accounts with options trading. Registered accounts include, Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Education Savings Plans (RESP), Registered Disability Savings Plans (RDSP) and Tax-Free Savings Account (TFSA).

In consideration of NBIN agreeing to open and maintain an Account in the name of the Client, the latter consents and undertakes to comply with the following terms and conditions:

### 1. Application

The Agreement shall apply to the Client's Account.

### 2. Definitions

In the Agreement, the terms below have the following meanings:

**2.1. Cash:** refers to the credit balance in the Account which may be denominated in lawful currency of Canada or the United States of America, or any other lawful currency in which cash distributions on the Securities in the Account are paid to NBIN.

**2.2. Client:** The Account holder identified in the Portfolio Manager Client Account Application form. If an Account is opened in the name of more than one account holder, they shall constitute the "Client" and shall be jointly and severally (solidarily in Quebec) responsible for the obligations stipulated in the Agreement.

**2.3. Account:** The account of the Client, of any type, which is opened with NBIN and is the subject of this Agreement, and all other accounts held by the Client with NBIN.

- 2.4. **Portfolio Managers:** The Portfolio Manager assigned by the Client to manage the Account, make investment decisions and place trading instructions with NBIN on behalf of the Client.
- 2.5. **Agreement:** This Client Account Agreement.
- 2.6. **Suitability:** The recommendation or validation of suitability or appropriateness of an Instruction or investment decision of the Portfolio Manager in relation to the Client's investment objectives, time horizon, risk tolerance, investment knowledge and overall financial situation.
- 2.7. **NBIN:** means NBIN, division of NBF Inc., offering order-execution only and custodial service to the Account by the intermediate of the Portfolio Manager who will make investment decisions and give Instructions with respect to the Account and without NBIN making recommendations or validating Suitability.
- 2.8. **Authorized Officer:** Each of the persons designated as such in the "Corporate Control and Beneficial Ownership" section in the Client Account Application to form an integral part hereof, as well as any other officer who may be designated from time to time to fill this function.
- 2.9. **Instruction:** The instructions of the Portfolio Manager to NBIN on behalf of the Client regarding a Transaction, the use of leverage or credit balances in respect to an Account.
- 2.10. **Security:** means (i) all property now or hereafter held or carried by NBIN in the Account, including without limitation all stock, bonds, commodity futures contracts or options, options, derivatives, investment property or other securities or financial assets (ii) and all proceeds of or distributions on any of the foregoing; but excludes (iii) all Cash.
- 2.11. **Transaction:** A purchase, sale, holding or any other operation carried out by NBIN on the instruction of the Portfolio Manager with respect to a Security.

### 3. Information on the Client

- 3.1. **Legal Capacity:** The Client acknowledges that he has the legal capacity to be a party hereto.
- 3.2. **Reporting Insider:** The Client undertakes to notify NBIN promptly should the Client, or any of his Authorized Officers or their spouses, if any, become an insider of a reporting issuer or should any of them acquire, directly or indirectly, a controlling interest in the capital stock of the same.
- 3.3. **Employee of an Investment Dealer:** The Client undertakes to notify NBIN promptly should the Client, or any of his Authorized Officers or their spouses, if any, becomes a partner, director or employee of an investment dealer, whether or not such dealer is a member of an exchange or self-regulatory organization.
- 3.4. **Complete and Continuous Information:** The Client acknowledges that all the information provided in the Client Account Application is complete and accurate. The Client further undertakes to notify NBIN promptly of any change in such information.

### 4. Role of NBIN

- 4.1. **Role:** The role of NBIN shall be limited to offer custodial services in respect to the Account and order-execution only service for Transaction Orders placed by the Portfolio Manager, for which no recommendation and advice shall be provided by NBIN or whose Suitability shall not be validated.
- 4.2. **Rights Attached to Securities:** NBIN shall not have any obligation or liability regarding voting, subscription or conversion rights or any other right attached to the Securities and shall not provide any advice in regard thereto.
- 4.3. **Liability:** NBIN shall not be liable for any errors or omissions with respect to any Instruction, the execution thereof or any fact related thereto, and consequently, it shall not be bound to compensate for any loss, repair any damage or reimburse any expenses arising therefrom, unless the error or omission was caused by its gross negligence or willful misconduct.

## 5. Role of the Portfolio Manager

- 5.1. Role:** The Portfolio Manager has the authority to act for the Client in the same manner and with the same force and effect as if the Client has provided such instruction to NBIN. NBIN will follow the Portfolio Manager's instructions regarding Transaction for the Account, in every respect without having to confirm with the Client any such Instruction in accordance with the terms and conditions of this Agreement.
- 5.2. Liability:** NBIN shall not assume any liability for the Portfolio Manager's investment decisions or Instruction placed with NBIN. The Client acknowledges, consequently, that NBIN is not responsible for the financial consequences of the Portfolio Manager's investment decisions.
- 5.3. Indemnity:** The Client shall be fully liable for the Instruction and other investment decisions of the Portfolio Manager placed and will hold NBIN harmless from and to pay NBIN promptly and on demand for any losses or debit balance in the Account.

## 6. Joint Account

### 6.1. Joint Account

Each of the Clients acting alone shall be authorized and empowered to deal in general with NBIN, with the same authority as if he were the sole party with interests in the Account, without NBIN having to notify the other Client. Without limiting the generality of the foregoing, either of the Clients may individually:

- i. sign, ratify, amend and rescind any agreement regarding the administration of the Account;
- ii. without any restrictions as to the beneficiary, sign, draw, issue, accept, authorize and endorse any cheque, promissory note, letter of exchange, money order, bank draft, payment order, transfer, electronic funds transfer or other instrument, as well as deposit any amount of money into the Account or make any withdrawal therefrom;

- iii. have forwarded to NBIN and receive from the same any request, notice, confirmation, statement of account or communication of any kind with respect to the Account.

However, only the Portfolio Manager may give Instruction relating to the Account or give other instructions to NBIN including in respect to the use any free credit balance in the Account.

If a payment or delivery in favour of either of the Clients is made further to the request of one of the Clients, NBIN shall not be bound to inquire about the purpose of such request, nor its relevance, and NBIN may not be held liable for the consequences arising therefrom.

In the event of the death of a Client, the surviving Client or the Portfolio Manager shall notify NBIN forthwith in writing. The death of a Client shall affect the rights and obligations of the other because such rights and obligations are subject to the legislation applicable to each of the provinces in Canada where NBIN carries on its business. NBIN may, before or after the receipt of such notice, take the appropriate measures to protect its interests.

In the event of the death of a Client, NBIN may, where applicable, proceed to close the Account. The free credit balances and the Securities held in the Account shall then be remitted, transferred or delivered to either of the Clients or to the estate of the deceased Client.

## **6.2. Joint Account with Right of Survivorship (Except Quebec)**

Each of the Clients acting alone shall be authorized and empowered to deal in general with NBIN, with the same authority as if he were the sole party with interests in the Account, without NBIN having to notify the other Client. Without limiting the generality of the foregoing, either of the Clients may individually:

- i. sign, ratify, amend and rescind any agreement regarding the administration of the Account;



- ii. without any restrictions as to the beneficiary, sign, draw, issue, accept, authorize and endorse any cheque, promissory note, letter of exchange, money order, bank draft, payment order, transfer, electronic funds transfer or other instrument, as well as deposit any amount of money into the Account or make any withdrawal there from;
- iii. have forwarded to NBIN, and receive from the same any request, notice, confirmation, statement of account or communication of any kind with respect to the Account.

However, only the Portfolio Manager may give Instruction relating to the Account or give other instructions to NBIN including in respect to the use any free credit balance in the Account.

If a payment or delivery in favour of either of the Clients is made further to the request of one of the Clients, NBIN shall not be bound to inquire about the purpose of such request, nor its relevance, and NBIN may not be held liable for the consequences arising therefrom.

In the event of the death of a Client, the surviving Client or the Portfolio Manager shall notify NBIN forthwith in writing. It is the express intention of each of the clients to operate the Joint Account as joint holders with right of survivorship and not as owners in common. Each of the Clients shall therefore enjoy a right of survivorship with respect to the Securities and free credit balances deposited in the Joint Account.

The death of a Client shall not prevent the Portfolio Manager from giving Instructions on behalf of the surviving Client.

In the event of the death of a Client, the entire participation in the Account shall be assigned in favour of the surviving Client pursuant to the existing terms and conditions. The Account shall then become the exclusive property of the surviving Client, and the estate of the deceased Client shall not be entitled to assert any claims against NBIN regarding such assets.

## 7. Service without Suitability Validation

The Client acknowledges that he has not received any assistance from NBIN or its representatives to determine his investment needs and thus, given the mandate entrusted to the Portfolio Manager.

The Client acknowledges and understands that NBIN shall not provide any investment advice or any recommendation and that NBIN shall not check the Suitability of the Instructions given by the Portfolio Manager. NBIN shall not assume any liability for the appropriateness of the Portfolio Manager's investment decisions or the transactions placed in the Client's Account and, consequently, for any possible financial consequences resulting therefrom.

The Client acknowledges that NBIN shall have the discretionary right to review, reject, change or cancel any Transaction before transmitting it to the market concerned.

## 8. Instructions

**8.1. Instructions:** NBIN shall be authorized to act on the basis of any Instruction given by the Portfolio Manager. The Instructions transmitted and received by an automated transaction execution system, including telephone systems, personal computers and the Internet, shall be deemed to be accurate, and NBIN may not be held liable for having acted pursuant thereto. The Client undertakes to indemnify and hold harmless NBIN from and against any losses, damages and expenses that it may incur pursuant to the execution of such Instructions.

**8.2. Transactions in Account:** The Client acknowledges and understands that he is not authorized to trade in his Account held at NBIN, and thus given the assignment to the Portfolio Manager.

**8.3. Recording of Telephone Conversations:** The Client agrees to the recording of all telephone conversations between him and NBIN and between the Portfolio Manager and NBIN. The Client agrees that the contents of such recording may be used for the purposes of evidence.

**8.4. Use of the Internet:** The Client, who's Portfolio Manager uses the Internet for trading agrees that the communications between him and NBIN and between the Portfolio Manager and NBIN may be made via the Internet, where applicable.

## 9. Securities Registration

**9.1. Registration:** The Client's Securities may, at NBIN's discretion, be registered in the name of NBIN or of an agent or representative designated by NBIN. The Client acknowledges that the Securities may be represented by certificates or documents other than those which evidenced the same when the Securities were acquired.

**9.2. Custody of Securities:** NBIN shall be the custodian of the Securities of the Client. NBIN may not use, in the course of its business operations, the Securities whose purchase price was paid in full and which are the exclusive property of the Client.

**9.3. Custody of Securities Entrusted to a Third Party:** The Client authorizes NBIN to entrust the custody of his Securities and of any income generated thereby and all proceeds from the disposition thereof to any investment dealer or financial institution deemed acceptable by NBIN, to the Canadian Depository for Securities Limited or to any other custodian carrying out similar functions.

## 10. Income and Credit Balances

**10.1. Income:** Any interest, dividend, net proceeds from disposition and any other amount received for the Securities of the Client shall be credited by NBIN to the Client's Account.

**10.2. Credit Balances:** Any credit balance in the Account shall bear interest at the rate then in effect at NBIN.

**10.3. Free Credit Balances:** Any free credit balance in the Account shall be payable on demand. It shall be recorded in the books of NBIN on a regular basis, shall not be segregated and may be used by NBIN in the course of its business operations within the limits prescribed by regulatory authorities.

## 11. Confirmation Notice and Statement of Account

**11.1. Trade Confirmation:** Whenever NBIN sends a trade confirmation notice to the Portfolio Manager on behalf of the Client. The Portfolio Manager, on behalf of the Client, undertakes to verify the accuracy thereof and to notify NBIN of any error or omission in the contents within three (3) days of the receipt thereof, at the end of which the Portfolio Manager, on behalf of the Client, shall have agreed to and definitively approved the contents of the trade confirmation, which shall then be considered accurate and may no longer be subject to any dispute. NBIN may send a trade confirmation to the Client, if the Client has opted to receive trade confirmations.

**11.2. Statement of Account:** Whenever NBIN sends a statement of account to the Client, the latter undertakes to verify the accuracy thereof and to notify NBIN of any error or omission in the contents within thirty (30) days of the receipt thereof. Except with regard to the contents of the Confirmation notices approved by the Client under this Agreement, the Client shall agree to and definitively approve, at the expiry of the period of thirty (30) days, the contents of the statement of account, which shall then be considered accurate and may no longer be subject to any dispute.

**11.3. Expiry of Time Periods:** At the expiry of the time periods mentioned in Sections 11.1 and 11.2, the Client acknowledges that he may no longer exercise against NBIN or any other custodian of the Securities any recourse directly or indirectly in connection with the subject matter of the Confirmation notice and the statement of account.

## 12. Short Sales

Except in a margin account specifically opened for such purpose, the Client shall not give any order to sell a Security that he does not own or that he cannot

deliver in an acceptable and negotiable form by the settlement date.

### **13. Liquidity of Securities**

The Client warrants that any Securities delivered by him or for his Account may be sold freely and may be transferred to the books of the issuer without any need to obtain any authorization whatsoever or any order to file a declaration or to give notice.

### **14. Settlement of Transactions**

The Client shall pay NBIN for all Securities purchased on his behalf and deliver to NBIN all Securities sold on his behalf which are not already in the custody of NBIN or any other custodian, no later than on the scheduled settlement date of the Transaction.

If the Client fails to make payment or to deliver the Securities on the date of settlement, NBIN may, at its discretion and without prior notice to the Client, finalize the Transaction as it may deem appropriate, including (1) by selling the Securities held in another Account of the Client; (2) by purchasing or borrowing all the Securities causing the Account to be short; (3) by cancelling or amending any outstanding Instruction; or (4) by exercising any other right or recourse provided for in the Agreement or by taking any other measure deemed necessary to protect its interests.

The Client shall then pay to NBIN any and all damages, costs and expenses incurred by NBIN to finalize the Transaction. The net proceeds from such Transactions shall be applied to the payment of any amount due by the Client to NBIN without however lessening the liability of the Client to repay any remaining amount.

### **15. Principal Transactions**

NBIN may act as principal in executing Transaction for the Client. The Client agrees to approve any Transaction in which NBIN has acted as principal and to pay the resulting transaction fees.

## 16. Commissions and Other General Fees

- 16.1. Commissions and Other General Fees:** The Client shall pay to NBIN brokerage commissions for executing Transactions made in his Account as well as all the general fees incurred while administering his Account, pursuant to the Commission Schedule (if applicable) and *NBIN Statement of Disclosure of Fees and Charges for clients of Portfolio Managers* and terms and conditions of NBIN then in effect. The Client acknowledges having been informed of the fee rates (commissions and general fees) set out in detail in the fee schedule as well as of the terms and conditions of NBIN currently in force.
- 16.2. Currency Exchange:** If a trade is made involving a security which is denominated in a currency other than the currency of the accounting 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, NBIN will act as principal with the Client in converting the currency at rates established or determined by NBIN or parties related to NBIN. NBIN and the parties related to NBIN may earn revenue, in addition to the commission applicable to such a trade, based on the spread between the applicable bid and ask rates for the currency. Conversion of currency, if required, will take place at the trade date.
- 16.3. Fixed Income Fees:** NBIN or parties related to NBIN, may act as principal or agent in fixed income transactions. NBIN or parties related to NBIN may earn revenue on the spread between the bid and ask prices.

## 17. Amounts Owed by the Client

- 17.1. Amounts Owed:** All amounts owed by the Client to NBIN under the Agreement as a result of the Transaction or Instruction executed by NBIN, expenses or otherwise shall be payable to NBIN on demand.

**17.2. Interest Rates:** All amounts owed to NBIN shall bear interest commencing on the due date thereof or, in the case of a payment or an advance made by NBIN, as of the date of payment or the date of the advance.

**17.3. Computation of Interest Payable:** The interest payable shall be computed daily and compounded monthly at the interest rate designated from time to time by NBIN as being its effective rate for determining interest on debt balances in accounts with NBIN and the Client waives notice of all changes in such rates.

## 18. Right of Set-Off

If the Client fails to pay any amount owed to NBIN, NBIN can exercise a right of set-off by withdrawing all or part of the Cash balance, and selling or redeeming any Securities or other financial assets held in, or credited to, any of the Accounts the client holds with NBIN and apply the cash proceeds thereof to pay what the Client owes to NBIN. NBIN may exercise the rights conferred under this section without publication, notice or demand to the Client. This applies also to joint Accounts and Accounts the Client has guaranteed.

NBIN will only exercise a right of set-off under this Agreement and take Securities or cash from the Client Accounts if the Client fails to pay any amount owed to NBIN. If the Client owes more than the value of the financial assets in the Account, the Client is still responsible for paying the full amount owed to NBIN.

## 19. Hypothec (Applicable in Quebec) and Security Interest

**19.1.** In order to guarantee the payment of all the amounts owed by the Client to NBF Inc. in the future, the Client hereby grants to NBF Inc. a security interest, and in Quebec, a hypothec, in all asset, including but not limited to all Securities and Cash balances held, registered or credited in any of the Client's Accounts (the "Collateral") now or at any future time. With

respect to any Collateral which is subject to the laws of Quebec, since the laws of such province require that the amount of the hypothec be specified, such hypothec is granted for a sum of \$100,000,000. To that end, the Client hereby grants NBF Inc. control over the Collateral. This amount does not represent the amount of the Client's obligation to NBF Inc. or the amount of any credit available to the Client by NBF Inc. The hypothec has no practical impact, unless the Client owes amounts to NBF Inc.

- 19.2.** NBF Inc. may hold the Collateral at any location and through any third party in NBF Inc.'s name and NBF Inc. can show this agreement to any third party to prove that NBF Inc. controls the Collateral.

## 20. Use of Securities and Collateral

- 20.1.** In the event the Client owes any amount to NBIN, NBIN may use the Collateral, in whole or in part, without notice to the Client or prior permission, to conduct its normal business, including:

- a) pledging, hypothecating and otherwise using it as security for any indebtedness of NBIN;
- b) selling, redeeming or otherwise disposing of it, without having to give any prior notice to the Client and without needing to observe any time limits or grace periods;
- c) lending all or part of it and use them, either separately or together with other securities, in the day-to-day management of its business;
- d) transferring the Collateral held in any Account of the Client to any other Accounts held by the Client at NBIN.

NBIN can also use any Collateral held in, or credited to, the Accounts of the Client to deliver when NBIN completes a sale for the Account of the Client, for the account of another person, or for any account in which NBIN has a direct or indirect interest.



If NBIN uses any securities from the Collateral, NBIN will value them at the market value on the date NBIN uses them and will follow its usual practices to determine their value.

If the Client owes NBIN more than the value of the Collateral, The Client is still responsible for paying the full amount owed to NBIN.

## 21. Other Rights

**21.1.** If the Client owes any amount to NBIN, NBIN may also:

**21.1.1.** Cancel any of the outstanding Instructions or orders;

**21.1.2.** Enter stop loss orders for any Securities in the Account of the Client and withdraw or change any such stop loss orders;

**21.1.3.** Take any other steps allowed by this agreement or the law.

NBIN can exercise any of these rights separately or in any combination it wants.

NBIN may alone decide which securities held or credited to the Accounts of the Client to sell and which ones to keep.

If NBIN exercises its right to withdraw Cash or redeem or sell any Securities held in, or credited to, in the Account of the Client, NBIN will apply the cash proceeds thereof to pay what the Client owes to NBIN and return the Cash and Securities that are left in the Client Account.

If NBIN chooses not to exercise any of its rights in this agreement, it does not mean NBIN has given up or waived any of those rights. If NBIN decides not to hold the Client to any provision in the agreement NBIN can still hold the Client to other provisions in the agreement. And if NBIN decides not to hold the Client to any provision in the agreement it is for that one time only, unless NBIN expressly say otherwise in writing.

## 22. Powers of NBIN

NBIN reserves the right to close the Account, to limit the Transactions in the Account, at any time and without notice.

## 23. Amendment by NBIN

NBIN may amend the provisions of the Agreement by way of a written notice of thirty (30) days given to the Client. The amendments shall take effect at the end of the period of thirty (30) days following the receipt of the said notice by the Client.

## 24. Amendment by the Client

The Client may not make any amendment, modification, addition or waiver in respect of one or more of the terms and conditions of the Agreement unless the same is evidenced in a document expressly modifying the terms of the Agreement, and such document is signed by the Client and an Authorized Officer of NBIN.

## 25. Death of the Client

Upon the Client's death, and until receipt of any documentation prescribed by law and required by NBIN as part of the handling of the estate, NBIN may execute, upon the instructions of the apparent liquidator or a presumed heir, any Transaction of a conservatory nature. NBIN may, however, refuse at its discretion to execute any Instruction and may not be held liable for any loss or damage, whether direct or indirect, arising from the application of this section.

## 26. Termination

NBIN may terminate this Agreement at any time simply by way of a written notice to the Client. The Client may also terminate the Agreement by way of a written notice to NBIN. Unless otherwise agreed, termination of the Agreement shall take place within three (3) business days following receipt of the notice sent therefore by either of the parties.

## 27. Account Transfer

If the Client transfers his Account held with NBIN to another institution, NBIN is authorized to limit or suspend the Transactions in the Account and to cancel any open orders once notified of that request by the receiving institution. The Client undertakes that no Instruction is to be transmitted to NBIN after having initiated an Account transfer request and that all open orders, which remains unfilled, can be cancelled. NBIN may not be held liable for any loss or damage, whether direct or indirect, arising from the application of this section.

## 28. Canadian Investor Protection Fund

NBF Inc. is a member of the Canadian Investor Protection Fund (“CIPF”). Customers’ accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request.

## 29. Liability of NBIN

NBIN acts as agent (in Québec, as mandatory) of the Client, as a consequence, NBIN shall not be liable for all investment decisions, Transactions or Instructions in respect of the Accounts.

NBIN is not liable for any kind of loss, damage or expense that the Client, the Portfolio Manager or anyone else may experience in connection with the Accounts, including for any kind of loss, damage or expense arising out or as a result of NBIN’s negligence, failure to act on any Instruction, carrying out any Instruction incorrectly, failure to provide information, providing inaccurate information or failure to provide any service, except in the case of gross negligence or wilful misconduct on the part of NBIN.

The Client is solely responsible for knowing about developments related to investments in the Account, such as stock splits, reorganizations and consolidations. NBIN does not have to notify the Client about such developments, unless required by law.

The Client is solely responsible for making sure that any information provided to NBIN is accurate.

NBIN shall not be liable for any kind of loss, damage or expense caused directly or indirectly by a delay in the receipt or execution of an Instruction, periods of abnormal or unusual activity on the markets, government restrictions, decisions of an exchange or over the-counter market, trading halts, or any other case or Act of God (wars, strikes and lock-outs, etc.) that cannot be foreseen by NBIN and are beyond its reasonable control.

NBIN shall not be liable for errors or omissions with respect to Instructions, the execution thereof or any fact related thereto and consequently, NBIN shall not be bound to compensate for any loss, repair any damage or reimburse any expenses arising therefrom, unless such error or omission was caused by its gross negligence or willful misconduct.

### 30. Applicable Law

**30.1. Applicable Law:** Insofar as the home address or permanent address of the Client, where applicable, is located in Canada, the Agreement shall be interpreted in accordance with the laws of the Client's province of residence at the time of the signing of this Agreement. Otherwise, the Agreement shall be interpreted in accordance with the laws of the Province of Ontario.

**30.2. Transactions Subject to Applicable Law:** The Client acknowledges that all Transactions made in his Account shall be subject to applicable legislations and regulations, including to the rulings, rules, orders, policies and guidelines of applicable authority, including exchanges, marketplaces clearing corporations, securities regulatory authorities and the self-regulatory organizations, as amended, superseded or replaced from time to time. The Client is solely responsible to determine whether any Transaction is permitted under applicable law before placing any instruction.

## 31. Assignment and Successors

The Agreement shall be binding upon NBF Inc., the Client and their successors and assigns, as applicable. The Agreement shall remain valid notwithstanding any incidental, temporary or intermittent closures, or any reopening or any change in the numbering of the Account. The Client shall not assign this Agreement, nor the rights and obligations arising therefrom. NBF Inc. may assign the agreement or Account to another party, including a company associated or affiliated with NBF Inc., after notice to the Client.

## 32. Communications

### 32.1. Notice to the Client or to the Portfolio

**Manager:** Any notice, document or communication intended for the Client or Portfolio Manager may be delivered by personal delivery, courier, mail, facsimile or transmitted electronically by email.

**32.2. Notice to NBIN:** Any notice, document or communication intended for NBIN shall be sent postage-paid to the following address:  
NBIN 130 King Street West,  
Suite 3000, PO Box 21,  
Toronto, Ontario, M5X 1J9.

**32.3. Receipt:** NBIN, the Client and the Portfolio Manager shall be deemed to have received any notice, document or communication by the third (3rd) business day following the mailing thereof by prepaid envelope or on the day of its delivery by hand or by courier. The Client and the Portfolio Manager shall be deemed to have received any document on the same day as it was sent by facsimile machine or electronically.

## 33. Headings

The headings of the sections of the Agreement are included for convenience of reference only and may not at any time be used to interpret the Agreement.

### 34. Gender and Number

Wherever so required by the context, a word expressing the masculine gender shall include the feminine, and the singular shall include the plural unless otherwise indicated in the context or the context does not lend itself thereto.

### 35. Invalidity of a Provision

If any provision is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the application of the other provisions of the Agreement, which shall remain in full force and effect and shall continue to be complied with as if the invalid or unenforceable provision was not incorporated therein.

### 36. Coming into Force and Scope

This Agreement shall come into force and shall become binding upon the Client and NBIN upon acceptance by NBIN of the Portfolio Manager's Instructions regarding the Client's Account for the first time.

The provisions of this Agreement are separate provisions in addition to all other provisions contained in the "Margin Agreement", "Options Trading Agreement" or other agreement related to the Account.

### 37. Relationship between NBIN and National Bank of Canada

NBF Inc. is an indirect wholly-owned subsidiary of National Bank of Canada. You must be informed that your Account is opened with NBF Inc. and not with National Bank of Canada. You must also be informed that NBF Inc. is a separate legal entity from National Bank of Canada. Unless otherwise notified by NBIN, the securities purchased from or through NBIN in your Account at NBIN are not insured by a government deposit insurer, nor are they guaranteed by the NBF or by National Bank of Canada and may fluctuate in value.

### **38. Notice to Clients Residing in the United States**

As a Canadian securities dealer, NBIN must advise all of its clients residing in the United States that their accounts held at NBIN are not regulated under the United States securities laws and that NBIN is not subject to the United States broker-dealer regulations.

### **39. Other Information**

NBF Inc. is an investment dealer registered under securities regulations in the following provinces and territories: Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Quebec, Saskatchewan, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

### **40. Applicable in Quebec**

The parties hereto have requested that this Agreement and any notice and other related documents be drawn up in English. Les parties aux présentes ont demandé que ce contrat et les documents s'y rapportant soient rédigés en anglais.

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## Margin Account Agreement

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In consideration of NBF Inc. through its NBIN division agreeing to open and maintain a margin Account in the name of the Client, the Client agrees to be bound by the following terms and conditions.

### 1. References

The terms and conditions of the Client Account Agreement shall form an integral part of this Margin Account Agreement, including the necessary adjustments in view of the context of a Margin Account. If there's a conflict between the terms and conditions in the Client Account Agreement and this Margin account agreement, this Margin account agreement will rule.

### 2. Margin

- 2.1. Margin:** Regulations dictate the maximum borrowing value of each Security. Some Securities have no borrowing value. NBIN can also choose to set a lower value than the maximum borrowing value established by regulations. The Client undertakes to maintain at all times the required amount of Cash and/or Securities that can be used for margin borrowing in the margin Account, as established from time to time by NBIN at its entire discretion. NBIN may cancel access to margin in its sole discretion and without notice to the Client.
- 2.2. Additional Margin:** NBIN may require additional margin at any time for any reason. The Client also undertakes to furnish additional margin by providing additional Cash and/or Securities whenever requested by NBIN.
- 2.3. Margin Call:** NBIN may issue margin call by any means of communication to the Client or the Portfolio Manager, namely in writing, by telephone, by fax, by messenger or by email. The Client undertakes to meet forthwith any margin calls. Under certain circumstances, NBIN has the right, without the need to issue a margin call, to sell part or all of the securities in the Account of the Client, or to purchase Securities for which the Account is overdrawn in order to meet the obligations of the Client.



### 3. Failure to Meet a Margin Call

If the Client fails to meet a margin call, NBIN may choose to take any measure to protect its interests and without having to give prior notice to the Client, including:

- a) buy any Securities causing the Client's margin Securities held for the Client's account;
- b) sell any Securities held for the Client's account;
- c) cancel any Transaction Order being executed;
- d) take any other measure deemed necessary to protect its interests, including to transfer to the margin Account, at any time following a Transaction, any cash in any of the Accounts of the Client.

The net proceeds resulting from such transactions shall be applied to the payment of any amounts owed by the Client to NBIN. If the Client owes more than the total value of the Cash and Securities held in all of the accounts it holds with NBIN, the Client shall remain liable for any remaining deficiency, along with all accumulated fees and interests.

### 4. Interest on Credit

The Client agrees to pay interest on any credit granted by NBIN for the trading of Securities in the margin Account, including any borrowing fee that could arise from short sales. Interest rates are available upon request, please contact your Portfolio Manager. The interest on the loan is calculated monthly on your debit balance, on a daily basis.

### 5. Use of Securities

As long as the Client's Securities are not fully paid, NBIN may use such Securities as follows:

- a) lend all or part of it and use them, either separately or together with other securities, in the day-to-day management of its business;
- b) pledge, hypothecate and otherwise use it as security for any indebtedness of NBF Inc.;
- c) deliver said Securities to against a sale made for the account of another person, without having to keep in its possession or under its control Securities of the same nature and of the same amount;

- d) use them to make delivery against a sale of NBF Inc. acting as principal or for an account in which NBF Inc. or one of its directors has a direct or indirect interest.

## 6. Short Sales

When the Portfolio Manager places an Instruction on behalf of the Client for a sale, NBIN will consider that the Client owns the Securities that the Client wishes to sell, unless specified otherwise to NBIN. If the Portfolio Manager places an Instruction on behalf of the Client for a short sale, NBIN must be notified that the Client does not own the Securities to be sold.

To complete a short sale, NBIN will borrow Securities from third parties, and sell them for the Account of the Client. The Client undertakes to maintain at all times the required amount of margin for securities borrow, as established from time to time by NBIN at its entire discretion. A borrow fee may be required from the Client for borrowing securities to cover the short sale. The third parties from whom NBIN borrows securities may request them back at any time. As a result, the Client agrees to return all borrowed securities by purchasing equivalent positions at current market prices. At any time, NBIN may purchase Securities for the Account of the Client, especially, in order to reimburse the lending party, if a regulatory authority demands that NBIN replaces the Securities that were used to carry out the short sale, or for any other reason. The Client agrees to pay any borrow fees that could arise from short sale.

## 7. Collection of Information

The Client acknowledges that the information gathered regarding him, including information on his financial condition and creditworthiness, contains essential elements on which NBIN bases itself to extend margin loans.

Consequently, the Client shall authorize NBIN, as long as he has a margin account with NBIN, to obtain from any financial institution, any personal information agency, any employer, any landlord or any other person, all the information deemed useful with respect to his financial condition and creditworthiness and for such purpose, the Client authorizes NBIN to deliver on to such persons.

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## Options Trading Agreement

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In consideration of NBF Inc., through its NBIN division agreeing to act as an investment dealer for any Options Trading in the Client's name, the Client agrees to be bound by the following terms and conditions:

### 1. References

The terms and conditions the Client Account Agreement and the Margin Account Agreement shall form an integral part of this Options Trading Agreement, including the necessary adjustments in view of the context of allowing Options Trading. If there's a conflict between the terms and conditions in the Client Account Agreement and the Margin account agreement with the terms and conditions in this Options Trading Agreement, this Options Trading Agreement will rule.

### 2. Options

NBF Inc. shall act, from time to time, as a dealer for the purchase, sale or execution of put and call options that can be traded on an exchange, marketplace or clearing corporation (hereinafter called the "Options").

### 3. Financial Resources

The Client understands the risks pertaining to trading in Options and declares having the required knowledge, necessary experience and required financial resources to carry out and support any Options trade in which he may participate.

### 4. Regulations Governing Options

Every Options Transaction is governed by:

- the exchange on which the option is traded or issued;
- the clearing corporation issuing the option;
- any other applicable regulatory body or self-regulatory organization; and
- any additional rule, policies or requirements imposed by NBIN, from time to time.

The Client further acknowledges having read and understood the *Risk Disclosure Statement for Futures and Options*.

## 5. Limits

The Client undertakes to comply with any limits, conditions or restrictions, including position limits, maximum limits on short positions, exercise limits, margin requirements, and all other requirements determined by NBIN and applicable exchanges, clearing corporations, regulatory body or self-regulatory organizations, as amended from time to time.

The Client acknowledges that limits may be set on short positions, and that in the last ten (10) days preceding the expiry of an Option, a cash-only basis may apply for Transactions, which may vary at the option of NBIN and applicable exchanges, clearing corporations regulatory body or self-regulatory organization.

The Client understands that it cannot exercise a long position involving traded options if, within five (5) consecutive days before or after, the Client, acting alone or in concert with others, has any direct or indirect interest in an aggregate long position that exceed the applicable limits. This restriction does not apply to over-the-counter options.

## 6. Other Transaction

The Client shall inform NBIN of any Option transaction entered into with any other broker, dealer, individual or other entity, prior to or at the same time with any Option Transaction executed through NBIN. The Client shall indemnify NBIN for any loss or liability suffered as the result of the Client's failure to notify NBIN of such Transaction.

## 7. Assignment

NBIN will allocate exercise notice and assignment of exercise notices for Options on random selection basis or otherwise, as it may deem appropriate and consistent with the regulations, rule and policies of the exchange on which the Option is traded if applicable.

## 8. Business Hours and Timing of Instructions

The Client shall provide Instructions to NBIN in a timely manner concerning the sale, close-out or exercise of any Option or any other action to be taken regarding his Options. The Client acknowledges that NBIN shall have no duty or obligation to take any measures with regard to the Options or exercise the Client's Options before their expiry without specific instructions from the Client. The Client may give Instructions during local business hours. NBIN may execute the Instructions at any time when the applicable exchange is opened for trading. With respect to expiring Options, Instructions must be received by NBIN by no later than 4:00 p.m., Eastern time, on the business day preceding the expiry date of the Option. NBIN may take any action with respect to an Option that in its sole discretion determines should be taken if the Client fails to give timely instructions

## 9. Discretion of NBIN

Any Instruction to trade an Option may be refused by NBIN at its entire discretion. The Client acknowledges that NBIN has no duty or obligation to exercise an Option without specific instructions to that effect. NBIN may execute Transactions acting as principal on the other side of a transaction or as part of larger transactions for the Client and others. NBIN may also act for other clients on the other side of a Transaction as it may consider advisable, subject, however, to the rules of the applicable exchange. The Client consents and agrees to confirm any Transactions in the Account in which NBIN acts as a market maker or principal in the purchase or sale of Options. The Client agrees that any charge to the Client expressed as a commission for any purchase or sale of Options where NBIN act as a market maker or principal will be considered to be a sum payable increasing the cost to the Client of such Transactions.

Should NBIN deem it necessary or desirable, particularly in the case of insolvency, death, bankruptcy, or any other event that could change the Client's financial condition, NBIN may, without having to first notify the Client, take all the measures required to protect its interests against any losses. Without limiting the generality of the foregoing, NBIN may, in particular, sell any Securities

held for the Client's account, purchase any Securities for which the Client's Account is short, or buy or sell any uncovered Options for the Client's account and at his risk.

## 10. Delays

The Client acknowledges that an exercise notice in respect of an expired option position may reach him several days after trading has ceased on the said Option since listed expiring Options cease to be traded some time before the scheduled hour in order to allow the last exercise notice to be allocated, and that administrative delays and delays in transmission due to failures or the slowness of the information transmission or communication system may occur. The Client further acknowledges that such a delay may cause him to suffer an unexpected loss, for which NBIN is not liable, and that for such purpose, NBIN has specific margin rules for Clients who contract expiring Options.

## 11. Liability of NBIN

NBIN may not be held liable for errors and omissions affecting an order or the execution thereof regarding the purchase, sale, execution or expiry of Options or any other Options Transaction unless such error or omission is caused by NBIN's gross negligence or willful misconduct.

## 12. Accuracy and Change of Information

The Client confirms that any information provided concerning the opening of an Options Trading Account is complete and accurate. The Client further undertakes to inform NBIN of any changes affecting his financial condition and investor profile, including, without limiting the scope thereof, any Options trading restriction to which he may be subject.

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## Disclosure Statement for Futures and Options

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### Risk Disclosure Statement for Futures and Options

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

#### Futures

##### 1. Effect of “Leverage” or “Gearing”

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

##### 2. Risk-Reducing Orders or Strategies

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

#### Options

##### 3. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize

themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transactions costs.

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

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

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



## Additional Risks Common to Futures and Options

### 4. Terms and Conditions of Contracts

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

### 5. Suspension or Restriction of Trading and Pricing Relationships

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

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

### 6. Deposited Cash and Property

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

## **7. Commission and Other Charges**

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

## **8. Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## **9. Currency Risks**

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

## **10. Trading Facilities**

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

## 11. Electronic Trading

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

## 12. Off-Exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

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## Legal Entity Agreement

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### Resolution

If the legal entity is a corporation, the following resolution was duly adopted by its board of directors and is still in full force and effect.

#### **It is resolved:**

That one or several brokerage accounts be opened with NBIN (hereinafter the “Broker”).

That the designated authorized representatives be and are hereby authorized individually to manage and administer the corporation’s property and to deal in general with the Broker for and on behalf of the corporation. Without limiting the generality of the foregoing, the authorized representatives have, in particular, the power to act for the following purposes:

- Open one or several accounts with the Broker without any restriction as to the type of account, including cash accounts, margin accounts, short margin accounts (hereinafter, individually and collectively, referred to as the “Account”) and execute for and on behalf of the corporation, all documents relating to the opening and administration of such Account, all in accordance with the terms and conditions set out in the Broker’s forms and agreements;
- Perform all transactions relating to the Account including, without limiting the generality of the foregoing, buying, selling, accepting, receiving, assigning, delivering, endorsing, transferring, conveying or otherwise trading any securities registered in the legal entity’s name that are currently or will eventually be assigned to it and use any free credit balance deposited and entered in the Account;
- Without restriction as to the beneficiary, sign, draw, issue, accept, authorize and endorse any cheques, notes, bills of exchange, money orders, drafts, payment authorizations, transfers, electronic funds transfers and other instruments on behalf of the corporation and deposit and withdraw any amount of money on behalf of the corporation;

- Transmit to and receive from the broker any application, notice, confirmation, statement of account and communication of any kind relating to the corporation's account;

That the Broker be provided with a list of the corporation's authorized representatives, their title and a specimen of their signature and that the Broker be immediately notified in writing of the appointment of a new authorized representative, of the death, legal incapacity, bankruptcy, insolvency, resignation or withdrawal of any authorized representative, as well as of any other change that may affect the list of the corporation's authorized representatives.

That each and every act, agreement and transaction made or executed on behalf of the corporation that have been or will be attributed to the corporation by its authorized representatives be and are hereby irrevocably ratified and confirmed;

That this resolution shall remain in effect and be binding upon the corporation until revoked by written notice given to the Broker.

### **Borrowing by-law**

Each authorized representative individually has, on behalf of the corporation, all the rights and powers mentioned in this borrowing by-law and, more specifically, may sign any arrangement or agreement with the Broker at such times and for such amounts and under such conditions as deemed appropriate for the following purposes:

- To grant security or liens, mortgage, pledge, assign, convey, hypothecate or charge in any manner whatsoever all or part of the personal or real, tangible or intangible, present and future property of the corporation in order to guarantee the execution of any of the obligations of the corporation towards the Broker;
- To obtain loans or cash advances consisting of, but not exclusively, margins or short accounts;
- To determine the interest rate, term, amortization and terms and conditions of repayment of such loans or cash advances

## Mandate

If the legal entity is a partnership, an association or an investment club, the following provisions govern its relationships.

That one or several brokerage accounts be opened with NBIN (hereinafter the “Broker”).

That the designated authorized representatives be and are hereby authorized individually to manage and administer the property of the legal entity and to deal in general with the Broker for and on behalf of the legal entity. Without limiting the generality of the foregoing, the authorized representatives have, in particular, the power to act for the following purposes:

- Open one or several accounts with the Broker without any restriction as to the type of account, including cash accounts, margin accounts, short margin accounts (hereinafter, individually and collectively, referred to as “the Account”) and execute for and on behalf of the legal entity all documents relating to the opening and administration of such Account, all in accordance with the terms and conditions set out in the Broker’s account opening forms and agreements;
- Perform all transactions relating to the Account, including, without limitation, buying, selling, accepting, receiving, assigning, delivering, endorsing, transferring, conveying or otherwise trading any securities registered in the name of the legal entity that are currently or will eventually be assigned to the legal entity and using and disposing of any free cash balance deposited and entered in the Account;
- Without restriction as to the beneficiary, sign, draw, issue, accept, authorize and endorse any cheques, notes, bills of exchange, money orders, drafts, payment authorizations, transfers, electronic fund transfers and other instruments on behalf of the legal entity and deposit and withdraw any amount of money on behalf of the legal entity;
- Transmit to and receive from the Broker any application, notice, confirmation, statement of account and communication of any kind relating to the legal entity’s Account;

- Sign any arrangement or agreement with the Broker, at such times and for such amounts and under such conditions as deemed appropriate for the following purposes:
- Obtain loans or cash advances consisting of, but not exclusively, margins or short accounts;
  - Determine the interest rate, term, amortization and terms and conditions of repayment of such loans or cash advances;
  - Grant security or liens, mortgage, pledge, assign, convey, hypothecate or charge in any manner whatsoever all or part of the legal entity’s personal or real, tangible or intangible, present and future property in order to guarantee the execution of any of the obligations towards the Broker.

That the Broker be provided with a list of the legal entity’s authorized representatives, their address as well as a specimen of their signature and that the Broker be immediately notified in writing of the appointment of a new authorized representative, the death, legal incapacity, bankruptcy, insolvency, resignation or withdrawal of any authorized representative, as well as any other change that may affect the list of authorized representatives.

That each and every act, agreement and transaction made or executed on behalf of the legal entity that have been or will be attributed to the legal entity by its authorized representatives be and are hereby irrevocably ratified and confirmed.

## **Obligations**

In consideration of the Broker’s relation with the legal entity, each of the authorized representatives personally, jointly and severally guarantees the Broker the payment in principal and interest for any indebtedness the legal entity owes the Broker, as well as any other related charges or penalties, including extrajudicial fees incurred by the Broker in recovering any amount that is owed him, as well as the costs incurred in the enforcement of any other obligation the legal entity may owe towards the Broker, from any source whatsoever (hereinafter referred to as the “Legal Entity’s Obligations”). Each of the authorized representatives agrees upon demand from the Broker,

to immediately honour the payment or enforcement of all of the Legal Entity's Obligations, at whatever time, concerning any claim, including any claim resulting from a notice of purchase or sale or as a result of a margin call made on the legal entity's Account. Accordingly, each of the authorized representatives waives all benefits of division and discussion.

Any request for payment may be sent by the Broker to any of the authorized representatives by mail at his last known address with the said request for payment being deemed to have been drawn-up on the date of its mailing. The amount specified on any request for payment bears interest and shall be computed daily and compounded monthly at the interest rate designated from time to time by NBIN.

In order to guarantee that all the Legal Entity's Obligations and all obligations entered into by the authorized representatives pursuant to this Mandate are met, each of the authorized representatives assigns and mortgages in favour of the Broker all titles, securities and credit balances held or registered at any time in all of its accounts held with the Broker, including interest, dividends, as well as all proceeds arising from their disposal and all other earnings arising therefrom (collectively referred to as the "Collateral") which are automatically pledged to the Broker and held under encumbrance and lien in favour of the Broker.

For all purposes of the creation, validity, perfection and registration of this pledge, the authorized representatives consent to the Collateral being held by a third party on behalf of the Broker. It is equally agreed that the Broker may give written evidence of this pledge to any third party, such as those holding the Collateral.

In the event of default by one of the authorized representatives and in any event where, according to practice, the Broker deems it reasonable and necessary in order to protect itself, it may, at its sole discretion, sell by mutual agreement or otherwise, all or part of the Collateral, at such a price and under such terms and conditions as it deems best in the circumstances. The Broker may also accept the Collateral as payment and exercise any other right prescribed by law or pursuant to this Mandate. The Broker may exercise these rights, without registration, notice, letter of demand or any other notice to the legal entity, the authorized representative or to third parties.



The Broker may exercise all rights and powers connected with the Collateral and act in respect of such Collateral as if it was the rightful owner. The remedies of the Broker may be exercised together or separately, and in the order that the Broker determines at its discretion. The Broker may apply the proceeds from the liquidation of instruments and securities to the payment of any expense incurred by it in the exercise of its rights and remedies, including to the payment of judicial and extrajudicial costs incurred, and/or to the payment of the Legal Entity's Obligations. The Broker will decide how any such amount will be applied.

All the Legal Entity's Obligations and all obligations entered into by the authorized representatives pursuant to this Mandate, together with the interest and charges relating thereto, may be charged to any account held by any one of the authorized representatives with the Broker. Therefore, the Broker is authorized to transfer the credit balance of any account held by the legal entity or any one of the authorized representatives with the Broker, to another account held by the legal entity showing a debit balance.

Accordingly, each of the authorized representatives irrevocably authorizes the Broker to take all necessary action in order to convert into liquid assets all instruments and securities held or registered in each of its accounts or those of the legal entity with the Broker and the authorized representatives agree that all amounts owed to the Broker as a result of this Mandate may be offset against the proceeds of the disposition of all titles, securities and other amounts payable to them by the Broker in respect of any of their accounts. The Broker will decide how any such amount will be applied.

This guarantee shall survive notwithstanding: any change of circumstances under which it was executed by the authorized representative, the termination of duties of any of the authorized representatives or the legal entity, or a change in such duties or, any change in the relationship binding each of the authorized representatives to the legal entity.

The authorized representatives undertake to ensure that this Mandate remains in effect and binds the legal entity

and each of the authorized representatives until such time as it is revoked by way of a written notice sent to the Broker by an authorized representative.

Where the legal entity's address is located in Canada, this Mandate shall be governed and interpreted in accordance with the laws of the legal entity's province of residence at the time of the execution of the Client Account Agreement to which it is attached and forms an integral part thereof. Otherwise, the Mandate shall be governed and interpreted pursuant to the laws of the Province of Ontario. The authorized representative will submit to the jurisdiction of the courts of law of the province in question with respect to any matter concerning this Mandate and the remedies of the Broker thereunder.

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## Conditions Governing the Collection, Use and Disclosure of Personal Information

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For the purposes of this section, the term “**NBIN**” means National Bank Independent Network, a division of National Bank Financial Inc. (NBF Inc.) and NBF Inc.’s successors and assigns. The term “**I**”, “**my**”, “**mine**” means individually and collectively each of the NBIN Client account Account holders or, if applicable, the account holder’s representative. The term “**SROs**” (self-regulatory organizations) means the Investment Industry Regulatory Organization of Canada, the Mutual Fund Dealers Association of Canada, the exchanges and other regulated marketplaces and the Canadian Investor Protection Fund. These SROs can require or request access to personal information collected or used by NBIN and provided by its current and former clients, employees, agents, directors, officers, partners and other persons. The term “**Personal information**” means the information of a personal nature notably my name, address, telephone numbers, e-mail address, employment and information regarding my financial situation and concerning my investment instructions.

### Collection

NBIN collects Personal information in order to provide me with routine services related to my brokerage account, register my plan in accordance with applicable tax legislation, provide access to my account by any electronic means or via telephone, to understand and meet my needs, to determine my eligibility for NBIN’s products and services and protect my interests and those of NBIN.

I agree to provide NBIN with the necessary Personal information about me for the purposes mentioned in the preceding paragraph. I also authorize NBIN to obtain Personal information about me from any person likely to have such information, particularly financial institutions, other brokers, guarantor, credit reporting and assessment agencies, registration of rights offices, securities regulatory agencies, employers and professionals.

## Use and Disclosure

1. The Personal information obtained by NBIN, which it needs in order to provide me with the products and services requested, may be used and communicated in order to:
  - 1.1. Determine my eligibility for any products and services I request, including margin accounts and credit approval and provide me in an ongoing manner with the products and services I have adhered to, and check the veracity of the information provided;
  - 1.2. Enable NBIN to manage its activities such as statistics, record-keeping and audit;
  - 1.3. Measure customer service quality and for compliance purposes. To these ends, NBIN may control and record telephone conversations with me;
  - 1.4. Enable any person working for and with NBIN, including its suppliers and agents, to access such information, particularly for the purpose of negotiating in my brokerage account, preparing and mailing statements, processing and storing data and also collecting debts and assuring trade related surveillance in order to protect me and NBIN against error and fraud;
  - 1.5. Cooperate with the SROs for regulatory purposes, such as trade-related surveillance; sales, financial compliance and trade desk review and other regulatory audits; investigation of potential regulatory and statutory violations; regulatory databases; enforcement of 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;
  - 1.6. Enable NBIN to comply with applicable legislation, particularly tax legislation requiring the production of tax slips on which NBIN must include, among other information, my social insurance number and with the provisions of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act which require that I be duly identified;

- 1.7. Easily identify me and distinguish me from other clients of NBIN as well as clients of other financial institutions, brokers, SROs, credit reporting and assessment agencies, guarantor, registration of rights offices, securities regulatory agencies, employers, professionals and individuals given as references. I authorize you to use my social insurance number for these specific purposes;
- 1.8. If I have requested a margin account or other credit product, convey my credit file to credit reporting and assessment agencies, credit product insurers or other lenders in order to preserve the integrity of the credit granting process; and
- 1.9. Enable disclosure of such information for purposes of a transactional due diligence review by prospective parties in the event of the sale, transfer or assignment of NBIN's operations.

I expressly consent to the use and disclosure of personal information about me by NBIN for the above purposes. The product or service requested will not be refused solely because I withhold my consent for such information to be used or disclosed. In any event, I will be informed of the consequences of my refusal to allow the information about myself to be used or disclosed, particularly of the fact that I will no longer receive information on the products and services likely to be of interest to me.

I authorize NBIN to keep the information collected, as per by applicable laws and regulations, for as long as it is needed for the purposes cited in section 1, even if I no longer do business with NBIN. I acknowledge that I can also gain access to and, if necessary, correct my Personal information by contacting NBIN by telephone at the numbers indicated above. I agree to notify NBIN promptly of any changes in my Personal information in order to update its files. NBIN is authorized to act on the basis of the Personal information it has on me until such time as I have notified it of a change to said information. I indemnify and hold NBIN harmless against any recourse and liability if it is not notified of such changes.

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## Making a Complaint

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As part of its order-execution only services, NBIN offers in addition to our core custodial services. It is therefore important to us to ensure that you feel comfortable contacting us whenever you have a question or comment concerning any of these services. However, if your account is managed on a discretionary basis by a registered Portfolio Manager, the responsibility for suitability of investments rests with them, and not with NBIN. Therefore, in such cases, you must contact your Portfolio Manager with respect to any complaint about unsuitable investments or the financial performance of your account.

Of course we welcome feedback about all of your experiences concerning your relationship with us, but should you have an unfavourable experience, we value the opportunity to improve our services offered. Your business and ongoing relationship with NBIN are very important to us and the satisfaction of our clientele is very high on our list of priorities.

Please feel free to contact us via telephone or mail with your questions or comments. We invite you to speak to NBIN Compliance or to submit the details of your complaint in writing at the following address:

NBIN  
Compliance Department  
130 King Street West  
Suite 3000, PO Box 21  
Toronto, ON M5X 1J9  
416-542-2200

In order to allow us to analyze your complaint, please include the following details when you contact us:

- Your name, contact information, and account number as well as the particular circumstances and details of your complaint, notably, the date on which the event took place.
- All relevant documentation, including details of meetings and/or discussions following those meetings that might clarify the situation.

We will acknowledge the receipt of your complaint in writing within 5 business days, giving you the name and contact

information of the person analyzing the complaint. Should you have any questions concerning the progress of your file, we invite you to contact this person directly. Rest assured that we will do our utmost to settle your complaint fairly and quickly.

We will contact you in writing at the latest 90 days after our investigation begins detailing the results and conclusions of our inquiry as well as the options available to you if the problem has not been resolved to your satisfaction.

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## Statement of Policies Respecting Conflicts of Interest

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Securities regulations in Canada require all dealers and advisers to comply with certain rules in relation to conflicts of interest, particularly with respect to the disclosure of information in that regard.

### Purpose of this Document

It is important for you to be informed about how we identify and respond to conflicts of interest in order to minimize their impact. We consider a conflict of interest to be any circumstance where the interests of different parties, such as the interests of a client and those of NBF Inc., are inconsistent or divergent.

NBF Inc. takes reasonable steps to identify all existing material conflicts of interest, and those we would reasonably expect to arise. We then assess the level of risk associated with each conflict. We avoid any situation that would entail

a serious conflict of interest or represent too high a risk for clients or market integrity. In any other situation entailing a conflict of interest, we ensure that appropriate measures are implemented to control the conflict of interest effectively. Where it cannot be avoided, we will notify you of any existing or potential material conflict of interest situation and any future material conflict of interest situations as they arise.

The purpose of this Statement of Policies respecting conflicts of interest is to inform you of the nature and extent of conflicts of interest that may affect the services NBF Inc. provides to you.

NBF Inc., through its NBIN division is registered as an investment dealer and offers order-execution services, including clearing and custodial services to independent investment dealers, portfolio managers, investment, fund managers and other institutional customers. NBIN gives no advice nor does it make any recommendation with respect to investments.



## Conflict of Interest Situations

The situations in which NBF Inc. could be in a conflict of interest, and the way in which NBF Inc. intends to respond to such conflicts, are described herein below.

### Definition

A person or company issuing securities is considered a “related issuer” to NBF Inc. if, through the ownership of, or direction or control over voting securities or otherwise, i) this person or company is an influential securityholder of NBF Inc., ii) NBF Inc. is an influential securityholder of that person or company or iii) each of them is a related issuer of the same third person or company.

An issuer distributing securities is a “connected issuer” to NBF Inc. if the relationship between this issuer and NBF Inc., a related issuer of NBF Inc. or the directors, officers or partners of NBF Inc. or of a related issuer of NBF Inc., may lead a reasonable prospective purchaser of the securities of the connected issuer to question NBF Inc.’s independence from the issuer with respect to the distribution of the securities of this issuer.

### Relationships with Parties Related or Connected to NBF Inc.

As of September 12<sup>th</sup>, 2017, the list of related issuers of NBF Inc. considered reporting issuers under Canadian securities legislation is as described herein below. A concise statement of the relationship between NBF Inc. and each related issuer is also provided:

- ▶ **Allard, Allard & Associés - Canadian Equity Value Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Allard, Allard & Associés - Canadian Equity Value Fund L.P.
- ▶ **Alstra Fund p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Alstra Fund p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.

- **Baldr Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Avalon Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Avalon Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Draco Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Draco Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Gedney Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Gedney Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Greenwich Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Greenwich Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Lancaster Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Lancaster Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.

- **Baldr Aqua Fund Inc.:** Innocap Global Investment Management (Ireland) Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Aqua Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management (Ireland) Ltd.
- **Baldr Odessa Fund Inc.:** Innocap Global Investment Management (Ireland) Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Odessa Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management (Ireland) Ltd.
- **Baldr Mason Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Mason Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Sherwood Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Sherwood Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Sonata Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Sonata Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Baldr Spitfire Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Baldr Spitfire Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.

- **LionGuard Conservative Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of LionGuard Conservative Fund L.P.
- **Razorbill Cross Assets Relative Value Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Razorbill Cross Assets Relative Value Fund L.P.
- **Harvest Fund L.P. (established in Ontario):** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Lilium Trust holds 100% of voting and participating shares of HAR GP Inc. (established in Ontario), which acts as general partner of this fund. Innocap Investment Management Inc. is the investment manager of Harvest Fund LP.
- **National Bank of Canada:** National Bank of Canada is a bank incorporated under the Bank Act (Canada) and is a reporting issuer that holds indirectly 100% of the voting and equity shares of the Corporation.
- **Canadian Credit Card Trust II:** This trust is a trust whose administrator is National Bank of Canada and whose securities are publicly distributed. Consequently, Canadian Credit Card Trust is deemed to be a related issuer.
- **NBC Asset Trust:** This trust is a closed-end trust whose voting units are held by National Bank of Canada. Consequently, NBC Asset Trust is deemed to be a related issuer.
- **Fiera Capital Corporation:** Fiera Capital Corporation is a portfolio manager of which 23% of the issued and outstanding shares are indirectly held by National Bank of Canada.
- **NBI Funds:** National Bank Investments Inc., a wholly-owned subsidiary of National Bank of Canada, is the manager of all National Bank Mutual Funds (including NBI Jarislowky Fraser Funds, NBI Westwood Fund, NBI Portfolios, NBI Private Portfolios, NBI SmartData Funds

and NBI SmartBeta Funds). Fiera Capital Corporation is the portfolio manager of most of the National Bank Mutual Funds.

- ▶ **Horizons AlphaPro Exchange Traded Funds:** NBF International Holdings Inc., an indirectly wholly-owned subsidiary of National Bank of Canada, holds voting securities of AlphaPro Management Inc., manager and trustee of these Funds.
- ▶ **Lakeroad Equity L/S Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Lakeroad Equity L/S Fund L.P.
- ▶ **IPSOL Global Equity Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of IPSOL Global Equity Fund L.P.
- ▶ **Landry Global Equity II Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Landry Global Equity II Fund L.P.
- ▶ **Landry Global Equity L/S Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Landry Global Equity L/S Fund L.P.
- ▶ **LionGuard Canadian Small Cap Equities Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of LionGuard Canadian Small Cap Equities Fund L.P.
- ▶ **Razorbill Bond Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Razorbill Bond Fund L.P.

- **Global Alpha Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Global Alpha Fund L.P.
- **Majestic Global Diversified Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Majestic Global Diversified Fund L.P.
- **Crystalline Global Macro Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Crystalline Global Macro Fund L.P.
- **Galliant Market Neutral Fund Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Galliant Market Neutral Fund Fund L.P.
- **Razorbill Beta Plus Canadian Universe Bond Fund L.P.:** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. is the investment manager of Razorbill Beta Plus Canadian Universe Bond Fund L.P.
- **Hexavest GTAA Fund L.P. (established in Quebec under the name Fonds Hexavest AATG):** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. holds 100% of voting and participating shares of Innocap GTAA GP Inc. (established in Quebec under the name Commandité Innocap GTAA), which acts as general partner of this fund. Innocap Investment Management Inc. is the investment manager of Hexavest GTAA Fund LP.
- **Icare Investment Solutions p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Icare Investment Solutions p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.

- **Innocap Fund SICAV p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada, acts as the Investment Manager of Innocap Fund SICAV p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Innocap Globevest Capital AG Fund L.P. (established in Quebec under the name Fonds Innocap Globevest Capital CA):** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. holds 100% of voting and participating shares of Innocap GCAG GP Inc. (established in Quebec under the name Commandité Innocap GCAG), which acts as general partner of this fund. Innocap Investment Management Inc. is the investment manager of Innocap Globevest Capital AG Fund L.P.
- **Innocap TOBAM Anti-Benchmark World Equity Fund L.P. (established in Quebec under the name Fonds Innocap TOBAM Actions Internationales Anti Indice de Référence):** National Bank of Canada holds 50% of voting and participating shares of Innocap Investment Management Inc. Innocap Investment Management Inc. holds 100% of voting and participating shares of Innocap TAWÉ GP Inc. (established in Quebec under the name Commandité Innocap TAWÉ), which acts as general partner of this fund. Innocap Investment Management Inc. is the investment manager of Innocap TOBAM Anti-Benchmark World Equity Fund L.P.
- **InRIS QIAIF p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of InRIS QIAIF p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **InRIS UCITS p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of InRIS UCITS p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.

- **NBCG Fund SICAV p.l.c.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of NBCG Fund SICAV p.l.c. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **Meritage Portfolios:** National Bank Investments Inc., a wholly-owned subsidiary of National Bank of Canada, is the manager of the Meritage Portfolios. National Bank Trust Inc., a wholly-owned subsidiary of National Bank of Canada, is the portfolio manager of all Meritage Portfolios. Certain Meritage Portfolios are classes of shares of National Bank Funds Corporation.
- **Proteus Fund Inc.:** Innocap Global Investment Management Ltd, a wholly owned subsidiary of National Bank of Canada acts as the Investment Manager of Proteus Fund Inc. Innocap Investment Management Inc. is held at 50% by National Bank of Canada and acts as the Investment Advisor of Innocap Global Investment Management Ltd.
- **U.S. Banks Income & Growth Fund:** National Bank Financial Inc., which is one of the Agents and the Promoter, is an affiliate of a Canadian chartered bank which has been requested to provide the Fund with a loan facility or prime brokerage facility the proceeds of which would be used by the Fund for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions. Consequently, the Fund may be considered a “connected issuer” of National Bank Financial Inc. under applicable securities legislation.

In the course of carrying out its business activities as registered securities dealer, NBF Inc. may from time to time engage in the following activities in respect of National Bank of Canada or other related issuers of NBF Inc., and in the context of a distribution of the securities of National Bank of Canada and other connected issuers of NBF Inc:

- sell such securities to or on behalf of clients of NBF Inc.;
- purchase such securities from or on behalf of clients of NBF Inc.; and



- ▶ offer for sale securities, goods and services which include securities, goods or services issued or provided by National Bank of Canada or another related issuer, or cooperate with National Bank of Canada or another related issuer in the joint offering for the sale or purchase of securities, and goods or services.

It is the policy of NBIN to comply fully with all applicable securities legislation and to make all required disclosures where acting as a dealer in respect of the securities of National Bank of Canada and other related or connected issuers of NBIN, particularly in the following situations:

- ▶ In the context of the purchase or sale of securities of a related issuer, or in the course of a distribution, in respect of securities of a connected issuer, informing the client either orally or in writing of the relationship or connection between the registrant and the issuer of the securities; and
- ▶ where NBF Inc. purchases securities from or sells securities to a subsidiary or affiliate, the dealing will be done on the basis that the transaction price for a given security together with the brokerage commission applicable to such trade is as good as or better than that offered by an unaffiliated third party broker in an arms-length transaction.

As part of its business activities as investment dealer, NBF Inc. may also be called upon to act as agent or principal at the time of buying or selling for or on behalf of its clients. In such instances, the services provided by NBF Inc. in the normal course of business will be provided in accordance with its normal practices and procedures as well as the relevant legislation or regulations.

## Related Dealers and Advisors<sup>1</sup>

NBF Inc. has a policy of complying in all respects with the applicable securities legislation and to make all the required disclosures. NBF Inc.'s affiliation with National Bank of Canada and its subsidiaries makes it necessary to put in place certain policies aimed at dealing with any potential conflicts of interest and ensuring that the best interest of NBF Inc.'s clients are preserved.

NBF Inc. is duly registered as an investment dealer offering

order-execution services through its NBIN division. NBIN gives no advice nor does it make any recommendation with respect to investments. National Bank of Canada, the parent company of NBF Inc. is also the principal shareholder of the following dealers and advisors:

- CABN Investments Inc.
- Innocap Investment Management Inc.
- Innocap Global Investment Management Ltd. – in Malta only
- National Bank of Canada Financial Inc.
- NBC Financial Markets Asia Limited – in Hong Kong only
- NBF International S.A. – in Switzerland only
- National Bank Investments Inc.
- National Bank Trust Inc.
- Natcan Trust Company
- Fiera Capital Corporation
- Fiera Sceptre Funds Inc.
- Fiera Capital Funds Inc.
- Maple Securities (U.K.) Limited – in United Kingdom only
- Nest Wealth Asset Management Inc..

NBF Inc. is therefore related to the above-mentioned dealers and advisors. Although there may be overlaps among the directors and officers of these companies, all of these companies are operated as separate legal entities.

These entities may, from time to time, cooperate in offering products and services for the benefit of our clients. It should be understood that in such cases, there is no exchange of client information among these companies without a client's express prior written consent or unless the information is reasonably necessary in order to provide a specific product or service.

NBIN may obtain from or provide to the above-mentioned dealers or advisers management, administrative, referral and/or other services in connection with its ongoing business activities or the ongoing business activities of these other companies or transactions completed by it or these other companies. These relationships are subject to certain legislative and industry regulatory requirements which impose restrictions on dealing between related registrants intended to minimize the potential for conflict of interest resulting from these relationships. NBIN has also

adopted internal policies and procedures which supplement these requirements, including its policies on confidentiality of information.

## Other Related Companies

### TMX Group

National Bank Group Inc., one of NBF Inc.'s affiliates, owns or controls an equity interest in TMX Group Limited in excess of 5% of the issued and outstanding equity securities thereof, and has a nominee director serving on the board. In addition, NBF Inc. is an indirect wholly-owned subsidiary of National Bank of Canada. From time to time, National Bank of Canada may enter into lending or financial arrangements with companies that are the subject of NBF research reports or that are recommended. At the present date, National Bank of Canada is a lender to TMX Group Limited under its credit facilities. As such, NBIN may be considered to have an economic interest in TMX Group Limited. No person or company is required to obtain products or services from TMX Group Limited or its affiliates as a condition of doing business with TMX Group Limited or its affiliates.

TMX Group Limited is also the limited partner of Alpha Trading Systems Limited Partnership. Alpha Trading Systems Limited Partnership owns Alpha Exchange Inc., a stock exchange in Canada for the trading of securities.

We can execute transactions on your behalf on Alpha Exchange Inc. and enter orders into Alpha Exchange Inc.'s order book which cannot be immediately completed. In that role, we are subject to a number of regulatory obligations, including the requirement to diligently pursue the best price and best execution of each client order on the marketplace. Those obligations override the direct or indirect interest NBIN has in the above companies.

## Conflicts of Interest of NBIN Employees

In the ordinary course of performing their duties, our officers, employees, representatives and agents may find themselves in situations where their personal interests are in conflict with those of a client.

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<sup>1</sup> Holding directly or indirectly of more than 10% of any class or series of voting securities of these entities.

NBIN has equipped itself with a Code of Professional Conduct, a Compliance Manual and internal policies dealing with the situations related to its activities. Among other things, they reiterate that NBIN employees must never favour their own interests to the detriment of their responsibilities toward NBIN's clientele. Those documents set forth the basic principles by which its employees' conduct is guided, particularly including the following:

- a) *Confidential information*: It is prohibited to use confidential information acquired in the course of or in connection with one's duties, or exploit a situation for the purpose of obtaining an advantage of any kind;
- b) *Gifts, entertainment and compensation*: It is prohibited to accept gifts, entertainment or compensation that could influence decisions to be taken in the course of performing one's duties. In carrying out their duties, and to avoid any conflicts of interest situations, NBIN employees may not receive any other form of compensation than that paid by NBIN without the prior written approval of NBIN. In addition, NBIN ensures that its practices for compensating its representatives are not inconsistent with their obligations to its clients;
- c) *Other business activities*: It is prohibited for NBIN employees to engage in activities that could interfere with or enter into conflict with their duties. NBIN has a policy respecting its employees' other business activities. The policy is intended to detect and, where applicable, supervise and disclose or prohibit any conflicts of interest. NBIN does not authorize any other business activities that could harm the reputation of NBF Inc. or one of its related entities. Furthermore, employees wishing to act as directors or officers of a public or private company must declare their intentions and be duly authorized by NBIN. NBIN will not permit any of its employees to engage in activities outside the scope of their duties, including, but not limited to, serving as a director of a company or other entity, without first ensuring that such activities do not compromise the interests of NBIN's clients.
- d) *Client priority rule*: The interests of clients must always be given priority over those of NBIN and its employees. For this reason and to avoid conflicts of interest, between two orders for the same security at the same price (or a better price), the order coming from a client is always executed prior to the one from NBIN or one of its employees.

- e) *Trading and financial or professional relationships with clients*: NBIN employees may not have activities of a financial or professional nature with a client without NBIN's prior authorization. The authorization process includes the assessment and supervision of any material conflicts of interest and is intended to ensure the client's interests are completely protected.
- f) *Payment of order execution and research services through brokerage fees ("soft dollars")*: Specific requirements apply to NBIN relative to any securities transactions wherein NBIN charges brokerage fees and which are carried out for an investment fund, a managed account under discretionary management or any other account or portfolio with regard to which an advisor exercises discretionary power respecting investments on behalf of third party beneficiaries.

Such requirements are intended to ensure that an assessment is made as to whether or not the goods or services being paid for meet the definition of acceptable goods and services.

- g) *Personal investments*:. NBIN employees' personal investments are subject to NBIN Personal Trading Policy and are supervised as per regulatory requirements to ensure compliance with Conflict of Interest policies.
- h) *Referrals*: On occasion, clients may be referred by third parties to NBIN for the purpose of obtaining the products and services offered by NBIN. When such referrals involve a referral commission, they must comply with the existing regulations and be subject to the required disclosures to clients so referred. Such disclosures allow the clients concerned to make an informed decision with respect to the referral and to assess any potential conflicts of interest.

### **Other conflicts of interest**

From time to time, other potential or actual conflicts of interest may arise. NBIN undertakes to continue taking the necessary steps to identify and respond to such situations fairly and reasonably, in keeping with the standard of care to which it is subject in its relationships with its clients. This Statement of Policies respecting conflicts of interest of NBIN will be updated should there be any evolution with respect to material conflicts of interest.

# Declaration of Trust

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## Self-Directed Retirement Savings Plan – Declaration of Trust

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### 1. Establishment of Fund

Natcan Trust Company, a trust company incorporated under the laws of Canada (the “Trustee”) hereby declares itself to be the trustee of the Natcan Trust Company Self-Directed Retirement Savings Plan established by the applicant named in the Application on the reverse side hereof (the “Annuitant”), in accordance with the terms hereof and with the terms of the said Application (the “Application”) which together shall constitute and hereinafter be referred to as the “Plan”.

### 2. Registration

The Trustee shall apply for registration of the Plan pursuant to the provision of the “Applicable Legislation” which shall be deemed for the purposes hereof to include (1) the *Income Tax Act* (Canada), as amended from time to time, and (2) applicable provincial legislation.

### 3. Contributions

Contributions in cash or in kind made by the Annuitant or by the Annuitant’s spouse or common-law partner, to the Plan together with all income and capital gains earned in respect thereof shall be held by the Trustee in trust and invested and reinvested in accordance with the provisions of paragraph 10 hereof. All such investments and reinvestments and all uninvested cash shall together comprise “the assets of the Plan” for the purposes hereof, where the context so requires.

### 4. Refund of Excess Contributions

On written direction of the Annuitant or the Annuitant’s spouse or common-law partner, the Trustee shall pay to the person making the direction, an amount which will reduce the amount of the tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada) by such person.

## 5. Withdrawals

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

## 6. Maturity of Plan

In this section, “Annuitant” means until such time after maturity of the plan as the Annuitant’s spouse or common-law partner becomes entitled by virtue of the Annuitant’s election in the Application, as a consequence of the Annuitant’s death, to receive benefits to be paid of or under the Plan, the Annuitant, and thereafter, the Annuitant’s spouse or common-law partner.

- a) The Plan does not provide for the payment of any benefit before maturity except:
  - 1) a refund of premiums, and
  - 2) a payment to the Annuitant on the Annuitant’s instructions.
- b) The Plan does not provide for the payment of any benefit after maturity except:
  - 1) by way of retirement income to the Annuitant,
  - 2) to the Annuitant in full or partial commutation of retirement income under the Plan,
  - 3) the Plan requires the commutation of each annuity payable thereunder that would otherwise become payable to a person other than the Annuitant under the Plan.
- c) The Plan does not provide for a payment to the Annuitant of a retirement income except by way of equal annual or more frequent periodic payments until such time as there is a payment in full or partial commutation of the retirement income and, where

such commutation is partial, equal annual or more frequent periodic payments thereafter.

- d) The Plan does not provide for periodic payments in a year under an annuity after the death of the first Annuitant, the aggregate of which exceeds the aggregate of the payments under the annuity in a year before that death.

## 7. Retirement Income

- a) The Plan will mature on a date (the “Maturity Date”) chosen by the Annuitant for the commencement of a Retirement Income. The Maturity Date shall not be later than 60 days prior to the end of the calendar year in which the Annuitant attains the age prescribed by the Income Tax Act (Canada).
- b) On the Maturity Date the assets of the Plan shall be used, on the written instructions of the Annuitant, for the provision of a Retirement Income.
- c) A Retirement Income means any one or a combination of the following:
  - 1) An annuity commencing at the Maturity Date, not exceeding the term referred to in item (2) below, payable to:
    - A) the Annuitant for the Annuitant’s life, or
    - B) the Annuitant for the lives, jointly, of the Annuitant and the Annuitant’s spouse or common-law partner and to the survivor of them for his or her life, or
  - 2) an annuity commencing at the Maturity Date, payable to the Annuitant, or to the Annuitant for life and to the Annuitant’s spouse or common-law partner after death of the Annuitant in accordance with the provisions of the Applicable Legislation, or
  - 3) a registered retirement income fund established in accordance with the provisions of the *Income Tax Act* as amended from time to time.
- d) The Retirement Income may not be assigned in whole or in part.
- e) Where the Annuitant fails to instruct the Trustee or the Agent within sixty days prior to the end of the calendar year in which the Annuitant attains sixty-nine years of age, or either such later age as may be



permitted under the Applicable Legislation, the Trustee shall either (i) transfer the Plan Assets to a retirement income fund registered in accordance with the provisions of the Income Tax Act, or (ii) purchase for the Annuitant an annuity of such type, subject to the requirements of the Plan, as the Trustee may in its absolute discretion determine. Upon the establishment of a registered retirement income fund or the issuance of any annuity as provided for above, the Trustee shall be released and discharged from any obligations it has in connection with the Plan.

## **8. Death of Annuitant Prior to Maturity**

Upon receiving notice of the death of the Annuitant prior to the maturity of the Plan the Trustee shall forthwith realize all of the assets of the Plan, and upon receipt of such documentation as it may reasonably require, shall, subject to the withholding requirements of the Applicable Legislation, pay over the proceeds of such realization in a lump sum to such beneficiary designated by the Annuitant in accordance with paragraph 8 hereof, or to the Annuitant's personal representatives in the absence of such designation.

## **9. Designation by Annuitant of Beneficiary**

If permitted by the Applicable Legislation, the Annuitant may designate one or more beneficiaries to receive the proceeds payable under this Plan in the event of the Annuitant's death prior to the maturity thereof. If no beneficiary has been so designated or if all such beneficiaries predecease the Annuitant, the proceeds of the Plan shall be paid to the personal representatives of the Annuitant. A beneficiary designation can only be made, changed or revoked by written instrument in form reasonably acceptable to the Trustee which adequately identifies this Plan and has been signed by the Annuitant; provided always that the instrument or evidence thereof acceptable to the Trustee shall be lodged with the Trustee prior to any payment by it of the proceeds of the Plan. If more than one such instrument has been so lodged, the Trustee shall make payment in accordance with the instrument bearing the latest execution date. An instrument shall be effective for the purpose of this paragraph even though as a will or codicil it may be invalid or revoked.

**10. Delegation of Trustee Responsibilities:  
The Annuitant Expressly Authorizes the  
Trustee to Delegate to National Bank Financial  
Inc. (the “Agent”) the Following Duties under  
the Plan:**

- a) receiving, investing and reinvesting the assets of the Plan;
- b) holding all or any portion of the assets of the Plan in safekeeping;
- c) maintaining Plan records and accounting properly to the Annuitant for the assets of the Plan;
- d) providing the Annuitant with statements of account for the Plan at reasonable intervals;
- e) preparing any forms required by the Applicable Legislation; and
- f) such other duties under the Plan as the Trustee in its sole discretion may determine. It is understood that, notwithstanding the delegation of duties under this section, the ultimate responsibility for the administration of the Plan remains with the Trustee.

**11. Investments**

- a) The Trustee shall invest and reinvest the assets of the Plan either directly, or through the Agent as provided in paragraph 10(a) hereof, only in accordance with the written or verbal instructions received from the Annuitant, in such assets, as the Annuitant shall direct.

The Trustee shall pay interest on uninvested cash held by it for the Plan at such rates as it alone shall determine, and may hold such cash in its own Savings Department or in its own trust accounts upon such terms as it may from time to time determine.

- b) The Trustee shall not be responsible nor liable for any loss or adverse tax consequences accruing to the Plan, Annuitant, the Annuitant’s beneficiaries, or the restriction under the Applicable Legislation, or (2) as a result of the Agent’s either failing to comply with any instruction given to it by the

Annuitant concerning the making or disposing of any investment, or providing the Annuitant with any inaccurate advice with respect thereto.

## 12. Income Tax Receipts

The Trustee shall provide the Annuitant (or the Annuitant's spouse or common-law partner in the case of spousal plans), with receipts evidencing all contributions to the Plan. The Annuitant (or the Annuitant's spouse or common-law partner in the case of spousal plans), alone shall determine the taxation years in respect of which such contributions evidenced by such receipts may be deductible by him, and the Trustee shall not be liable for any adverse tax consequences whatever resulting from (1) the Annuitant's (or the Annuitant's spouse or common-law partner's as the case may be), being unable to deduct any such contribution, or (2) the Annuitant's (or the Annuitant's spouse or common law partner's as the case may be), contributing amounts in excess of the limits provided for in the *Income Tax Act* (Canada) as amended from time to time.

## 13. Accounts

The Trustee shall maintain an account for the Plan, and shall provide the Annuitant at least annually with a statement thereof showing, for the period covered by such statement, all contributions made to the Plan, all assets of the Plan, and all income and capital gains earned by the Plan.

## 14. Trustee's Compensation

- a) The Trustee shall be entitled to such compensation for its services hereunder as it alone shall in its absolute discretion determine, and in addition shall be entitled to reimbursement for all taxes imposed upon it as Trustee of the Plan, as well as for all disbursements reasonably incurred by it in the performance of its duties hereunder. The Trustee shall also be entitled to a reasonable fee for any exceptional services performed by it hereunder, commensurate with the time and responsibility involved.

- b) All fees and reimbursements provided herein shall, at the option of the Annuitant, either:
  - 1) be paid to the Trustee directly by the Annuitant; or
  - 2) charged against and deducted by the Trustee from the assets of the Plan in such manner as it shall determine, and the Trustee may in this latter case in its absolute discretion realize assets of the Plan to provide such fees and disbursements.

## 15. Amendments

- a) The Trustee may from time to time in its sole discretion amend the provisions of the Plan provided that at all times the Plan continues to comply with the requirements of the Applicable Legislation.
- b) An amendment made under this paragraph shall take effect on the first day after thirty (30) days notice of such amendment has been given to the Annuitant, or where appropriate, to the Annuitant's spouse or common-law partner.
- c)
  - 1) The Trustee may resign as Trustee,
    - i) by giving 30 days written notice of its intention to resign to the Agent; and,
    - ii) by appointing a replacement Trustee who consents to the appointment and who is acceptable to the Agent; and,
  - 2) The Trustee shall resign on the request of the Agent after giving thirty (30) days notice of its intention to resign to the Annuitant;

Provided that no change in Trustee under this subparagraph may result in the Plan's becoming deregistered under the *Income Tax Act* (Canada).

## 16. Notice

For the purposes hereof:

- 1) Notice given by the Trustee to the Annuitant shall be considered sufficient if delivered personally or mailed postage prepaid and addressed to the

Annuitant at the address shown on the Application or in such other Plan records as are reasonably accessible to the Trustee, and shall be deemed to have been received at the time of delivery or four business days after such mailing.

- 2) Notice given by the Annuitant to the Trustee shall be considered sufficient if delivered personally, or mailed postage prepaid, to the Trustee at its head office and shall be deemed to have been received by the Trustee when actually received by it.

## **17. Governing Law**

The Plan shall be governed by and interpreted in accordance with the laws of Ontario and with the Applicable Legislation.

## **18. Advantages to Non-Arm's Length Persons**

Neither the Annuitant nor any person with whom the Annuitant is not dealing at arm's length shall be entitled to any advantage conditional in any way upon the existence of the Plan, other than those advantages specially permitted in the Applicable Legislation.

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## Additional Terms and Conditions for U.S. Dollar Registered Accounts

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These additional terms and conditions are complementary to the ones included in the declaration of trust for your plan, for which National Bank Financial Inc. is acting as Agent, as well as those applicable to the accounts you have opened.

### 1. Contribution in Cash or in Kind

For the purposes of issuing contribution receipts, the value of any contribution consisting of U.S. securities to a U.S. dollar registered account is determined in Canadian dollars based on the market value of the securities converted into Canadian dollars. For the purposes of issuing contributions receipts, the value of any contribution made in U.S. dollars to a U.S. dollar registered account is reported to Canada Revenue Agency in Canadian dollars. The conversion rate used is the rate in effect on the day the contribution is made. Any amount in a currency other than the U.S. dollar that is transferred or credited to a U.S. dollar registered account will be converted into U.S. dollars. This includes, among other things, dividends, interest and proceeds of the sale of securities.

### 2. Currency Conversion

All foreign currencies are converted on the transaction date, using the rates established or determined by NBF Inc. In addition, NBF Inc. (or its related parties) may earn income from the conversion of any currency.

### 3. Transfer to a RRIF

If, when your Registered Retirement Savings Plan (RRSP) in U.S. dollars matures, it is converted to a Registered Retirement Income Fund (RRIF), all the assets will be transferred to a Canadian dollar RRIF (because RRIFs are only available in Canadian dollars). As a result, amounts in your U.S. dollar account will be converted to Canadian dollars, using the applicable rate, on the date they are transferred to a RRIF.

#### 4. Debit to the Plan

If, in addition to a plan in U.S. dollars, you also have a similar plan in Canadian dollars:

- a) If your Canadian dollar account has a debit balance, NBF Inc. can, at its discretion, convert the funds in your U.S. dollar account and transfer the converted amount to your Canadian dollar account to cover the debit balance;
- b) If your U.S. dollar account has a debit balance, NBF Inc. can, at its discretion, convert the funds in your Canadian dollar account and transfer the converted amount to your U.S. dollar account to cover the debit balance.

#### 5. Withholding on Withdrawals from a U.S. Dollar Registered Account

When you withdraw amounts from a U.S. dollar account, the amount withdrawn will be converted and reported to Canada Revenue Agency in Canadian dollars. The applicable amounts withheld, based on the amount withdrawn, will be calculated in Canadian dollars. Any applicable penalty for a U.S. dollar registered plan will be calculated in Canadian dollars.

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## Self-Directed Retirement Income Fund – Declaration of Trust

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### 1. Establishment of Fund

Natcan Trust Company, a trust company incorporated under the laws of Canada (the “Trustee”) hereby declares itself to be the trustee of the Natcan Trust Company Self-Directed Retirement Income Fund established by the applicant named in the application on the reverse side hereof (the “Member”), in accordance with the terms of this Declaration of Trust and with the terms of the application (the “Application”) which together are here referred to as the “Fund”.

### 2. Registration

The Trustee shall apply for registration of the Fund pursuant to the provision of the “Applicable Legislation” which shall be deemed for the purposes hereof to include (1) the *Income Tax Act* (Canada), as amended from time to time, and (2) applicable provincial legislation.

### 3. Definitions

For all purposes of the Fund:

- a) “Tax Act” means the *Income Tax Act* (Canada);
- b) “Member” means the “annuitant” as defined in s. 146.3 of the *Tax Act*;
- c) “spouse” means a spouse for the purposes of the Tax Laws;
- d) “common-law partner” has the meaning set forth in the Act.

### 4. Death of Member

Upon receiving notice of the death of the last Member, the Trustee shall forthwith realize all of the assets of the Fund, and upon receipt of such documentation as it may reasonably require, shall, subject to the withholding requirements of the Applicable Legislation, pay over the proceeds of such realization, (less all proper charges, including any applicable tax) in a lump sum to such



beneficiary as the Member may elect to receive the proceeds (where such an election is permitted under the Applicable Legislation), and in the absence of such an election, the proceeds shall be paid to the Member's personal representative.

A beneficiary designation can only be made, changed or revoked by written instrument in form reasonably acceptable to the Trustee which adequately identifies the Fund and has been signed by the Member; provided always that the instrument or evidence thereof acceptable to the Trustee shall be lodged with the Trustee prior to any payment by it of the proceeds of the Fund. If more than one such instrument has been so lodged, the Trustee shall make payment in accordance with the instrument bearing the latest date. An instrument shall be effective for the purpose of this paragraph even though as a will or codicil it may be invalid or revoked.

**5. Delegation of Trustee Responsibilities:  
The Member Expressly Authorizes the  
Trustee to Delegate to National Bank Financial  
Inc. (the "Agent") the Following Duties under  
the Fund**

- a) Receiving, holding, investing and reinvesting (1) transfers to the Fund, (2) income and capital gains earned by the Fund, and (3) assets of the Fund;
- b) Holding all or any portion of the assets in safekeeping;
- c) Maintaining Fund records and accounting properly to the Member for all assets of the Fund;
- d) Providing the Member with statements of account at reasonable intervals;
- e) Preparing any form required by the Applicable Legislation;
- f) Providing payments to the Member in accordance with the Member's direction as outlined in the Application on the reverse side hereof and in accordance with paragraph 6 hereof;
- g) Such other duties under the Fund as the Trustee in its sole discretion may determine.

It is understood that, notwithstanding the delegation of duties as noted under this section, the ultimate responsibility for the administration of the Fund remains with the Trustee.

## 6. Payments

Subject to the Applicable Legislation, the Trustee shall make payments under the Fund on the following terms:

- a) Payments under the Fund may not be assigned in whole or in part.
- b) Payments to the Member shall be made in each year, commencing not later than the first calendar year after the year in which the Fund is established, in one or more amounts the aggregate of which is not less than the “minimum amount” as defined under the *Tax Act* for the year, but the amount of any such payment shall not exceed the value of the property held in connection with the Fund immediately before the time of the payment.
- c) Payments shall be made in such amounts and at such times as the Member may elect from time to time by notice to the Trustee.
- d) The Member shall direct the Trustee as to what property is to be sold to provide funds for the payment or is to be delivered to the Member as payment. Where the Member has not made arrangements for payment, the Trustee shall select property to be sold, or delivered for payment at its sole discretion and the Trustee shall not be responsible for any loss resulting from such sale or delivery of property as may be required.

## 7. Transfers to the Fund

The Trustee shall not accept property into the Fund other than property transferred from any of the following:

- a) a registered retirement savings plan under which the Member is the annuitant;
- b) a registered pension plan of which the Member is a member as defined in s. 147.1(1) of the *Tax Act*;
- c) another registered retirement income fund under which the Member is the annuitant;
- d) the Member to the extent only that the amount

of the consideration was an amount described in subparagraph 60(l)(v) of the *Tax Act*;

- e) a registered retirement income fund or registered retirement savings plan of the Member's spouse or common-law partner or former spouse or common-law partner under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a division of property between the Member and the Member's spouse or common-law partner or former spouse or common-law partner in settlement of rights arising out of, or on the breakdown of, their marriage;
- f) a registered pension plan in accordance with subsection 147.3(5) or (7) of the *Tax Act*;
- g) a provincial pension plan in circumstances to which subsection 146(21) applies.

## 8. Transfers from the Fund

Transfers from the Fund shall be made on the following basis:

- a) At the direction of the Member, the Trustee shall, in the form and manner prescribed by the Applicable Legislation, transfer all or part of the property held in the Fund or an amount equal to its value at the time of such direction less all fees which are then outstanding at the date of such transfer together with all information necessary for the continuance of the Fund as a registered retirement income fund, to a "carrier" (as defined in the *Tax Act*).
- b) Notwithstanding the foregoing, where at any time, the Member directs the Trustee to transfer property under this paragraph, the Trustee shall retain an amount equal to the lesser of:
  - 1) the fair market value of such portion of the property as would, if the fair market value thereof does not decline after the transfer, be sufficient to ensure that the "minimum amount" (as defined under the *Tax Act*), under the Fund for the year in which the transfer is made may be paid to the Member in the year, and
  - 2) the fair market value of the property.

## 9. Benefit/Loan

No benefit or loan, other than:

- a) a benefit, the amount of which is required to be included in computing the Member's income;
- b) an amount referred to in subparagraph 146.3(5) (a) or (b) of the Tax Act, and any amendments thereto; or
- c) the benefit derived from the provision of administrative or investment services in respect of the Fund.

That is conditional in any way on the existence of the Fund may be extended to the Member or to a person with whom the member was not dealing at arm's length.

## 10. Investment

- a) The Trustee shall invest and reinvest the assets of the fund either directly or through the Agent as provided in paragraph 5(a) hereof, only in accordance with the written or verbal instructions received from the Member in such assets, as the Member shall direct. The Trustee shall pay interest on uninvested cash held by it for the Fund at such rates as it alone shall determine, and may hold such cash in its own Savings Department or in its own trust accounts upon such terms as it may from time to time determine.
- b) The Trustee shall not be responsible nor liable for any loss or adverse tax consequences accruing to the Fund, the Member, the Member's beneficiaries, or the Member's estate, (1) as a result of any investments made hereunder proving in any way to be imprudent, or failing to comply with any qualified investment or other criteria under the Applicable Legislation, or (2) as a result of the Agent either failing to comply with any instruction given to it by the Member concerning the making or disposing of any investment, or providing the Member with any inaccurate advice with respect thereto.

## 11. Amendments to the Fund

- a) The Trustee may from time to time in its sole discretion amend the provisions of the Fund provided

that at all times the Fund continues to comply with the requirement of the Applicable Legislation.

- b) An amendment made under this paragraph shall take effect on the first day after thirty (30) days notice of such amendment has been given to the member.
- c)
  - 1) The Trustee may resign as Trustee,
    - i) by giving 30 days written notice of its intention to resign to the Member; and,
    - ii) by appointing a replacement Trustee who consents to the appointment and who is acceptable to the Agent; and,
  - 2) The Trustee shall resign on request of the Agent after giving 30 days notice of its intention to resign to the Member;

Provided that:

- 3) no change in Trustee under this subparagraph may result in the Fund's becoming deregistered under the *Tax Act*; and
- 4) the Trustee shall comply with paragraphs 146.3(2)(e) (information necessary to continue the Fund) and (e.1) (withholding of the minimum amount for the year) of the *Tax Act*.

## 12. Member's Statements

The Trustee shall forward to the Member no less frequently than annually a statement reflecting all transactions of both a capital and income nature for the preceding period. The Trustee shall also provide the Member with a market valuation of the Fund's property on an annual basis as at December 31<sup>st</sup> of each year. The Trustee will forward the Member as required by regulation pursuant to the *Income Tax Act* of Canada a statement for income tax purposes in respect of benefit payments made.

## 13. Trustee's Compensation

- a) The Trustee shall be entitled to such compensation for its services hereunder as it alone shall in its absolute discretion determine, and in addition shall be entitled to reimbursement for all taxes imposed upon it as Trustee of the Fund, as well as for all disbursements reasonably incurred by it in the

performance of its duties hereunder. The Trustee shall also be entitled to a reasonable fee for any exceptional services performed by it hereunder, commensurate with the time and responsibility involved.

- b) All fees and reimbursements provided herein shall, at the option of the Member, either:
  - 1) be paid to the Trustee directly by the Member; or
  - 2) charged against and deducted by the Trustee from the assets of the Fund in such manner as it shall determine, and the Trustee may in this latter case in its absolute discretion realize the assets of the Fund to provide for such fees and reimbursements.

#### 14. Notice

For the purposes hereof:

- a) Notice given by the Trustee to the Member shall be considered sufficient if delivered personally or mailed postage prepaid and addressed to the Member at the Member's address shown on the Application or in such other Fund records as are reasonably accessible to the Trustee, and shall be deemed to have been received at the time of delivery or four business days after such mailing.
- b) Notice given by the Member to the Trustee shall be considered sufficient if delivered personally, or mailed postage prepaid, to the Trustee at its head office and shall be deemed to have been received by the Trustee when actually received by it.

#### 15. Governing Law

The Fund shall be governed by and interpreted in accordance with the laws of Ontario and with the Applicable Legislation.

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## Self-Directed Registered Disability Savings Plans

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This declaration of trust, together with the Application, constitutes an arrangement entered into between **Natcan Trust Company** as Issuer of the Plan (the “Issuer”), the Agent and any entity (the “Holder[s]”) with whom the Issuer agrees to pay or to cause to be paid to a Beneficiary, Lifetime Disability Assistance Payments to a Beneficiary and Disability Assistance Payments.

The parties agree as follows:

### 1. Defined Terms

For the purposes of this arrangement the ensuing terms will have the following meanings:

- ▶ **“Agent”** means **National Bank Financial INC.** as designated in the Application, and also acting as the Issuer’s agent with regards to the Plan.
- ▶ **“Applicable Legislation”** means the *Income Tax Act* (ITA), the *Canada Disability Savings Act* (CDSA) and the *Canada Disability Savings Regulations* (CDSR) that govern this Plan, the property in this Plan, and the parties involved in this arrangement.
- ▶ **“Application”** means the application form for membership in the Plan attached hereof, completed and signed by each Holder, as amended from time to time in compliance with this agreement.
- ▶ **“Assistance Holdback Amount”** has the meaning assigned under the CDSR.
- ▶ **“Beneficiary”** means the individual designated in the Application by the Holder(s) to whom Lifetime Disability Assistance Payments and Disability Assistance Payments shall be paid.
- ▶ **“Designated Provincial Program”** means a program that supports savings in RDSPs and that is established under the laws of a province.
- ▶ **“Disability Assistance Payment”** means any payment from the Plan to the Beneficiary or to the Beneficiary’s estate.

- ▶ **“Disability Savings Plan”** of a Beneficiary means an arrangement between the Issuer and one or more of the following:
  1. the Beneficiary;
  2. an entity who is a Qualifying Person in relation to the Beneficiary at the time the arrangement is entered into;
  3. a Qualifying Family Member in relation to the beneficiary, who was the holder of the Beneficiary’s previous registered disability savings plan – if the Plan is opened as a result of a transfer from the previous registered disability savings plan; and
  4. a legal parent of the Beneficiary who is not a Qualifying Person in relation to the Beneficiary at the time the arrangement is entered into but is a holder of another Registered Disability Savings Plan of the Beneficiary; under which one or more contributions are to be made in trust to the Issuer to be invested, used, or applied by the Issuer for the purpose of making payments to the Beneficiary and where the arrangement is entered into in a taxation year in respect of which the Beneficiary is eligible for the disability tax credit.
- ▶ **“DTC-Election”** means an election made by the Holder to keep the Plan open when the Beneficiary is not a DTC-Eligible Individual. A DTC-Election is valid until the earlier of the beginning of the first calendar year that the Beneficiary again becomes a DTC-Eligible Individual and the end of the fifth calendar year of continuous DTC-ineligibility.
- ▶ **“DTC-Eligible individual”** means an individual who would be eligible for the disability tax credit if subsection 118.3(1) of the ITA were read without reference to paragraph 118.3(1)(c) of the ITA.
- ▶ **“Government Funded Benefits”** means the Canada Disability Savings Grant and/or the Canada Disability Savings Bond.
- ▶ **“Holder”** means one or more of the following:
  1. an entity that has entered into the Plan with the Issuer;
  2. an entity who receives rights as a successor or assignee of an entity who entered into the Plan



with the Issuer; and

3. the Beneficiary, if the Beneficiary has rights under the Plan to make decisions concerning the Plan, unless the Beneficiary's only right is to request that Disability Assistance Payments be made as detailed in section 7A(b).

- **“Legislated Maximum Formula Result”** means the result of the formula described in paragraph 146.4(4)(l) of the ITA.
- **“Lifetime Disability Assistance Payments”** means Disability Assistance Payments that, after they begin to be paid, are payable at least annually until the earlier of the day on which the Beneficiary dies and the day on which the Plan is terminated.
- **“Plan”** means this arrangement established hereunder and known as the Natcan Trust Company Self-Directed Disability Savings Plan.
- **“Plan Trust”** means the trust governed by the Plan.
- **“Qualifying Family Member”** means the Beneficiary's legal parent or the Beneficiary's spouse or common-law partner as long as the Beneficiary is not living separate and apart from their spouse or common-law partner because of a marriage or common-law partnership breakdown.
- **“Qualifying Person”** means: If the Beneficiary has not reached the age of majority at or before the time the arrangement is entered into:
  1. a legal parent of the Beneficiary;
  2. a guardian, tutor, curator or other individual who is legally authorized to act on behalf of the Beneficiary; or
  3. a public department, agency, or institution that is legally authorized to act on behalf of the Beneficiary. If the Beneficiary has reached the age of majority at or before the time the arrangement is entered into but is not contractually competent to enter into the arrangement, Qualifying Person will mean an entity as described in paragraphs 2 or 3 of this definition.

Other than for the purpose of acquiring successor or assignee rights as described in section 4, an individual who is a Qualifying Family Member in relation to the Beneficiary is a Qualifying Person if the following conditions are met:

- a) The Qualifying Family Member opens the Plan for the beneficiary before January 1, 2017;
- b) At the time the Plan is opened, the beneficiary is not the beneficiary of another RDSP;
- c) The beneficiary attained the age of majority before the Plan was entered into;
- d) No entity that is legally authorized to act on behalf of the Beneficiary exists; and e) After reasonable enquiry, the Issuer determines that the beneficiary is not contractually competent to enter into this Plan with the Issuer.

➤ **“Registered Disability Savings Plan”** means a Disability Savings Plan that satisfies the conditions of section 146.4 of the ITA.

➤ **“Specified Maximum Amount”** means the greater of the legislated maximum formula result and the sum of:

- 10% of the Plan’s fair market value; and
- all periodic payments from locked-in annuity contracts.

The fair market value does not include amounts held in locked-in annuity contracts. Also, if the Plan disposes of a locked-in annuity contract during the calendar year, the periodic payment amount will contain a reasonable estimate of amounts that would have been paid from the annuity into the Plan in that year.

➤ **“Specified Minister”** means the Minister as designated in the CDSA.

➤ **“Specified RDSP Payment”** means a payment that is made to the Plan after June 2011 that is designated, in prescribed form, by the Holder and the Beneficiary as a Specified RDSP Payment at the time the payment is made. The payment is an amount that originated from the registered retirement savings plan, registered retirement income fund, specified pension plan, pooled registered pension plan or registered pension plan of the Beneficiary’s deceased parent(s) or grandparent(s). The amount was paid as

a refund of premiums, an eligible amount, or a payment (with exception to a payment that is part of a series of periodic payments or payments that relate to an actuarial surplus) because of the parent(s) or grandparent(s) death and the Beneficiary was financially dependent on the parent or grandparent because of a mental or physical infirmity at the time of their death.

- **“Specified Year”** means the particular calendar year in which a medical doctor, who is licensed to practice under the laws of a province (or the place where the Beneficiary resides), certifies in writing that, in their professional opinion, the Beneficiary is not likely to live more than five years, and each of the following five calendar years after the particular calendar year. The specified year will not include any calendar year that is prior to the calendar year in which the certification is provided to the Issuer.

## 2. Purpose of the Plan

The Plan will be operated exclusively for the benefit of the Beneficiary under the Plan. The Beneficiary’s designation is irrevocable and no right of the Beneficiary to receive payments from the Plan is capable of surrender or assignment.

## 3. Registration of the Plan

The following conditions must be satisfied in order for the Plan to be considered registered:

1. before the Plan is entered into, the Issuer must receive written notification from the Minister of National Revenue that provides approval of the specimen plan under which the arrangement is based;
2. at or before the time the Plan is entered into, the Issuer must be provided with the social insurance numbers of the Beneficiary and every entity who enters into the Plan with the Issuer (in the case of an entity that is a business, their business number);
3. at the time the Plan is entered into, the Beneficiary must be resident in Canada unless the Beneficiary is currently a Beneficiary under another Registered Disability Savings Plan; and

4. the Beneficiary must be a DTC Eligible Individual in respect of the taxation year in which the Plan is opened for him/her. The Plan will not be considered registered unless the Issuer notifies the Specified Minister of the Plan's existence without delay. The notification must be in prescribed form containing prescribed information. The Plan will not be considered registered if the Beneficiary of the Plan is also the Beneficiary of another Registered Disability Savings Plan that has not been terminated without delay.

#### 4. Changes in Holder

An entity may only become a successor or assignee of a Holder if the entity is:

1. the Beneficiary;
2. the Beneficiary's estate;
3. a Holder of the Plan at the time rights are acquired;
4. a Qualifying Person in relation to the Beneficiary at the time rights under the Plan are acquired; or
5. a legal parent of the Beneficiary who was previously a Holder of the Plan. An entity may not exercise their rights as a successor or assignee of a Holder until the Issuer is advised that the entity has become a Holder of the Plan. Before exercising their rights as a successor or assignee of a Holder, the Issuer must be in receipt of the entity's social insurance number or business number, as the case may be. If a Holder (other than a legal parent of the Beneficiary) ceases to be a Qualifying Person, he or she will also cease to be a Holder of the Plan. There must be at least one Holder of the Plan at all times and the Beneficiary or the Beneficiary's estate may automatically acquire rights as successor or assignee of a Holder in order to comply with this requirement. A Qualifying Family Member (who is a Qualifying Person solely because of conditions a) to e) under the Qualifying Person definition) will cease to be Holder of the Plan if the Beneficiary notifies the Issuer that they wish to become the Holder and either the Issuer, after reasonable enquiry determines the beneficiary to be contractually competent, or a competent tribunal or

other provincial authority has declared the Beneficiary to be contractually competent. A Qualifying Family Member (who is a Qualifying Person solely because of conditions a) to e) under the Qualifying Person definition) will cease to be Holder of the Plan if an entity described in point 2 or 3 of the Qualifying Person definition is given legal authority to act on behalf of the Beneficiary. The entity will promptly notify the issuer of their appointment, at which time the entity will replace the Qualifying Family Member as Holder. If there is a dispute over a Qualifying Family Member's status as Holder, the Qualifying Family Member (who is a Qualifying Person solely because of conditions a) to e) under the Qualifying Person definition) must attempt to avoid a reduction in the fair market value of the Plan Trust's property. The Qualifying Family Member must apply this requirement until the dispute is settled or a new entity is named as Holder.

## 5. Who May Become a Beneficiary of the Plan

An individual may only be designated as a Beneficiary of the Plan if the individual is resident in Canada when the designation is made, unless he or she was already a Beneficiary under another Registered Disability Savings Plan. The individual must also be a DTC Eligible Individual in respect of the taxation year in which the Plan is opened for them before designation to the Plan can take place. An individual is not considered a Beneficiary of the Plan until the Holder designates the Beneficiary on the Application by providing the Beneficiary's full name, address, social insurance number, gender, and date of birth.

## 6. Contributions

Only the Holder may make contributions to the Plan unless they have given written consent to allow another entity to make contributions into the Plan. Contributions may not be made into the Plan if the Beneficiary is not a DTC Eligible Individual in respect of the taxation year in which the contribution is made. Contributions may not be made into the Plan if the Beneficiary died before that time.

A contribution may not be made into the Plan if:

1. the Beneficiary is not resident in Canada at that time;
2. the Beneficiary turns 59 years of age before the calendar year that includes that time; or
3. the total of the contribution and all other contributions made (other than as a transfer in accordance with section 8) at or before that time to the Plan or to any other plan of the Beneficiary would exceed \$200,000. A contribution does not include Government Funded Benefits, amounts from a Designated Provincial Program or from another program that has a similar purpose and is funded directly or indirectly by a province (other than an amount paid by an entity described in paragraph 3 of the Qualifying Person definition, or an amount transferred to the Plan in accordance with section 8). Other than for the purposes of this section and for the purposes of paragraphs 7A(a), (b), and (c), a Specified RDSP Payment and an accumulated income payment from a registered education savings plan are not considered contributions to the Plan. These payments are not considered advantages in relation to the Plan (they are not considered a benefit or loan that is conditional in any way on the existence of the Plan).

## **7. Payments from the Plan**

No payments will be made from the Plan other than:

1. the payment of Disability Assistance Payments to a Beneficiary of the Plan;
2. the transfer of an amount to another trust that irrevocably holds property under a Registered Disability Savings Plan of the Beneficiary, as detailed in section 8; and
3. repayments of amounts under the CDSA and its Regulations or under a Designated Provincial Program. A Disability Assistance Payment may not be made from the Plan if the fair market value of the property held by the Plan Trust, immediately after the payment is made, would be less than the Assistance Holdback Amount in relation to the Plan. Lifetime Disability Assistance Payments will begin no later than the end

of the calendar year in which the Beneficiary turns 60 years of age. In such a case where the Plan is established after the Beneficiary turns 60 years of age, Lifetime Disability Assistance Payments will begin in the calendar year immediately following the calendar year in which the Plan is established. If the Beneficiary reached 59 years of age before the current year, the total amount of all payments that are made from the Plan in the year must be at least equal to the Legislated Maximum Formula Result. Lifetime Disability Assistance Payments for a calendar year are limited to the amount determined by the Legislated Maximum Formula Result.

## **7A. Disability Assistance Payments**

If the total amount of all Government Funded Benefits paid into this and another Registered Disability Savings Plan of the Beneficiary before the beginning of the calendar year exceeds the total amount of contributions paid into this and another Registered Disability Savings Plan of the Beneficiary before the beginning of the calendar year, then the following conditions must be adhered to: (a) If the calendar year is not a Specified Year for the Plan, the total amount of Disability Assistance Payments made in the year from the Plan will not exceed the Specified Maximum Amount. When calculating the total amount, a transfer as detailed in section 8 is to be disregarded if payments are made in lieu of those that should have been made under the prior plan of the Beneficiary as described in paragraph 146.4(8)(d) of the ITA. A transfer as detailed in section 8 is to be disregarded if the transfer is made in lieu of a payment that would have been permitted to be made from the other plan in the calendar year if the transfer had not occurred. (b) If the Beneficiary has reached 27 years of age but not 59 years of age before the particular calendar year, the Beneficiary may direct that one or more Disability Assistance Payments be made from the Plan in the year provided that the total of all Disability Assistance Payments made from the Plan in the year do not exceed the amount imposed by the constraints of paragraph (a) of this section. These payments may

not be made from the Plan if the fair market value of the property held by the Plan Trust, immediately after the payment is made, would be less than the Assistance Holdback Amount in relation to the Plan.

(c) If the Beneficiary has reached 59 years of age before the particular calendar year, the total of all Disability Assistance Payments made from the Plan in the year will not be less than the Legislated Maximum Formula Result. If the property in the Plan Trust is insufficient to make available the required amount, a lesser amount may be paid.

## 8. Transfers

At the direction of the Holder(s) of the Plan, the Issuer will transfer all property held by the Plan Trust directly to another Registered Disability Savings Plan of the Beneficiary. The Issuer will provide the issuer of the new plan with all information in their possession, that was not previously provided to the Specified Minister, that is necessary for the new issuer to comply with the requirements of the Applicable Legislation. The Issuer will terminate the Plan immediately after completing the transfer to the new Registered Disability Savings Plan and both the termination and the transfer will be completed without delay. In addition to any other Disability Assistance Payments that are required to be paid to the Beneficiary in the year, if the Beneficiary is transferring an amount from another Registered Disability Savings Plan and the Beneficiary attained the age of 59 years before the calendar year in which the transfer occurs, the Plan will make one or more Disability Assistance Payments to the Beneficiary whose total will be equal to the amount by which:

1. the total amount of Disability Assistance Payments that would have been made from the prior plan in the year if the transfer had not occurred exceeds;
2. the total amount of Disability Assistance Payments made from the prior plan in the year.

## 9. Termination of the Plan

After taking into consideration the Assistance Holdback Amount and Designated Provincial Program repayments, any remaining amount in the Plan will be paid to the Beneficiary or to his or her estate. This amount will be paid



by the end of the calendar year following the earlier of:

1. the calendar year in which the Beneficiary dies; and
2. if the Plan remains open because of a DTC election, the first calendar year under which the DTC election ceases to be valid, and in any other case the first calendar year throughout which the Beneficiary has no severe and prolonged impairment as described in paragraph 118.3(1)(a.1) of the ITA. The Plan must be terminated by the end of the calendar year following the earlier of:
  1. the calendar year in which the Beneficiary dies; and
  2. if the Plan remains open because of a DTC election, the first calendar year under which the DTC election ceases to be valid, and in any other case the first calendar year throughout which the Beneficiary has no severe and prolonged impairment as described in paragraph 118.3(1)(a.1) of the ITA.

## 10. Non-Compliance of the Plan

If either the Issuer, the Holder, or the Beneficiary of the Plan fails to comply with the requirements in respect of Registered Disability Savings Plans as set out in the Applicable Legislation or if the Plan is not administered in accordance with its terms, the Plan will be considered non-compliant and will cease to be a Registered Disability Savings Plan at that time. At the time the Plan ceases to be registered, a Disability Assistance Payment will be deemed to have been made from the Plan to the Beneficiary or, if the Beneficiary is deceased, to their estate, that is equal to the amount by which the fair market value of the property held by the Plan Trust exceeds the Assistance Holdback Amount. If the Plan ceases to be registered because a Disability Assistance Payment is made that results in the fair market value of the property in the Plan being less than the Assistance Holdback Amount, an additional Disability Assistance Payment will also be deemed to be made from the Plan to the Beneficiary at that time which is equal to:

1. the amount by which the lesser of the Assistance Holdback Amount in relation to the Plan and the fair market value of the property held by the Plan Trust at the time of payment exceeds;

2. the fair market value of the property held by the Plan Trust immediately after the payment.

The non-taxable portion of this payment will be deemed to be nil.

If the requirements of the Applicable Legislation are not met, the Plan will cease to be a Registered Disability Savings Plan unless the Minister of National Revenue waives such requirements.

## 11. Obligations of the Issuer

The Issuer will forward notification of any change in Holder under the Plan to the Specified Minister in prescribed form containing prescribed information on or before the day that is 60 days after the later of:

1. the day on which the Issuer is advised of the change in Holder; and
2. the day on which the Issuer is provided with the social insurance number or business number of the new Holder.

The Minister of National Revenue must approve amendments to the specimen plan under which this Plan is based before the Issuer can amend the Plan terms and conditions.

If the Issuer discovers that the Plan is or will likely become non-compliant, the Issuer will notify both the Minister of National Revenue and the Specified Minister of this fact within 30 days after the Issuer becomes aware of possible or factual non-compliance.

The Issuer will exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that a Holder of the Plan may become liable to pay tax under Part XI of the ITA in connection with the Plan.

If a Qualifying Family Member (who is a Qualifying Person solely because of conditions a) to e) under the Qualifying Person definition) opens this Plan and becomes Holder, the Issuer will promptly notify the Beneficiary of this fact in writing. The notification will include the information in Section 4 that describes how the Qualifying Family Member

can be replaced by another entity as the Plan Holder. The Issuer will collect and use all information provided by the Holder that is required to administer and operate the Plan.

If the Issuer fails to comply with these obligations, the Issuer is liable to penalties as set out in subsection 162(7) of the ITA.

The issuer will not be held liable for entering into this Plan with a Qualifying Family Member if at the time the Plan was entered into, the issuer had made a reasonable enquiry into the beneficiary's contractual competence and it was the issuer's opinion that the beneficiary's contractual competence was in doubt.

## **12. Responsibility for the Plan and the Plan Trust**

The Issuer has ultimate responsibility for the administration of the Plan and the Plan Trust. Therefore, the Issuer shall ensure that the Plan and the Plan Trust are administered in compliance with the requirements of the Applicable Legislation.

## **13. Delegation of Duties**

The Issuer has entered into a contractual arrangement with the Agent for the purpose of permitting the Agent to perform the majority of all administrative and other duties under the Plan. However, the ultimate responsibility for the Plan and the Plan Trust remains with the Issuer as detailed in section 12. The Issuer is responsible for the payment of any penalties resulting from noncompliance as detailed in section 11.

## **14. Investments**

The assets in the Plan trust shall be invested in investments which are available for investment in the Plan, in accordance with instructions given by the Holder from time to time in a form deemed satisfactory by the Issuer.

The investments shall be made in compliance with the Applicable Legislation and each Holder is responsible to ensure that each investment made by the Plan is a

“qualified investment” for a Disability Savings Plan within the meaning of the Applicable Legislation.

The Issuer may reinvest all distributions of net income and net realized capital gains received by the Plan in respect of any particular investment in additional investments of the same type unless otherwise instructed by the Holder.

From time to time, the Agent may authorize additional investments available for investment by the Plan notwithstanding that such investments may not be authorized by law for trustees or may be considered a delegation of the Issuer’s investment duties. The Holder will not hold the Issuer liable with regard to the investment of the assets of the Plan Trust, whether or not made pursuant to instructions given by the Holder.

It is the Holder’s responsibility to choose from the investments that are available for investment in the Plan and to determine whether any investment should be bought, sold or retained as part of the Plan. The Holder acknowledges that any failure to comply with Applicable Legislation may result in fees, penalties and even in revocation of the Plan.

## 15. Statements and Tax Information

The Issuer shall maintain a separate account for the Plan Trust and keep notably the information regarding each Holder and Beneficiary, the total of all contributions, the Government Funded Benefits amount received, the total of all payments, fees, cost and other withdrawal as well as all other transaction with regards to the Plan, in compliance with the Applicable Legislation.

The Issuer shall provide the Holder with a statement of account annually (or more frequently at the Issuer’s sole discretion), and shall also provide the competent authorities with information returns, slips, notices and other documents required under the Applicable Legislation.

## 16. Fees and Expenses

The Trustee shall be paid the fees and other charges it prescribes from time to time, which may be directly charged against and deducted from the Assets in the

Plan. Among others the Trustee shall be entitled to charge fees upon the termination of the Plan, the transfer or withdrawal of Assets in the Plan or any other event which it may reasonably determine. These fees are disclosed to the Annuitant in accordance with the applicable laws.

The Trustee shall be reimbursed for all fees, out-of-pocket expenses and costs incurred by it or its agents in connection with the administration of the Plan.

The reimbursement of any and all taxes, interest or penalty payable may be directly charged against and deducted from the Assets in the Plan but only as far as permitted by the applicable laws.

The Holder shall reimburse the Agent for any overdraft resulting from the payment of such fees, out-of-pocket expenses and costs within 30 days from the date the Holder is thereby notified. Should the Holder fail to timely make such reimbursement, the Agent or the Issuer may, without further notifying the Holder, dispose of Assets of the Plan, in whole or in part, on such conditions as it may determine and apply the proceeds of such disposition to the payment of such fees, out-of-pocket expenses, costs and overdrafts. The Agent and the Issuer shall not be liable for any losses incurred as a result of such disposition.

## **17. Limitation of Liability**

The Holder and the Beneficiary will at all times indemnify the Issuer and its nominees, agents and correspondents in respect of any and all taxes, interest, penalties, assessments, expenses, liability, claims and demands resulting from the custody or administration of the Plan and will hold them harmless from all of the foregoing, except in the case of the gross negligence or wilful omission or misconduct of the Issuer. All such payment to the Issuer must be made within 30 days from the date where they are thereby notified.

Without limiting the scope of any other provision hereof, neither the Issuer nor any of its nominees, agents or correspondents shall be liable for any loss incurred by the Plan or by the Holder, as a result of the acquisition, disposition or retention of any investment acquired at the direction of the Holder,

as a result of any payment out of the Plan as requested by the Holder, as of the refusal to follow instructions that the Issuer, in its sole discretion, views as contrary to any provision hereto or to any Applicable Legislation or, as a result of force majeure or irresistible force. The foregoing indemnification and limitations of liability shall survive the termination or revocation of the Plan.

## 18. Notices

Any notice, statement or receipt by the Agent or the Issuer to a Holder, the Beneficiary or a representative authorized to receive them under terms of the Plan, will be sufficiently given if delivered or mailed by prepaid postage to the address recorded in the Agent's or Issuer's registry with regards to the Plan.

Such notice, statement or receipt will be considered given and received on the fifth day after mailing.

Any notice to the Agent or the Issuer under this agreement will be sufficiently given if delivered or mailed by prepaid postage to the Agent's address indicated on the Application or to any other address that the Agent may indicate in writing from time to time. Such notice will be considered given on the day that the notice is actually delivered to or received by the Agent.

## 19. Instructions

The Agent and the Issuer shall be empowered to follow the instructions received from a Holder or any other person designated in writing by the Holder, whether transmitted by mail, facsimile machine, by telephone or other electronic means.

All instruction, demand or information given to the Agent or the Issuer will be considered valid only if presented in a form deemed satisfactory by the Agent.

If the Plan has many Holders at the same time, instructions given by one Holder shall bind all the Holders. If many instructions are received by the Agent and/or Issuer, the most recent instruction will be executed even if different than the previous one.

## 20. Proof of Information

The Holder certifies that the information provided in the Application is correct and undertakes to provide, at his own expense, to the Issuer further proof of any information relating to the Plan that they may reasonably require. The Holder undertakes also to give to the Issuer an immediate notice of all changes regarding the information provided in the Application.

## 21. Replacement of Issuer

The Issuer may resign from its office under this agreement by giving sixty (60) days' written notice of resignation, or such other period of notice that the Applicable Legislation may stipulate.

Resignation of the Issuer shall be effective upon the appointment of a replacement Trustee who has accepted to act as the Plan's Trustee. The replacement Issuer must be a corporation resident in Canada and authorized to act under the Application Legislation.

The Issuer shall notify the Specified Minister of its resignation under this agreement and of the appointment of a replacement Issuer in accordance with the terms of the Issuer agreement(s) between the Issuer and the Specified Minister.

## 22. Miscellaneous Provisions

- a) **Cash:** All the sums of money payable hereunder shall be payable in money which is legal tender in Canada.
- b) **Binding:** The terms and conditions hereof will be binding upon the Holders' and Beneficiary's heirs and legal personal representatives and upon any successors and assigns of the Agent and Issuer.
- c) **Declaration of Non-Residence:** Each Holder is required to, and undertakes to, notify the Issuer immediately if he or she or the Beneficiary is or becomes a non-resident of Canada.
- d) **Interpretation:** The Plan shall not in any way constitute a trust within the meaning of the *Civil Code of Québec*. Given the special nature hereof and the administrative rules created hereby, the

rules of Title VII of Book IV of the *Civil Code of Québec* relating to the administration of the property of others shall not apply to assets of the Plan.

### 23. Language Clause

The parties have requested that this agreement and any notices or other documents related hereto be drawn up in the English language. *Les parties confirment leur volonté que la présente convention et tout avis ou autre document qui s'y rapporte soient rédigés en langue anglaise.*



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## Tax-Free Savings Account

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### 1. Definitions

For the purposes hereof, the words or terms set out herein below shall have the following meanings:

- a) **Account:** means the tax-free savings account established by the Trustee for the benefit of the Holder in accordance with the terms and conditions contained in the Application and herein, as such Account may be amended from time to time.
- b) **Agent:** means National Bank Financial Inc., which has been designated as such in the Application.
- c) **Assets in the Account:** means all property of any nature whatsoever which makes up the Account, including the contributions made to the Account from time to time, as well as any income, capital gains or other gains of any type whatsoever, generated or realized during the administration of the Account by the Trustee.
- d) **Application:** means the application form attached hereto, completed and signed by the Holder.
- e) **Beneficiary:** means the person who is or would be legally entitled to receive any Assets in the Account or proceeds from disposition of the Assets in the Account in the case of the death of the Holder, pursuant to the applicable legislation, such as the Holder's surviving spouse, estate, designated beneficiary, or legal representative within the meaning of the *Income Tax Act* (Canada).
- f) **Distribution:** means a payment made to the Holder out of the Account in satisfaction of all or part of the Holder's interest in the Account.
- g) **Holder:** means the individual (other than a trust) who is at least 18 years of age and whose name is indicated as such in the Application, and after his or her death, the Survivor, as provided under the definition of the term "holder" under subsection 146.2(1) of the *Income Tax Act* (Canada).
- h) **Survivor:** means the individual who, immediately before the Holder's death, was the Holder's spouse or common-law partner as defined for the purposes

of any provision of the Income Tax Act (Canada) respecting a tax-free savings account.

- i) **Trustee:** means Natcan Trust Company, a trust company duly incorporated under the *Trust and Loan Companies Act* (Canada).
- j) **Tax Legislation:** means the *Income Tax Act* (Canada) and the corresponding legislation of the province in which the Holder resides, and the regulations adopted thereunder.

## 2. Establishment of Account

By means of the payment of a contribution or the transfer of a sum of money or any other property specified in the Application, the Holder establishes with the Trustee a tax-free savings account for the purpose of obtaining distributions. All contributions paid to the Account, as well as any income, capital gains or other gains of any nature whatsoever, generated or realized by the Account, and held in the Account by the Trustee, and used, invested or otherwise applied pursuant to the terms and conditions provided herein, shall be used for the purpose of making distributions.

The Account shall further constitute a trust for the purposes of Tax Legislation only, excluding any other purpose whatsoever.

The Trustee, by inscribing its acceptance upon the Application, agrees to administer the Account in the manner stipulated herein. Subject to registration of the Account under the Tax Legislation, this declaration of trust shall take effect on the date of acceptance by the Trustee of the Application.

## 3. Registration

The Trustee shall file an election to register the Application as a tax-free savings account pursuant to the Tax Legislation. If any of the authorities concerned refuses such registration, the Application and this declaration of trust shall be cancelled, and the sums or property transferred to the Account shall be reimbursed by cheque.

## 4. Contributions

The Holder may make contributions to the Account at any time. The Holder shall be solely responsible for ensuring

that such contributions are within the limits prescribed by the Tax Legislation and the Trustee makes no verification in this respect. Notwithstanding the foregoing, the Trustee can, without being held to it, refuse a contribution of the Holder for any motive and at any time.

## 5. Investments

The Assets in the Account shall be invested in investments which are available for investment by the Account in accordance with instructions given by the Holder to the Trustee from time to time in a form deemed satisfactory by the Trustee.

The investments shall be made in compliance with the Tax Legislation and it is solely the Holder's responsibility to ensure that each investment made by the Account is a "qualified investment" for the Account within the meaning of the Tax Legislation. The Trustee shall reinvest all distributions of net income and net realized capital gains received by the Account in respect of any particular investment in additional investments of the same type unless otherwise instructed by the Holder.

From time to time, the Trustee may authorize additional investments available for investment by the Account notwithstanding that such investments may not be authorized by law for trustees or may be considered a delegation of the Trustee's investment duties.

The Trustee shall not be liable with regard to the investment of the Assets of the Account, whether or not made pursuant to instructions given by the Holder.

## 6. Conditions and Restrictions

- a) The Account shall be maintained for the exclusive benefit of the Holder, and while there is a holder of the Account, no one other than the Holder and the Trustee shall have any rights relating to the amount and timing of distributions and the investing of funds. This provision shall not apply where such application would be inconsistent with the security contemplated in Section 9.
- b) No one other than the Holder may make contributions to the Account.
- c) The Trustee shall not be permitted to borrow money or other property for the purposes of the Account.

## 7. Distributions

Subject to such reasonable requirements as the Trustee may impose, the Holder may withdraw an amount from the Account by making a request in a form deemed satisfactory by the Trustee. Without limiting the generality of the foregoing, distributions may be made, among other things, to reduce the amount of tax otherwise payable by the Holder under section 207.02 or 207.03 of the *Income Tax Act* (Canada). The Trustee shall then dispose of all or certain of the Assets as indicated by the Holder and pay to the Holder an amount equal to the proceeds of disposition of such assets (net of applicable disposition costs), less any charges and taxes (including interest and penalties) that are or may become payable by the Trustee or the Account itself.

Upon such payment, the Trustee shall be subject to no further liability or duty to the Holder with respect to the Assets in the Account, or the portion thereof that has been distributed and paid. The Trustee will issue to the Holder such information returns in respect of any withdrawal as required by applicable laws. If only a portion of the Assets in the Account is disposed of in accordance with the foregoing paragraph, the Holder may specify in his or her notice which assets he or she wishes the Trustee to dispose of, failing which the Trustee shall dispose of such assets as the Trustee, in its sole discretion, may deem appropriate for this purpose. The Trustee shall not be liable for any losses incurred as a result of such disposition.

## 8. Transfers to Other Accounts

Subject to such reasonable requirements as the Trustee may impose, the Holder may at any time request, in a form deemed satisfactory by the Trustee, that the Trustee:

- a) transfer all or certain Assets in the Account to another tax-free savings account of which he or she is the holder, or
- b) dispose of all or certain of the Assets in the Account and transfer an amount equal to the proceeds of disposition of such assets (net of applicable disposition costs), less any charges and taxes (including interest and penalties) that are or may become payable by the Trustee or the Account itself, to another tax-free savings account of which he or she is the holder.

Subject to the Tax Legislation, a transfer may also be made to a tax-free savings account whose holder is the spouse or former spouse or the common-law partner or former common-law partner of the Holder in settlement of rights arising out of, or on the breakdown of, the marriage or common-law partnership.

The Trustee shall carry out all transfer requests, except in the event of inconsistency with the security contemplated in Section 9.

Such transfers shall take effect in accordance with applicable laws and within a reasonable time after all forms required to be completed in respect of such transfer have been completed and forwarded to the Trustee. Upon such transfer, the Trustee shall be subject to no further liability or duty to the Holder with respect to the Assets in the Account, or the portion thereof, so transferred, as the case may be.

If only a portion of the Assets in the Account is transferred in accordance with the foregoing paragraph, the Holder may specify in his or her notice which assets he or she wishes to so transfer or which assets he or she wishes to dispose of in order to effect such transfer, failing which the Trustee shall transfer or dispose of such properties as it, in its sole discretion, may deem appropriate for this purpose. The Trustee shall not be liable for any losses incurred as a result of such disposition or transfer.

## 9. Security

In its entire discretion, the Trustee may allow the Holder to use his or her interest in the Account as security for a loan or other indebtedness if the following conditions are met:

- a) The terms and conditions of the indebtedness are terms and conditions that persons dealing at arm's length with each other would have entered into;
- b) It may reasonably be considered that one of the main purposes of that use is not to enable a person (other than the Holder) or partnership to benefit from the exemption from tax available under Part I of the Income Tax Act (Canada) in respect of a sum that relates to the Account. The security can be established, published and revoked only in accordance with the applicable laws and by means of a written document

or instrument dated and signed by the Holder. The form and content of the security shall be acceptable to the Trustee and shall identify the Account specifically. The Trustee makes no representation and cannot be held responsible in the event of a total or partial invalidity or in opposability of a security signed by the Holder with respect to the Account.

## 10. Designation of Beneficiary (only in provinces and territories where permitted by law)

If permitted by applicable legislation, the Holder may designate a Survivor holder or a beneficiary to receive the proceeds payable under the provisions of the Account. This designation may be amended or revoked without the consent of the Survivor holder or the beneficiary and only by way of a written document or instrument, dated and signed by the Holder. The form and content of said amendment or revocation shall be acceptable to the Trustee and shall identify the Account specifically.

Any designation shall come into force on the date it is received by the Trustee. If more than one designation is received by the Trustee, the Trustee shall consider only the designation, duly signed by the Annuitant which has the most recent date.

In certain provinces and territories this designation may not be revoked or changed automatically as a result of a future marriage or a marriage breakdown and a new designation may be required. It is the Annuitant's sole responsibility to get appropriate information regarding this matter and to make the appropriate amendments, as needed.

The Trustee makes no representation and cannot be held responsible for the invalidity of any designation of a Survivor holder or designation of beneficiary signed by the Holder with respect to the Account.

## 11. Death of Holder

Upon the Holder's death, upon receipt of evidence satisfactory to the Trustee of such death and subject to the Tax Legislation, the Trustee shall dispose of the Assets in the Account, and after deducting any applicable tax, costs of such disposition, fees or any other amounts payable hereunder, the Trustee shall

pay in a lump sum the net proceeds of such disposition to the Holder's estate.

Notwithstanding the foregoing, in cases permitted by the Tax Legislation, the Trustee may transfer the Assets in the Account to one or more persons entitled thereto.

No such payment or transfer shall be made unless and until the Trustee receives releases and other documents as it may reasonably require.

## 12. Separate Account and Tax Information

The Trustee shall maintain a separate account for the Account and shall furnish to the Holder annually or more frequently, a statement showing the information deemed relevant by the Trustee in its sole discretion.

The Trustee shall provide the Holder and the competent authorities, as the case may be, with information returns, notices and other documents in accordance with the Tax Legislation.

## 13. Provisions Regarding the Trustee

- a) **Delegation of Powers.** The Trustee may delegate to its agents any of its administrative duties or its powers to do specific things, and the delegate may receive all or part of the fees to which the Trustee is entitled hereunder, it being understood, however, that ultimate responsibility for administering the Account shall remain vested in the Trustee.
- b) **Withdrawal of Trustee.** The Trustee may withdraw as the administrator of the Account upon 90 days' prior notice given to the Holder in the manner set out in Section 14 g) hereof and provided a replacement trustee has accepted the appointment and on condition such replacement is a body corporate resident in Canada duly authorized by the applicable laws to act in such capacity.
- c) **Fees and Expenses.** The Trustee shall be paid the fees and other charges it prescribes from time to time, which may be directly charged against and deducted from the Assets in the Account.

The Trustee shall be entitled to charge fees upon the termination of the Account, the transfer or withdrawal of Assets in the Account or any other

event which it may reasonably determine. These fees are disclosed to the Holder in accordance with the applicable laws.

The Trustee shall be reimbursed for all fees, out-of-pocket expenses and costs incurred by it or its agents in connection with the administration of the Account, including any tax, interest or penalty payable, which may be directly charged against and deducted from the Assets in the Account.

The Holder shall reimburse the Trustee for any overdraft resulting from the payment of such fees, out-of-pocket expenses and costs within 30 days from the date the Holder is thereby notified. Should the Holder fail to timely make such reimbursement, the Trustee may, without further notifying the Holder, dispose of Assets in the Account, in whole or in part, on such conditions as it may determine and apply the proceeds of such disposition to the payment of such fees, out-of-pocket expenses, costs and overdrafts. The Trustee shall not be liable for any losses incurred as a result of such disposition.

- d) Liability and Hold Harmless.** The Holder will at all times indemnify the Trustee and its nominees, agents and correspondents in respect of all taxes, interest, penalties, assessments, expenses, liability, claims and demands resulting from the custody or administration of the Account and will hold them harmless from all of the foregoing, except in the case of the gross negligence or willful omission or misconduct of the Trustee.

Without limiting the scope of any other provision hereof, neither the Trustee nor any of its nominees, agents or correspondents shall be liable for any loss incurred by the Account, by the Holder, as a result of the acquisition, disposition or retention of any investment acquired at the direction of the Holder, as a result of any payment out of the Account as requested by the Holder, as a result of the refusal to follow instructions that the Trustee, in its sole discretion, considers contrary to any provision hereto or to any applicable legislation, as a result of force majeure or irresistible force.

The Trustee may recover directly from the Assets in



the Account the total amount of any taxes, interest or penalties which may be imposed on the Trustee under the provisions of the Tax Legislation (including, in respect of the acquisition, disposition or holding of “non-qualified investments” as defined under the Tax Legislation).

- e) **Instructions.** The Trustee shall be empowered to follow the written instructions received from the Holder or any other person designated in writing by the Holder, whether transmitted by mail, facsimile machine or other electronic means.

#### 14. Miscellaneous Provisions

- a) **Amendments.** The Trustee may from time to time, in its sole discretion, amend the terms of the Account (i) to satisfy the requirement of any applicable law, or (ii) by giving 30 days’ notice in writing thereof to the Holder, provided, however, that any such amendments shall not disqualify the Account as a tax-free savings account within the meaning of the Tax Legislation.
- b) **Evidence.** The recording of the date of birth of the Holder on the Application shall constitute sufficient certification of such age, subject to any further evidence which may be required thereof.

The Trustee reserves the right to require the Holder or any person claiming to be a Beneficiary, as the case may be, to provide, at the appropriate time and at their own expense, satisfactory proof of age, of the survival or death of the Holder and of their title or entitlement as a Beneficiary.

- c) **Cash.** All the sums of money payable hereunder shall be payable in money which is legal tender in Canada.
- d) **Binding.** The terms and conditions hereof will be binding upon the Holder’s heirs and legal personal representatives and upon any successors and assigns of the Trustee.
- e) **Declaration of Non-Residence.** The Holder is required to and undertakes to notify the Trustee immediately if he or she is or becomes a non-resident of Canada.

- f) **Interpretation.** Wherever the context so requires, a word used in the masculine gender shall include the feminine or neuter and vice versa, and the singular number shall include the plural and vice versa.
- g) **Notices.** Any notice to the Trustee hereunder shall be validly given if delivered or mailed postage prepaid to the address of the Agent or to any other address which the Trustee may from time to time specify in writing, and it shall be effective only on the day that such notice was actually delivered or received by the Trustee. Any notice, statement or receipt given by the Trustee to the Holder or any person authorized to receive notice under the Account shall be validly given if mailed postage prepaid to the address recorded in the books of the Trustee with respect to the Account, and any notice, statement or receipt so mailed shall be deemed to have been given five days after the day of mailing. Any written instruction, notice or information communicated to the Trustee will be considered valid only if it is in a form deemed satisfactory by the Trustee.
- h) **Applicable Legislation.** The Account shall be governed and construed in accordance with the laws of the province in which the Holder resides, as shown in the Application, and with the Tax Legislation.

The Account shall not in any way constitute a trust within the meaning of the *Civil Code of Québec*. Given the special nature hereof and the administrative rules created hereby, the rules of Title VII of Book IV of the *Civil Code of Québec* relating to the administration of the property of others shall not apply to the Trustee.

## 15. Language Clause

The parties have requested that this declaration of trust and any notices or other documents related hereto be drawn up in the English language. Les parties confirment leur volonté que la déclaration de fiducie et tout avis ou autre document qui s'y rapporte soient rédigés en langue anglaise.



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