

# Account Terms and Conditions Booklet

Important Information About  
Your VWMC Account



**VÊRED WEALTH  
MANAGEMENT (CANADA)  
COMPANY LIMITED**

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## Introduction

Welcome to Vered Wealth Management (Canada) Company Limited. We appreciate your business and look forward to helping you achieve your financial objectives.

When you open an account with Vered Wealth Management (Canada), it is important for you to clearly understand our rights and obligations to you and your rights and obligations as a Vered client.

For this reason, we have developed this **Account Terms and Conditions Booklet**. It brings together the terms and conditions that govern your Vered account and other important information in one convenient package.

### In this booklet you will find:

- Client account agreement terms and conditions. These terms and conditions form part of your client account agreement with us and they apply to all Vered accounts.
- Risk disclosure statement for options
- Disclosure document on borrowing money to buy securities.
- Self-directed Retirement Savings Plan – Declaration of trust
- Self-directed Retirement Income Fund – Declaration of trust
- Tax Free Savings Account – Declaration of trust
- Strip bonds and strip bond packages information statement

We hope you find this **Account Terms and Conditions Booklet** a valuable resource. Please read its contents carefully and keep it with your portfolio records for future reference.

If you have any questions about the information in this booklet, please contact your Vered advisor.

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# Client Account Agreement Terms and Conditions

In consideration of **Vered Wealth Management (Canada) Company Limited** (“VWMC”, “we” or “us”) opening or continuing an account for you (including you as a co-applicant if it is a joint account), you and Vered agree that all transactions between you and Vered will be subject to the terms and conditions that follow. This agreement applies to all transactions in your account, no matter when it was opened.

## PART I: TERMS AND CONDITIONS FOR ALL ACCOUNT HOLDERS

The following paragraphs define terms used in this agreement and explain which laws apply to it.

### Definitions of these words when used:

“**account**” or “**accounts**” means all present, future and previous accounts with us including accounts that are closed and later reopened or accounts that are renumbered;

“**administrative fee(s)**” means fees related to the administration of your account, including, but not limited to, fees for account transfers, dishonoured cheques or stop payments, electronic fund transfers and wire transfers, registered plan account trustee and administrator fees, interest or financing charges and foreign currency conversion spreads;

“**advisor**” means your Vered Investment Advisor;

“**agreement**” means these client account agreement terms and conditions and your Vered client account application form. In this agreement, all words implying the singular number include the plural and vice-versa;

“**collateral**” means property used to secure any money you owe us, whether your “debt” is conditional or unconditional, and includes all present and future credit balances, securities, contracts relating to securities and other property held or carried through your account for any purpose, including any property in which you have an interest at any time, your property we hold for safekeeping, dividends, or other income or proceeds derived from any of the above;

“**investment fee(s)**” means the fees charged on your fee-based account type as set out on our account forms;

“**margin**” buying refers to the purchase of securities with cash borrowed from us, using other securities as collateral (or margin) for the loan or margin facility;

“**margin account**” means an account with a margin facility to which Part III additional terms of this agreement applies;

“**margin facility**” means a loan or credit facility provided to you as borrower by us as lender dealt with in Part III of this agreement;

“**securities**” means all things generally called securities, including, without limitation, investment property, shares, share certificates, installment receipts, deposit receipts, securities entitlements, financial assets, securities accounts, portfolio accounts, bonds, debentures, notes, options, warrants, rights, and any other securities or financial instruments and legal rights of any kind, and all property customarily dealt in by brokers;

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## Law that applies to this agreement

This agreement and every transaction carried out for your account are subject exclusively to the laws of the province of Canada where the branch you maintain your account at is located.

They are also subject to the constitution, by-laws, rules, regulations, customs and usages (together, “governing rules”) of the exchange (and its clearing corporation, if any) where a transaction is executed.

If a transaction is not executed on an exchange, this agreement is subject to the governing rules of the Investment Industry Regulatory Organization of Canada Inc. (IIROC) or any market associations of brokers or dealers to which we belong.

If any statute, regulation, or governing rule invalidates any part of this agreement, that part of the agreement will be amended or superseded to comply with the statute, regulation, or governing rule.

## Jurisdiction over disputes

Any dispute between you and us over this agreement will be within the exclusive jurisdiction of the courts of the province where the branch you maintain your account at is located.

The following paragraphs contain information about the execution of orders and the delivery of securities.

## Refusing to take orders without liability to you

We have the right, in our sole discretion, to refuse to accept buy or sale instructions from you or your agent whenever we consider it necessary for our protection or otherwise.

You waive all claims against us for any loss or damage arising from or related to such refusal.

## How we deal with accepted orders

All orders that we accept are valid until either executed or cancelled on the day of entry, unless you specify a longer time.

All orders that we accept are binding on you from the moment of execution.

You must settle a transaction on the settlement date even if you have not received a trade confirmation.

In purchasing or selling any securities for your account, we can execute orders either for your account alone, as part of larger transactions involving other clients, or by purchasing from or selling to another of our principals, in any way we decide.

## Requirement to deliver securities

When you give us instructions to sell securities, you warrant that you actually hold those securities, unless you tell us otherwise when you enter the order.

You must always deliver the securities you ask us to sell for you.

If you do not immediately deliver the securities to us in proper form, then we may buy or borrow any securities necessary to deliver them for you, without notice to you. You must pay us all losses or expenses resulting from us borrowing or purchasing the securities, delivering them late, or being unable to borrow or purchase the securities.

## Share certificates

We are not obligated to deliver the same certificates, securities or other assets that are deposited with us or that we receive for your account. We may deliver certificates, securities or other assets of an equivalent amount and of the same nature and kind.

The following paragraphs contain information about the fees you pay us and that we receive from third parties.

## Our commission and other fees

You must pay our commission, administrative fees and other transaction charges, if any, for all purchases and sales of securities in your account at the rates we establish from time to time, or as you and we otherwise agree. We will deduct from your account all commissions, administrative fees and transaction charges applicable to your account. Commissions will not generally apply if your account is a fee-based account. Investment fees applicable to fee-based accounts are discussed in Part IV of this agreement.

We may earn revenue in addition to commission or fees, from the following sources: currency conversion charges on certain trades and mutual fund transactions, fees paid by issuers and others in connection with corporate actions and new issues, the sale of fixed income products and trailer fees paid by mutual fund companies. Additional commissions may be charged above those disclosed in a mutual fund prospectus.

For transactions involving fixed income securities, we may earn remuneration which is added to the price you pay in the case of a purchase and is deducted from the price you receive in the case of a sale.

The following paragraphs contain information about your and our rights and your responsibilities if you are indebted to us and our ability to deal with your securities.

## Indebtedness to us

You must promptly pay us, on demand, any money you owe us arising from transactions we have carried out for your account and any debit balance on any account you have guaranteed (together, “indebtedness” or “debt”).

You agree to reimburse us for any losses or charges we incur in connection with any cheques provided in relation to your account.

You must always secure your debt to us in any way we require. Your debt will bear interest at rates we establish from time to time for our customers generally. We do not need to notify you of any changes in those rates.

## Use of free credit balances

We do not need to segregate or hold any credit balances in your account separately. We may commingle them with our general funds or deposit them in trust and use them for the general purposes of our business, or our affiliates’ business, including for the purpose of earning an interest rate spread.

A credit balance will be considered to be an item in a debtor- and-creditor account between you and us and need not be segregated and may be used by us in the ordinary course of our business. You will rely only on our liability in respect of the credit balance, and our relationship with respect to such cash held is one of debtor and creditor only. Alternatively, if deposited in a trust, you will be identified as a beneficiary of that trust.

## Pledge, lien and continuing security

You pledge and grant to us a security interest in all present or future securities and credit balances that we hold for your accounts, including securities in our safekeeping, as a continuing security for the debt you owe us now or in future, whether individual or joint, including any liability arising due to any guarantee by you of any other person.

You authorize us to sell, buy, transfer, pledge, or re-pledge those securities without notice or advertisement to pay your indebtedness to us.

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If you have more than one account with us (including joint accounts), we may at any time, without notice, transfer the debit or credit balance in one account to another account, in money or securities, and adjust the balances in those accounts as we, in our sole discretion, consider appropriate.

We may keep any securities we hold for your account at any of the places where we have an office, unless you instruct us otherwise in writing.

The sub-paragraphs are intended to create rights in our favour which are in addition to our other rights or security held by us. We may exercise our rights separately, in combination, consecutively or concurrently. If any part of the collateral is located in any jurisdiction other than the jurisdiction governing this agreement, these sub-paragraphs are intended to create a valid general lien or security according to the laws of that other jurisdiction:

*We have a security interest in all of your collateral, except securities held in a registered plan. You consent to us having control of the collateral and your accounts for this purpose.*

*Regardless of any other agreements relating to the collateral, our jurisdiction is British Columbia for purposes of the Securities Transfer Act (BC) or similar legislation in other relevant jurisdictions.*

We are not obligated to grant you credit in any amount. This means that the collateral is a security for any or all of your indebtedness and obligations to us, present or future, mature or contingent.

We and our nominees have full and exclusive ownership rights over the collateral and may perform all acts of ownership with respect to it. The collateral must be registered under our name. You may not modify or instruct anyone to modify the collateral without our consent or the consent of our nominees.

This section does not apply to collateral held in a registered plan.

### **Debt repayment**

In our sole discretion, whenever we consider it necessary to pay outstanding fees or protect our interests (because we hold insufficient collateral or otherwise), we may do any of the following:

- a. sell any securities held or carried for your account (either individually or jointly with others);
- b. buy any securities necessary to cover a sale of securities that you do not hold (a “short sale”) for your account;
- c. cancel any outstanding order.

We may take these actions without giving you prior notice, tender, demand or call. We may buy or sell securities on any exchange or other market or by public or private purchase or sale, on the terms and in the manner we decide. If we advertise or give you notice or demand when we take these actions, it will not constitute a waiver of our right to take any other action authorized under this agreement without advertisement, notice or demand.

We will apply the net proceeds of any sale of your collateral against your indebtedness to us in the following order:

- a. pay our costs and expenses related to the sale;
- b. repay your debt to us; and
- c. transfer any remaining balance to your account.

You will still be obligated to pay any remaining deficiency.



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## Use of pledged securities and lending

Whenever you owe us money, or have a short position with us, all securities we hold or carry in your account, or that are deposited to secure the debt, may at any time and without notice to you be carried in our general loans.

We may pledge, re-pledge, hypothecate, re-hypothecate or loan those securities, either to ourselves as brokers or to others, separately or together with other securities, whether for more or less than the amount you owe. We do not need to keep in our possession or control a similar amount of similar securities for delivery.

We may, without notice to you, lend or use securities in your account, either separately or together with other securities, to make delivery against a sale, even if the sale is for the account of another one of our customers.

The following paragraphs contain information about account statements and other notices we will send you and your obligation to advise us of any errors.

## Statements, confirmations and notices

We will send you confirmations, statements, notices, and other communications electronically, by fax, or by mail at the most recent electronic address, fax number, or mailing address you have given us. If you have requested paperless statements for viewing on our website, you will receive monthly electronic notices when your statement is ready to view online. It is your responsibility to access and review them. After we send these notices or statements to you, we will treat them as having been received and reviewed by you.

We will treat every transaction referred to in any confirmation, statement, notice, or other communication we provide you to be authorized, correct and confirmed by you, unless you tell us otherwise in writing within 30 days of the date of our communication.

The following paragraphs contain information about foreign exchange transactions.

## Foreign exchange transactions and currency conversions

We may perform foreign currency transactions when you ask us directly or indirectly. An example of an indirect request is when you request a trade in securities denominated in a currency other than the currency of your account or you have received certain corporate entitlements (including dividends, interest, etc.) from an issuer of securities denominated in a currency other than the currency in your account ("foreign trade"). For managed accounts, foreign currency transactions are performed on your behalf when we make a foreign trade. For Canadian dollar denominated registered plan accounts, we will always convert purchases and sales of foreign securities to Canadian currency. For U.S. dollar denominated registered plan accounts, we will always convert purchases and sales of non-U.S. securities to U.S. currency. Contributions, withdrawals and other tax reportable transactions for U.S. denominated registered plan accounts will be converted and reported to the Canada Revenue Agency in Canadian dollars. We may, at our discretion, reject a foreign currency transaction request.

In performing foreign currency transactions we may act as agent or principal. The rate that appears on your trade confirmation or account statement includes an amount that is the difference between the buying and selling price of the currency ("spread") that we earn as revenue for performing this service in addition to any commissions or fees related to the foreign trade for your account. The foreign currency conversion rate and our spread will depend on market fluctuations as well as the amount, date and type of the foreign currency transaction.

We convert foreign currencies into Canadian dollars and U.S. dollars on the day we carry out your transaction unless otherwise agreed.

The following paragraphs contain representations by you about your involvement with other investment dealers and other matters.

## Representations about client information

If you are an individual, you represent to us that you are of legal age and that you are not a partner, director, officer, or employee of any other member firm or any exchange, or of any non-member broker or investment dealer, unless you have disclosed it on your application form. You confirm that you have advised us of any trading restrictions that apply to you and to any of your accounts. If we agree in writing, we will invest your accounts in accordance with those restrictions.

You will notify us immediately of any change to your personal or financial circumstances, any information in any account opening documentation (including changes in your objectives), and any trading restrictions or changes in trading restrictions that apply to you. You will also notify us immediately if you become a partner, director, officer or employee of a member firm or any exchange, or any non-member broker or investment dealer. You acknowledge that changes in information provided may result in changes to your investment objectives or investment policies.

You understand and accept that we rely on the financial and other personal information you provide us in your account application form and updates, including in any risk tolerance questionnaire, to carry out our Know Your Client and other regulatory obligations.

**The following paragraphs contain information about how we handle your personal information and protect your privacy.**

## Personal information and credit checks

You agree and consent to Vered and your advisor collecting your personal information and using it for the purposes described in our Privacy Policy and for other purposes required or permitted by law. Our Privacy Policy is posted on our website at [www.canvered.ca](http://www.canvered.ca). You give Vered and your advisor your consent and permission to collect and use your personal information for:

- a. *Regulatory oversight, audit or compliance purposes.* We may be required to permit access or disclose your personal information to any of the following:
  - i. securities regulatory organizations and exchanges to which we are a member or are otherwise subject (SROs),
  - ii. our auditors or other professional third-party advisors that may need to access or collect personal information for audit purposes and may be required to disclose that information to their professional regulatory oversight organizations.

You consent to the use and disclosure of your personal information by SROs, successor firms and auditors, for the purpose of an investigation, account transfer or audit relating to either your account or for our business in general.

- b. *Account transfer purposes or the departure of your advisor.* We may be required to permit access to or disclose your personal information to another investment dealer if:
  - iii. you decide to transfer your account to another investment dealer; or
  - iv. your advisor leaves Vered Wealth Management (Canada) Co., Ltd. to join another investment dealer.
- c. *Credit and margin purposes.* We may use your personal information, including your social insurance number, and disclose it to lenders or credit reporting agencies to conduct a credit check or to determine your creditworthiness for account opening, administration or margin purposes. Credit checks will appear on your credit report, which can be obtained through credit reporting agencies, such as Equifax. If you withdraw your consent to a credit check, we may not be able to open a margin account or extend credit to you.

- d. *Account administration and reporting purposes.* We and our service providers may use your personal information to process and deliver trade confirmations, account statements, proxy-related materials or other documents electronically (such as by facsimile, email, text messaging, internet access or any other means of electronic messaging). This may include providing access to or disclosure of your personal information to our agents or third-party service providers. You consent to Vered and your advisor communicating with you by electronic messaging for these purposes. You acknowledge that we may, but are not required to, record telephone calls by which your orders are placed or confirmed. We may do so whether those telephone calls are between you and us or between us and any broker or dealer or market to whom an order is directed.
- e. *Specialized service provider purposes.* We may disclose your personal information to our service providers so they can provide specialized services on our behalf. These services include, but are not limited to, mail distribution, data processing, compliance monitoring, cheque-printing, research, newsletters and marketing.

Our service providers may be responsible for processing or handling personal information. We give them only the personal information they need to perform their services and on the condition that they protect it in a manner consistent with our privacy policies. Some of our service providers may be located outside Canada. For example, the back-up server for client data on the Dataphile trading platform is located in the United States. If a service provider or its systems server is located in a foreign jurisdiction, it is bound by the laws of that jurisdiction and may disclose your personal information under those laws.

- f. *Communication purposes.* We may use your personal information to communicate with you in any manner including, but not limited to, any form of electronic messaging or telephone. We will contact you using the most recent electronic address or telephone, cell phone or facsimile numbers you give us.

We may contact you at any time of the morning or evening without restriction. We will not be required to place calls to you solely within the permitted time periods set out in “do not call” legislation.

- g. *Marketing purposes.* We may use your personal information to inform you about our products, services and other opportunities. Where it is not prohibited by law, we may share your personal information with our affiliates in Canada for the purpose of referring life insurance, disability insurance, annuities and other insurance products and services to you.

You or your authorized representative may ask us during normal business hours to rectify any incorrect personal or financial information. You may withdraw your consent at any time by providing notice to us in writing at:

Vered Wealth Management (Canada) Company Limited  
Suite 2500 – 1075 West Georgia Street Vancouver, BC V6E 3C9  
[davidlu@canvered.ca](mailto:davidlu@canvered.ca)

The following paragraphs contain information about limits on our liability to you.

### **Limitation of liability**

You acknowledge that all investments involve financial risk (the amount of which may vary significantly) and that the value of assets in your account(s) may fluctuate due to market conditions and other factors.

You further acknowledge that you are responsible for any losses realized on your investments and that neither we nor our advisors are responsible for any decrease in the value of your account or any losses (direct, indirect or consequential) that are realized on your investments, however caused, unless such loss is caused by our negligence or willful misconduct. We do not guarantee investment results.

Unless the loss is caused by willful misconduct or our negligence, we are not liable for any losses, claims, damages or liabilities on your account, however caused, which result from any of the following:

- a. trading in securities;

- b. delays in receiving or processing transaction instructions;
- c. delays in transferring securities or account balances to a third party;
- d. any action we take or do not take because of an error in your instructions to us or if we do not receive your instructions;
- e. accepting, acting upon, or refusing to act upon an electronic or digital signature that has been, or appears to us to have been, submitted by you;
- f. government, regulatory or self-regulatory restrictions or regulations, exchange or market rules, suspension of trading, unusual market activity, cease trading orders, war, strikes, equipment malfunction or other conditions or events which are beyond our control;
- g. errors or omissions caused by persons, or by conditions, over which we have no control. We will adjust errors or omissions with respect to any transaction for your account that we have caused; or
- h. not offering a specific investment opportunity or excluding a specific security from any managed account.

We accept responsibility under this agreement other than to act honestly and in good faith and without willful misconduct or negligence. In particular, unless you and we agree in writing, we will have obligation to recommend an investment program to you, monitor the securities in your account, communicate trading limits, margin calls or changes in the market, advise you of pending record dates or the pending expiry of rights or warrants, use our discretion in the purchase or sale of securities for you, or give you any material information about any securities we or any of our employees or representatives learns.

We do not offer tax advice to you. We recommend you obtain advice from a qualified tax professional.

This limitation of liability will survive termination of this agreement.

### **Indemnity regarding agents and attorneys**

You will indemnify and hold us harmless from any and all losses, liabilities, costs and expenses (including legal fees) resulting from us acting in accordance with any authority granted by you to an agent under a trading authorization or an attorney under a power of attorney to transact on your accounts. Without in any way limiting the authority granted to us, and without requiring us to take action with respect to any past, present or future circumstances, we may, in our absolute discretion, require joint action by all of your agents or attorneys (as the case may be) with respect to any matter concerning your accounts, including but not limited to giving or cancelling orders or withdrawing money, securities or other property.

The following paragraphs contain information about proceeds of crime legislation we must comply with and how that may affect you.

### **Proceeds of crime legislation**

You acknowledge that proceeds of crime (money laundering) legislation imposes obligations on us and our employees and representatives to verify client identity and to report and record some of our clients' transactions. We are required to report "suspicious transactions" to an agency of the federal government known as FINTRAC. "Suspicious transactions" include financial transactions or activity we reasonably suspect are related to the commission of a money laundering offence. The legislation prohibits us and our employees and representatives from informing a client that a report has been made, or from disclosing to a client the contents of a report.

FINTRAC has the power to seize mail or enter our premises without a search warrant to determine whether we are complying with the legislation. The legislation may require us to disclose confidential or personal information about you. By signing the application form and entering into this agreement, you acknowledge that you have been made aware of these obligations.

## Death or incapacity

Subject to the terms governing a joint account or managed account, and when you have not otherwise provided instruction or direction to us, upon receiving notice of your death or incapacity, we will cease to accept instructions provided in accordance with this agreement for your account or, in the case of a managed account, cease buying securities in your account (other than from your attorney acting under a valid enduring power of attorney when you lack capacity) and we will not dispose of any securities in the account, until we receive instructions from a representative of your estate or other court appointed or otherwise recognized representative.

We may continue to debit your account in respect of any applicable administrative or other fees, such as investment management fees, charges or commissions payable to us, without prior notice to or demand on, your successors.

We reserve the right to refuse to act upon any instructions of such a representative without being provided with the equivalent of letters of administration, probate, a notarial will or any other document or evidence of, or in connection with, the authorizations or transmission as we may deem necessary.

You indemnify and hold harmless Vered and the trustee of your registered plan, if applicable, our respective associates and affiliates, and each of our respective directors, officers, custodians, employees, agents, assigns and any portfolio manager or investment manager from and against any loss, liabilities, claims, demands, costs and expenses (including legal and accounting fees) resulting from either our actions or inaction following your death or incapacity, or resulting from us following any directions given by you during your lifetime, or as a result of your failure to observe the terms of this agreement. This indemnity will survive the termination of this agreement and will be binding upon your heirs, executors and personal representatives.

## PART II: ADDITIONAL TERMS FOR JOINT ACCOUNTS

The following paragraphs contain additional terms that apply to you if you have a joint account with someone else. It contains important information about how your joint account will operate and each account holder's rights.

### Authority

The provisions of this Part II are additional provisions applying to joint accounts with us and must be read and construed together with all the other applicable sections of this agreement.

By signing our agreement at the end of the application form, in your capacity as either joint tenants or tenants-in-common as noted on your application form (together, the "tenants"), you authorize and request us to open a joint account at Vered in both your names.

Each tenant jointly and severally agrees with Vered that:

- a. all transactions for the joint account are subject to the terms and conditions of this agreement and all other existing agreements, declarations or statements of intention between you and us, all of which form part of this agreement; and
- b. each of you as a tenant, acting alone (unless requested to act jointly), is authorized and empowered to do any or all of the following for the joint account:

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- i. buy and sell (including short sale) and otherwise deal in, through Vered as brokers, stocks, bonds and other securities and commodities on margin or otherwise, even if you sell property that is not in your joint account,
  - ii. receive demands, notices, confirmations, reports, statements of account and all communications from us,
  - iii. receive and dispose of money, securities and property of every kind for the joint account, without recourse to us,
  - iv. sign agreements relating to any of the actions referred to above,
  - v. generally, to act and deal with us in respect of the joint account as fully and with the same authority as though the account were yours alone, without notice to any other tenant.

Without in any way limiting the authority granted to us under this agreement, and without requiring us to take action with respect to any past, present or future circumstances, we may, in our absolute discretion, require all tenants to act together for any matter relating to the joint account, including giving or cancelling orders or withdrawing money, securities or other property from the joint account.

### **Indemnification**

As tenants you jointly and severally agree to indemnify and hold us harmless from any and all losses, liabilities, costs and expenses (including legal and accounting fees) resulting from our acting in accordance with the authority referred to in section 1 (Authority).

### **Liability**

As tenants you are jointly and severally liable to us for any debts, obligations or liabilities arising in connection with the joint account.

For the purpose of securing the payment of such debts, obligations or liabilities, we will have a general lien on all money, securities, credits, contracts, equities, commodities or other property belonging to you, jointly or individually, which may at any time be in our possession or under our control for any purpose, including safekeeping, whether in the joint account or otherwise. This lien is in addition to and not instead of the rights and remedies we otherwise would have.

### **Death of a tenant**

If a tenant dies while you own the joint account:

- a. the surviving tenants must immediately give us written notice of the death by delivering it to our office where the joint account is kept;
- b. until we receive written notice of the death, we may continue to exercise orders and deal with the joint account as if the deceased tenant were alive;
- c. before or after we receive written notice of the death, we may require acknowledgements, directions or other documents, restrict transactions in the joint account, or take any other actions or proceedings that we consider necessary or advisable to protect us against any tax, liability, penalty or loss;
- d. the estate of the deceased tenant and each surviving tenant will continue to be liable to us, jointly and severally, for any debts, obligations, liabilities or losses resulting from the completion of transactions initiated before we received written notice of the death, the liquidation of the joint account or adjusting the interests of the surviving tenants.

### **For joint tenants with right of survivorship (Canadian residents other than Quebec residents)**

If you have indicated on your account application form that the joint account is held in joint tenancy with right of survivorship and provided that all gratuitous transfers made to the joint account were intended as a gift to the joint tenants, then if a tenant dies, the entire interest in the joint account will vest in the surviving tenants. That interest will vest as of the close of business on the date of death (or on the next business day if the date of death is not a business

day). This does not in any way release the deceased tenant's estate from its obligations under section 4(d) above (Death of a tenant).

As far as practical, we will deduct any taxes, costs, expenses or other charges that become a lien against or payable out of the joint account as a result of a tenant's death, or the exercise by his or her estate or representative of any rights in the joint account, from the interest of the deceased tenant's estate in the joint account.

### **For joint tenants without right of survivorship/ tenants-in-common (all Canadian residents)**

If you have indicated on your account application form that the joint account is held as tenants- in-common without right of survivorship (mandatory for joint accounts in Quebec where the rules of undivided co-ownership apply), then when we receive notice of death of any tenant, we will separate the account into equal accounts, as closely as we can, in the names of the surviving tenants and the deceased tenant's estate.

Each surviving tenant and the deceased tenant's estate will continue to be liable, jointly and severally, for any indebtedness at the time the joint account is separated. In no event will we be liable to any tenant, or any tenant's legal representative, for accepting orders or instructions from any tenant or any tenant's legal representative for the joint account, until we receive written notice of the death of a tenant or written notice of the termination of the joint account.

The following paragraphs contain additional terms that apply to you if we approve you to borrow money from us and trade on margin.

## **PART III: ADDITIONAL TERMS FOR MARGIN ACCOUNTS**

### **Margin facility**

The provisions of this Part III are additional provisions applying to margin accounts with us and must be read and construed together with all the other applicable sections of this agreement.

If you apply for a margin (credit) facility with us, we may, in our sole discretion, grant the credit to you for purposes of borrowing money from us provided that we may, at any time:

- a. reduce or cancel any margin (credit) facility we make available to you or refuse to grant any additional margin facility to you; or
- b. require you to provide collateral (margin) in addition to the margin requirements of the applicable regulatory authorities.

You acknowledge that for certain option strategies producing a credit, regulatory authorities may require significant additional margin.

You must promptly pay any money you owe us as a result of any reduction or cancellation of your margin facility.

### **Margin requirements and lien**

You must maintain the margin (collateral) we require from time to time in your account and you must promptly deposit additional money or securities as margin (collateral) when we demand (a "margin call").

You specifically acknowledge that the pledge and lien referred to in section of "Pledge, lien and continuing security" applies to your margin facility indebtedness. We may hold securities in all your accounts, including securities we hold in safekeeping, to discharge all your debt or obligations to us and any contingent liability arising from your guaranteeing the obligations of others.

You agree that you will:

- a. pay us on our demand (whether verbal or in writing), any money you owe us relating to your account;
- b. discharge all of your obligations and pay in full all of your indebtedness to us, together with interest;



- c. maintain the margin we require; and
- d. promptly sell securities when we require it.

You agree that we may:

- a. refuse to increase the margin facility;
- b. reduce or cancel the margin facility;
- c. require you to provide more margin (collateral) than is required by applicable regulatory authorities;
- d. change our margin rates at any time without giving you notice; and
- e. sell the securities in your account without notice to meet our margin requirements but we are under no requirement to do so.

### **Default and put/call transactions**

If you do not meet margin calls promptly, we may, in our sole discretion and without notice to you, take any steps we consider necessary to protect ourselves in connection with put or call transactions made for your accounts.

We may, without limitation, buy or sell short for your accounts and at your risk, or buy for your accounts and at your risk any puts or calls. You must reimburse us for any expenses we incur in this connection.

### **Interest**

You must pay interest on your borrowing in margin accounts with us at our prevailing rates for margin accounts, including any increases in rates caused by money market conditions. You must also pay us the usual charges to cover our credit services and facilities. We are not obligated to notify you of any rate changes.

### **Risks of borrowing money to invest**

Margin accounts can be very risky, and they are not suitable for everyone. Before opening a margin account, you should fully understand that:

- a. you can lose more money than you have invested;
- b. if the value of your account declines, you may be required to deposit additional cash or securities to your account on short notice (this is referred to as a margin call);
- c. you may be forced to sell some or all of your securities if the value of your account declines; and
- d. Vered may sell some or all of your securities without consulting you in order to settle a margin call.

You acknowledge that using borrowed money to purchase securities involves greater risk than using cash resources only, including if you buy on margin. If you borrow money to purchase securities, you must still repay the loan and any required interest even if the value of the securities you purchased declines.

The following paragraphs contain additional terms that apply to you if you have a fee-based account. It contains important information about each account holder's rights and how your fee-based account will operate.

## **PART IV: ADDITIONAL TERMS FOR FEE-BASED ACCOUNTS**

### **Priority**

The provisions of this Part IV are additional terms applying to fee-based accounts with us and must be read and construed together with all the other applicable sections of this agreement. If there is an inconsistency or conflict between this Part IV and the other sections of this agreement (as amended from time to time), this Part IV will take priority.



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## Services and fees

You understand that the investment and administrative fees you are charged for your fee-based account are for customary full-service brokerage and execution services, administration, custody, investment advice and reporting (the “service(s)”). You agree to pay the prescribed investment fees and administrative fees, and any applicable performance fee, as amended from time to time. We may change the fees from time to time provided that no increase will be effective unless we provide you with at least 60 days’ advance written notice.

Investment fees are calculated on an annual percentage rate based on the value of the assets in your account(s) (as determined by Vered on the last business day of the month) and are billed monthly (or quarterly as agreed). Fees will be pro-rated for accounts opened part way through the month if billed monthly or through the calendar quarter (if billed quarterly), unless otherwise agreed to between you and us. Administrative fees (if any) are charged in accordance with the Vered Wealth Management (Canada) Co., Ltd. administrative fee schedule and may include a minimum fee for the services. All fees are payable in arrears on the last day of the calendar month unless otherwise agreed and are subject to GST/HST.

## Deduction authorization

You authorize us, in our sole discretion, to sell or dispose of sufficient securities in your account(s) to pay any outstanding investment fee or administrative fees or other charges owing to us and to deduct any and all of the fees when due to us from your account(s). We will not withdraw fees owing to us on non-registered accounts from registered plan accounts.

## Tax consequences

You acknowledge that:

- a. holding a fee-based account may result in tax consequences when rebalancing the asset-mix of investments in your account, switching classes of investments or redeeming units;
- b. your payment for services and other brokerage and transaction-related charges may produce income tax results different from those resulting from the payment for services and brokerage and other transaction-related charges on a per-trade basis; and
- c. in connection with the termination of this agreement, that the sale or redemption of assets, alone or together with the purchase of assets of the same or similar type outside your fee-based accounts, may have income tax consequences.

## Mutual funds

We will ensure that certain classes of a mutual fund will be available to your fee-based account and all sales charges, management fees, trailing commissions, short-term trading fees or other features of the mutual fund, and all purchases and redemptions of, and switches to and from the mutual fund are made pursuant to the terms and conditions set out in the mutual fund prospectus.

- a. You acknowledge that a mutual fund may require a switch of certain classes to another class if you transfer your fee-based account to a traditional commission-based account that is not eligible to hold that class of mutual fund or if our dealer agreement with the mutual fund terminates for any reason. You hereby authorize us to take such action on your behalf as may be required of a unit holder to affect the switch of classes of units of a particular fund as may be required by the fund in such circumstances.
- b. Fees will apply to no-load mutual fund units and certain classes of a mutual fund. You acknowledge that we may receive trailing commissions from a mutual fund as a result of units of that mutual fund being held in your fee-based account. Such commissions are in addition to the fees charged for our services. All eligible fund units that are acquired through an automatic investment program subsequent to your fee-based account opening will be assessed fees. Vered reserves the right to charge fees on such cash or cash equivalent positions and non-F-class mutual fund units and non

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no-load mutual fund units in certain instances. However, Vered will not charge fees and simultaneously collect trailing fees and commissions on non-F-class funds.

## **NON-DISCRETIONARY FEE-BASED ACCOUNTS (E.G. VIRIDIAN)**

### **Services and excessive trading**

You agree that non-discretionary accounts (such as Viridian accounts) are not to be used for day trading or other excessive trading activity, including, without limitation, excessive options trading or trading in mutual funds based on market timing (together, “excessive trading”).

In the event that we determine, in our sole and absolute discretion, that excessive trading is occurring in any non-discretionary account, then such excessive trading may be restricted, commissions on trades may be imposed or your account may be terminated by us. We are not responsible for losses arising from excessive trading or restricted or closed accounts.

## **DISCRETIONARY MANAGED FEE-BASED ACCOUNTS**

### **Discretionary authority**

You give us full power and authority to perform all actions on your behalf that we, in our sole discretion, consider appropriate for the operation of your discretionary managed account. We will continue to do so until you terminate this agreement by notifying us in writing. We will make all investment decisions and portfolio changes and you agree to be bound by all investment decisions we make. We do not have to execute any order or comply with a direction from you if we decide, in our sole discretion, that it is not suitable or in keeping with your investment objectives.

In exercising our discretionary authority, we may, but we are under no obligation to, without limitation:

- a. invest, reinvest or hold the funds in your account in securities, cash or cash equivalents,
- b. buy, sell or exercise rights and warrants, subscribe for securities, exercise conversion, redemption, extension and retraction privileges, and exercise any rights or powers associated with issuers whose securities are held in your account,
- c. give or withhold our consent to any reorganization or similar transaction for an issuer whose securities are held in your account,
- d. vote or abstain from voting the securities in your account in any way we consider appropriate,
- e. retain third parties to vote or assist with voting the securities in your account in any way they consider appropriate and withhold the mailing to you of any prospectus, information circular, annual information form, take-over bid circular or any other similar document concerning the issuers whose securities are purchased for your account, unless you request in writing to receive such documents or we are required by law to send them to you,
- f. direct and instruct custodians and others when we consider it necessary or advisable, which includes giving settlement instructions and, unless you tell us otherwise, directing that Vered act as broker to execute securities transactions,
- g. do any of the following with respect to a class action associated with securities, or issuers whose securities are, currently or formerly held in your account (the “class action”), which by entering into this agreement you consent to and acknowledge:
  - i. claim proceeds arising from the settlement of the class action on your behalf;
  - ii. release any defendant from a claim by you related to the class action;
  - iii. deduct expenses related to pursuing the class action from your account;
  - iv. decide in our sole discretion not to pursue the class action; and
  - v. disclose your personal information to the class action’s claim administrator in keeping with our privacy policies.

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- h. do any of the following for your account, which by entering into this agreement you consent to and acknowledge:
    - i. trade in securities of an issuer that is related to us, or for which we, our subsidiaries and affiliates, and the partners, directors, officers, employees or agents of us or our subsidiaries and affiliates (each, a responsible person) is an officer or director;
    - ii. trade in securities of an issuer in which a responsible person has a direct or indirect interest or for which we have acted as agent or underwriter;
    - iii. buy or sell securities from or to the account of a responsible person or an associate of a responsible person; and
    - iv. purchase securities pursuant to a prospectus exemption based upon being a portfolio manager making investment decisions for a discretionary managed account, trade in securities of an issuer in which a responsible person has a direct or indirect interest or for which we have acted as agent or underwriter.
  - i. refuse, at our sole discretion, any request from you to sell a particular security held in your account or modify the asset allocation in your account.

### **Administrative details of the account**

- a. Execution of transactions: You acknowledge and agree that securities transactions in your account will generally be executed through us but that they may be executed through other investment dealers.
- b. Prospectuses, proxy materials, voting rights, etc.: You understand that we will not provide you with a prospectus, information circular, annual information form, take-over bid circular or any other similar document concerning the issuers of securities which are purchased for your account, unless otherwise required by law.
- c. Further documentation: You agree to provide us with such further documentation as we may reasonably require in connection with providing you with investment management services pursuant to this agreement.

### **Custody**

You acknowledge that unless you specifically instruct us in writing otherwise, we, or our nominee, will hold all share certificates and other evidence of ownership or title to investments made on your behalf as custodian. Where you have appointed a financial institution other than us to act as the custodian of the assets in your managed account(s), you agree:

- a. to keep all securities lodged with that custodian in negotiable form (in order for us to effect prompt settlement of all trades made on your behalf);
- b. not to withdraw your assets or otherwise instruct that other custodian without prior notification to and consent by us;
- c. we will not be liable to you for safekeeping of your assets; and
- d. you will instruct any other custodian you appoint to take directions from us concerning transactions on your behalf and you will provide us with a copy of those instructions.

### **Standard of care**

In performing discretionary investment management services for your accounts or if selecting external portfolio managers to provide the model portfolio mandates, for whom we are responsible, we will exercise the same care, diligence and skill that a reasonably prudent investment manager would exercise in dealing with the property of another person in similar circumstances and under similar market conditions. We are responsible for any loss that arises out of an investment manager failing to meet this standard of care or failing to exercise its powers and duties honestly, in good faith, and in our or your best interests.

### **Fairness of trade allocation**

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When allocating investment opportunities, we attempt to allocate securities, purchased and sold, among the managed accounts of our clients based on the suitability of the investment for each account. We determine the suitability of an investment for your account by considering your circumstances and needs and with reference to any investment policy statement, risk tolerance questionnaire, or any other comparable document established by you. We aim to treat you and our other clients fairly and reasonably considering the nature of a transaction, its costs, and the respective investment objectives, size and investment position at the time of allocation.

When orders for more than one managed account are entered as a combined order, and the transactions are executed at the same or at varying prices, we will use reasonable efforts to ensure that your account is given the same execution price as the managed accounts belonging to our other clients. This may include calculating a weighted average execution price and attributing it to all accounts in a combined order.

When orders for more than one managed account are entered as a combined order, and less than the total order is executed as a block order, we will use reasonable efforts to allocate securities pro rata based on order size. We may also consider the proportion of a portfolio that a security represents, the weight of the industry or security type in a portfolio, or the cash reserve position in a portfolio.

Any orders, and any modification or cancellation of orders, are to be recorded in electronic form or in writing and time-stamped. We will use reasonable efforts to ensure that orders are processed on a first-in, first-out basis, subject to market conditions and stock exchange procedures.

### **Trade confirmations**

We will not provide trade confirmations to you with respect to trades in your account, unless otherwise agreed in writing.

### **Managed account investment objectives**

Your managed account agreement will contain a risk tolerance questionnaire, an investment objectives statement, and/or an investment policy statement (the “investment objectives”). These investment objectives contain the objectives, risk tolerance and guidelines for the investment of your portfolio, which we will establish with you after gathering your information.

You acknowledge that we will rely on your investment objectives without further investigation when trading securities for your account. We will invest your managed account in accordance with the investment objectives and your Vered client account application form. Any restrictions you place in the investment objectives on the investment of your managed account assets may result in us, or, if applicable, any investment manager making different investment decisions than would otherwise have been made for you. You confirm the investment objectives along with the information in your Vered client account application form, including any updates, are complete and accurate. We will not be liable for losses arising from errors or omissions made by you.

You can amend your investment objectives at any time by giving us notice in writing. You must advise us promptly in writing if there are any changes to your investment objectives, financial or personal circumstances or any other matters that could affect the suitability of this information or our investment of your managed account.

## **PART V: GENERAL TERMS FOR ALL ACCOUNTS**

The following paragraphs contain information about the relationship between your advisor and us and our affiliates.

### **Advisor as agent**

Your advisor may be an employee or an agent of Vered. In either case, we will be irrevocably liable to you for the acts and omissions of your advisor relating to your account at Vered as if your advisor were an employee of Vered. By continuing to deal with us you accept our offer of indemnity.

### **Non-securities activity**

In the normal course of conducting business with your advisor, he or she may provide services concerning equities, bonds, mutual funds and other securities. Your advisor may also provide advice and services concerning high interest savings accounts and other products offered by outside financial institutions. These activities and products are

conducted through us.

Any non-securities-related business your advisor carries on outside of Vered is your advisor's responsibility only and we are not liable to you.

**The following paragraphs contain information about the risks associated with granting trading authority if you have a registered plan and holding securities "off-book".**

### **Trading authorization for registered plan accounts**

You acknowledge that taxes may become payable as a result of transactions involving assets you hold in a registered plan (including withdrawals). If you appoint or authorize a person to act or trade on your behalf for your registered plan account, you will be responsible for all taxes, interest or penalties resulting from transactions that person authorizes. Any instructions that person gives will be subject to the terms of the registered plan, including any transfer terms or withdrawal restrictions. Any funds withdrawn from your registered plan account will be paid to you as annuitant of the registered plan.

In addition to any other indemnity you may provide to the plan trustee, you will indemnify and hold harmless the trustee and Vered Wealth Management (Canada) Co., Ltd. and their respective associates and affiliates, and each of their respective directors, officers, custodians, employees, agents and assigns from and against all claims, demands, actions, suits or other proceedings, and from all losses, costs, damages, expenses, taxes, interest, penalties and other liabilities whatsoever (including, without limitation, legal fees and expenses), directly or indirectly arising out of or relating to acting in accordance with any power of attorney or trading authorization governing your registered plan account.

This indemnity will survive the termination of the registered plan, the withdrawal or transfer out of the assets you hold under the registered plan, the resignation or revocation of the trusteeship by the trustee, or the termination of the authority under a power of attorney or trading authorization governing your registered plan account. This indemnity will be binding on your heirs and assigns.

### **Canadian investor protection fund coverage**

When securities are held "on-book" they are eligible for Canadian Investor Protection Fund coverage. In most cases, our clients hold their securities "on-book". If you hold your securities "on-book" they will show up on your statements as being held in your account for you in the name of Vered Wealth Management (Canada) Co., Ltd..

Clients may on occasion hold certain securities "off-book", meaning the securities are not shown as being held in a Vered account. Instead, they are held in an account with a third-party (e.g., mutual fund units held by a mutual fund company or guaranteed investment certificates or savings accounts or products held by a bank or trust company) in the name of the client.

You acknowledge that securities held "**off-book**" are not held in a Vered account and **are not** eligible for Canadian Investor Protection Fund coverage.

**The following paragraphs contain general terms of this agreement such as how it will be interpreted, when it becomes effective and how it can be modified.**

### **Headings**

The headings used in this agreement are for convenience only and they do not affect the interpretation of this agreement.

### **Enurement**

This agreement benefits and binds you as well as your heirs, executors, administrators, successors, agents and any party to whom this agreement has been properly assigned. This agreement will continue in the event of your death, bankruptcy or mental incompetency. This agreement is a continuing agreement and consent and applies to all past, present and future transactions. It replaces all prior agreements if they contain terms or provisions that are inconsistent with this agreement.

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## Terms of agreement

This agreement remains in force until we notify you otherwise in writing.

You may terminate this agreement in respect of all accounts except for managed accounts by giving to us at least 10 days advance written notice of termination.

For managed accounts, termination of the agreement will be effective upon our receipt of your written request for termination (except with respect to transactions entered into prior to the receipt). When initiated by us, termination will be effective 30 days from the date of delivery of a termination notice.

Upon our receipt of your notice of termination:

- a. you will still be liable for any transactions that we entered for your account before we received your termination notice;
- b. any unbilled fees, and any other obligations you owe us in respect of fee-based billing account(s), including all proportionate accrued fees from the last billing date to termination date, will be due and payable by you;
- c. in the event of termination only as to a particular account(s), this agreement will remain in full force and effect as to all other outstanding account(s); and
- d. this agreement does not automatically terminate, in whole or in part, upon your death, disability or incompetence.

## Modifications

We may amend this agreement at any time by giving you sixty (60) days' notice in writing, whether provided by mail, email, posting on our client website, or through any electronic service. Unless you provide us written notice otherwise before an amendment takes effect, we will consider the amendment to have been automatically accepted by you.

## English language

You have expressly required that this agreement and all notices, statements of account and other documents relating to it be in the English language only. Les parties reconnaissent avoir expressément demandé que la présente convention ainsi que tout avis, état de compte et autre document devant ou pouvant être produit ou faire l'objet d'une entente en vertu des présentes soient rédigés en langue anglaise seulement.

## Client copy and effective time

You acknowledge receipt of a copy of this agreement. This agreement is subject to our approval of your account application and the opening of your account. This agreement will become effective and binding from the time we first act on your instructions.

## Qualified intermediary

You acknowledge that we have entered into a qualified intermediary withholding agreement with the United States Internal Revenue Service to benefit from simplified withholding and reporting rules, and as such, we have US withholding responsibilities. You agree that we may, to the extent we are required as a Qualified Intermediary or by any laws, rules, regulations, or orders of any US governmental authority, withhold from US sources any sum from payments to or from your account and report as required. If we do so, we will provide you with statements of any deductions, remittances or disbursements.

## Assignment

You cannot assign this agreement to any other party without our consent in writing. If we merge or amalgamate with another company or companies, or if another company takes over our retail brokerage business, the new company will take over our rights and duties under this agreement.

## Time of essence

It is important that both we and you perform all our obligations under this agreement in the required time.

## Severability

If any provision of this agreement is held to be invalid or unenforceable in whole or in part, the validity of all other provisions (and, if applicable, the remainder of the provision in question) will not be affected.

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### **Force majeure**

Notwithstanding any other term of this agreement, neither you nor we will be obligated to perform our obligations under this agreement (except for obligations to make payments and regulatory obligations) if prevented or hindered from doing so by any circumstance that is found to be beyond our control.

### **No waiver**

Nothing that we, our employees or our agents do or fail to do about any right, remedy or power available to us under this agreement or otherwise will mean we waive or modify any of our rights, remedies, or powers. To be effective and binding on us, a waiver must be in writing and signed by two authorized Vered Wealth Management (Canada) Co., Ltd. signatories.

### **Cooperation and further actions**

Both you and we will do all things necessary or desirable to give effect to this agreement, including signing and delivering documents.

### **Electronic signatures**

You authorize us to act on and accept agreements, forms, acknowledgements or instructions that appear to us, in our sole discretion, to have been signed by you using your electronic or digital signature. Any such agreement, form, acknowledgement or instruction will be binding on you and you are responsible for it the same as you would be if you had signed and delivered it to us in writing.

We are not required to verify any electronic or digital signature submitted to us in relation to your account.

You agree to notify us promptly if you suspect or become aware that your electronic or digital signature has become compromised or has been used in a way that you have not authorized. You acknowledge that we may reject or refuse to act on any agreement, form, acknowledgement or instruction signed using an electronic or digital signature that does not comply with applicable laws or our standards.

### **Entire agreement**

You represent to us that you have the necessary authority to enter into this agreement and that the terms of this agreement do not violate any other obligations you may have. This agreement, together with all account applications provided by you, and client disclosure forms and supplemental account contracts provided to you by us, constitutes the entire agreement between us.



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## Options: Risk Disclosure Statement

This brief statement does not disclose all of the risks and other significant aspects of trading in 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 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.

### **OPTIONS**

#### **Variable degree of risk**

Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks.

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

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin. 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 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 payment 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.



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## **ADDITIONAL RISKS COMMON TO OPTIONS**

### **Terms and conditions of contracts**

You should ask the firm with which you deal about the terms and conditions of the specific 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.

### **Suspension or restriction of trading and pricing relationships**

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

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the future 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.

### **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.

### **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.

### **Transaction 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 inquire 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 affected. 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.

### **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.

### **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.

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## **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.

## **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 risk.

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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## **Borrowing Money to Buy Securities (Leveraging): Disclosure Document**

Provincial Securities Regulators require that we provide this information to investors who may be considering borrowing money to buy securities.

There are two ways to buy securities. You can use cash only or a combination of cash and borrowed money. If you pay cash to buy your securities in full then your percentage gain or loss will equal the percentage increase or decrease in the value of the securities. Using borrowed money to buy the securities will magnify the gain or loss. This effect is called leveraging.

Using borrowed money to buy securities involves a greater risk than buying securities using cash only.

### **For example**

You buy \$100,000 of securities and pay for it with \$25,000 in cash and \$75,000 from borrowings. The value of the securities then falls by 10% to \$90,000. Your equity interest (the difference between the value of the securities and the amount borrowed) has now declined by 40%, i.e. from \$25,000 to \$15,000.

However, if you buy \$100,000 of securities with cash only, and their value drops by 10% to \$90,000, then your equity interest has declined by 10%.

Each investor must determine the amount of risk involved in a leveraged purchase of securities. Risk will vary depending on the circumstances of each investor and the securities he or she purchases.

If you borrow money to buy securities, you should know about the terms of the loan that is secured by the securities you buy. Your lender may require that the amount outstanding on the loan not go above an agreed percentage of the market value of the securities. If this happens, you must either pay the loan down or sell the securities to return the loan to the agreed percentage relationship.

### **In our example above**

Your lender requires that the loan not exceed 75% of the market value of the securities. When the value of the securities falls to \$90,000, then you must reduce the loan to \$67,500 (75% of \$90,000). If you don't have the cash to reduce your loan, then you must sell your securities at a loss to provide the money to reduce the loan.

You will also need money to pay the interest on your loan. Under these circumstances, we advise all investors who leverage their investments to have the adequate cash to pay both the interest and to reduce the loan if the borrowing arrangements require such a payment.

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## Self-directed Retirement Savings Plan Declaration of Trust

We, Canadian Western Trust Company, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the annuitant named in the application to which this declaration is attached, for the Vered Self-Directed Retirement Savings Plan (performed by Raymond James) (the “Plan”) upon the following terms:

### Some definitions

In this declaration, in addition to terms defined elsewhere herein,

- “Act” means the *Income Tax Act* (Canada);
- “Agent” refers to the company named in paragraph 15 (Delegation);
- “common-law partner” has the meaning set forth in the Act;
- “Contributions” means contributions of cash or investments to the Plan;
- “Maturity Date” has the meaning set forth in paragraph 8 (Purchase of retirement income or transfer to a RRIF);
- “Retirement Income” has the meaning set forth in the Act;
- “RRIF” means a registered retirement income fund, as defined in the Act;
- “RRSP” means a registered retirement savings plan, as defined in the Act;
- “Spouse” means a spouse for the purposes of the Tax Laws;
- “Tax Laws” means the Act and any applicable tax legislation of your province of residence, as recorded in your application;
- “We”, “us” and “our” refer to Canadian Western Trust Company;
- “You”, “your” and “yours” refer to the person who has signed the application and will be the owner of the Plan; (under the Act, you are known as the “annuitant” of the Plan).

### Registration

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

### Contributions

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

### Investments

We will hold, invest and sell the Plan Assets according to your instructions. We may require any instructions to be in writing.

We may place any uninvested cash in a demand deposit account with a chartered bank in Canada. We will pay interest on any cash balances at such rate and credited at such time as we in our sole discretion determine.

Investments will not be limited to those authorized by law for trustees. However, it will be solely your responsibility to determine whether any Contribution or investment is or remains a “qualified investment” for RRSPs pursuant to the Tax Laws. The Plan will bear any taxes, penalties or related interest imposed under the Tax Laws.

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If the Plan Assets are insufficient to pay any taxes, penalties or related interest incurred, or if taxes, penalties or related interest are imposed after the Plan has ceased, you must pay or reimburse us directly for any such taxes, penalties or related interest. You may, by way of a duly executed power of attorney in a form acceptable to us, appoint an agent to give investment instructions. You release us from any claim or liability when acting upon the instructions of such agent.

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

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

### **Income tax receipts**

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

### **Your account and statements**

We will maintain an account in your name showing all Contributions made to the Plan, all investment transactions and all withdrawals from the Plan. At least once quarterly we will issue you an account statement showing these transactions, including income earned and expenses incurred during such period.

### **Management and ownership**

We may hold any investment in our own name, in the name of our nominee or agent, in bearer form or in such other name or form, or with any such custodian, clearing corporation or depository, as we may determine. We may generally exercise the power of an owner with respect to the Plan Assets, including the right to vote or give proxies to vote in respect thereof, or to sell assets to pay any assessments, taxes or charges in connection with the Plan.

In exercising our rights and carrying out our responsibilities hereunder, we may employ agents and advisors, including legal counsel, and may act or not act on the advice or information of any such agent or advisor.

### **Refund of over-contributions**

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

### **Purchase of retirement income or transfer to a RRIF**

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

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

If you instruct us to purchase a Retirement Income for you, you must also specify the particular type of annuity, in accordance with section 146 of the Act that you would like to receive as your Retirement Income and the name of the authorized company from which we are to purchase same. Any annuity so selected may have one or more of the features permitted by subsection 146(3), subparagraph 146(2)(b)(ii) and paragraph 146(2)(b.1) of the Act. However,

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any Retirement Income so acquired may not be assigned in whole or in part and must be commuted if it would otherwise become payable to a person other than you or, after your death, your spouse or common-law partner. In addition, the total of the periodic payments in a year under an annuity after your death shall not exceed the total of the payments made in a year before your death. It is solely your responsibility to select a Retirement Income that complies with the Tax Laws.

If we do not receive your notice and instructions at least 60 days prior to December 31 of the calendar year in which your Retirement Income must begin, as required under the Act, we will sell the Plan Assets, subject to the requirements of the Tax Laws. If the amount of the Plan Proceeds exceeds \$10,000 (or such greater or lesser amounts as we may in our sole discretion determine), we will prior to the end of that year transfer the Plan Proceeds to a RRIF for you and you hereby appoint us (and/or the Agent) as your attorney(s) in fact to execute all such documents and make elections as are necessary to establish the RRIF. You will be deemed (i) to have elected to use your age to determine the minimum amount payable under the RRIF according to the Tax Laws; (ii) not to have elected to designate your spouse or common-law partner to become the successor annuitant of the RRIF on your death; and (iii) not to have designated any beneficiary of the RRIF. We will administer such RRIF as trustee in accordance with the provisions of the Tax Laws. If the amount of the Plan Proceeds is less than \$10,000 or such greater or lesser amount as the Trustee may determine you will either transfer the Plan Proceeds to a RRIF or deposit the net amount in any-nonregistered interest-bearing deposit account. Please note that any amount chosen must be reflected in the Declaration of Trust and can't be left at the Trustee's discretion.

### **Withdrawals**

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

### **Transfers (on relationship breakdown or otherwise)**

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

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

Such transfers will take effect in accordance with the Tax Laws and any other applicable law and within a reasonable time after any required forms have been completed. If only a portion of the Plan Assets is transferred under this paragraph, you may specify in writing which Plan Assets you wish us to transfer or sell; otherwise, we will transfer or sell the Plan Assets that we deem appropriate. No transfer will be made until all fees, charges and taxes have been paid.

### **No advantages**

No advantage that is conditional in any way on the existence of the Plan may be extended to you or to a person with whom you do not deal at arm's length, other than the benefits and advantages permitted by the Tax Laws.

### **Designation of beneficiary**

Where effective under applicable provincial law, you may designate one or more beneficiaries to receive the Plan Assets or Plan Proceeds on your death. You may make, change or revoke a beneficiary designation by completing, dating and signing the form we provide or any other form appropriate for this purpose and ensuring we receive it.

before we pay out the Plan under paragraph 13 (Death). If more than one form has been received by us, we will act on the one with the latest signature date.

## **Death**

If you die before the Maturity Date, we will, upon receipt of satisfactory evidence of your death and all other documents we may require, transfer the Plan Assets, or sell them and pay out the Plan Proceeds, to the designated beneficiary(ies) under the Plan. If you had not designated a beneficiary or if such beneficiary(ies) dies before you, we will make such transfer or payment to your legal personal representative. Deductions will be made for all fees, costs, charges and taxes to be paid or withheld. We will be fully discharged once we make such transfers or payments, even though any beneficiary designation made by you may be invalid as a testamentary instrument. We will not be liable for any loss caused by any delay in making any such transfer or payment.

## **Proof of age**

Your statement of your date of birth in your application will be deemed to be a certification of your age and your undertaking to provide any further evidence or proof of age that may be required for the purpose of determining the Maturity Date and acquiring a Retirement Income.

## **Delegation**

You authorize us to delegate to Vered Wealth Management (Canada) (performed by Raymond James) (the “Agent”) the performance of certain of our duties, including the following:

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

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

You acknowledge that we may pay the Agent all or any portion of our fees hereunder and reimburse it for its out-of-pocket expenses in performing its delegated duties. You also acknowledge that the Agent will earn normal brokerage commissions on investment transactions processed by it. You acknowledge and agree that all protections, limitations of liability and indemnifications given to us under this declaration, including without limitation those under paragraph 16 (Fees and expenses) and 17 (Trustee’s liability) are also given to, and are for the benefit of, the Agent.

## **Fees and expenses**

We are entitled to receive and may charge against the Plan reasonable fees and other charges that we establish from time to time in conjunction with the Agent, provided that we will give you 60 days written notice of a change in the amount of any such fee. We are also entitled to reimbursement for all taxes, penalties and interest and for all other costs and out-of-pocket expenses incurred by us or the Agent in connection with the Plan. All amounts so payable will be charged against and deducted from the Plan Assets, unless you make other arrangements with us. If the cash in



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the Plan is not sufficient to pay these amounts, we may, in our sole discretion, sell any of the Plan Assets in order to pay same and we will not be responsible for any loss occasioned by any such sale.

### **Trustee's liability**

We are not responsible for determining whether any investment made on your instructions is or remains a "qualified investment" for RRSPs under the Tax Laws.

We are entitled to act upon any instrument, certificate, notice or other writing believed by us to be genuine and properly signed or presented. When the Plan is terminated and all of the Plan Assets are paid out, we will be released and discharged from any further responsibility or obligation in connection with the Plan. We will not be liable to you or the Plan for or in respect of any tax, penalty, interest, loss or damages suffered or incurred by the Plan, you or any other person in connection with the Plan, as a result of the acquisition, holding or transfer of any investment, or as a result of payments out of the Plan, made in accordance with the terms of this declaration or as a result of us acting or declining to act in accordance with instructions given to us, unless caused by our negligence, bad faith or willful misconduct and we may reimburse ourselves for, or pay, any tax, penalty, interest or charges imposed upon us under the Tax Laws or by any other government authority out of the Plan Assets. Without limiting the generality of the foregoing, you will have no claim whatsoever against us in relation to any losses, diminution, damages, charges, costs, taxes, assessments, levies, interest, demands, fines, claims, penalties, fees or expenses incurred directly or indirectly with respect to the administration or trusteeship of the Plan or the Plan Assets ("Liabilities"), except Liabilities directly caused by our negligence, bad faith or willful misconduct. You specifically acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

You, your heirs and legal personal representatives shall at all times indemnify and save harmless us, our associates and affiliates and each of our respective directors, officers, custodians, agents (including the Agent) and employees from and against all Liabilities of any nature whatsoever (including all expenses reasonably incurred in the defense thereof) which may at any time be incurred by any of us, or be brought against us by any person, regulatory authority or government authority, and which may in any way whatsoever arise out of or be connected in any way with the Plan. If we are entitled to and make any claim under this indemnity, the Agent may pay the claim from the Plan Assets. If the Plan Assets are insufficient to cover the claim, or if the claim is made after the Plan has ceased to exist, you agree to personally pay the amount of the claim. The provisions of this section 17 shall survive the termination of the Plan.

### **Replacement of trustee**

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

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

### **Amendments to this declaration of trust**

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



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## Notice

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

## Reference to statutes

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

## Binding

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

## Governing law

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

## Access to file (applicable in Quebec only)

You understand that the information contained in your application will be maintained in a file at the Agent's place of business. The object of this file is to enable us and the Agent, and our respective agents or representatives, to access your application, answer any questions you may have regarding the application and your Plan, and manage your Plan and your instructions on an ongoing basis. Subject to applicable law, personal information contained in this file may be used by us or by the Agent to make any decision relevant to the object of the file and no one may have access to the file except us, the Agent, our respective employees, agents and representatives, any other person required for the execution of our or the Agent's duties and obligations, you and any other person that you expressly authorize in writing. You are entitled to consult your file and to have anything in it corrected. In order to exercise these rights, you must notify us in writing.

## CANADIAN WESTERN TRUST COMPANY

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## Self-directed Retirement Income Fund Declaration of Trust

We, Canadian Western Trust Company, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the annuitant named in the application to which this declaration is attached, for the Vered Self-Directed Retirement Income Fund (Under the Raymond James Umbral) (the “Fund”) upon the following terms:

### Some definitions

In this declaration, in addition to terms defined elsewhere herein,

“Act” means the *Income Tax Act* (Canada);

“Agent” refers to the company named in paragraph 12 (Delegation);

“Common-law partner” has the meaning set forth in the Act;

“Retirement Income” has the meaning set forth in the Act;

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

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

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

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

“We”, “us” and “our” refer to Canadian Western Trust Company;

“You”, “your” and “yours” refer to the person who has signed the application and will be the owner of the Fund (under the Act, known as the “annuitant” of the Fund) and, after your death, your spouse or common-law partner if they become the successor annuitant of the Fund as described in paragraph 9 (Designation of successor annuitant / beneficiary) hereof.

### Registration

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

### Acceptance of property into the fund

We will accept into the Fund only cash and other property that is transferred in accordance with the Tax Laws, from:

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

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

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## Investments

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

Investments will not be limited to those authorized by law for trustees. However, it will be solely your responsibility to determine whether any transferred property or investment is or remains a “qualified investment” for RRIFs pursuant to the Tax Laws. The Fund will bear any taxes, penalties or related interest imposed under the Tax Laws. If the Fund Assets are insufficient to pay any taxes, penalties or related interest incurred, or if taxes, penalties or related interest are imposed after the Fund has ceased, you must pay or reimburse us directly for any such taxes, penalties or related interest.

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

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

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

## Your account and statements

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

## Management and ownership

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

## Payments

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

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

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

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

We will not make any payments other than those described in paragraphs 6 (Payments), 7 (Transfers (on relationship breakdown or otherwise)) and 10 (Death) of this declaration. However, before making any such payment, we may charge against the Fund the amount of any taxes, penalties, interest, fees and expenses that are payable hereunder, under the Tax Laws or under other applicable laws.

### **Transfers (on relationship breakdown or otherwise)**

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

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

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

### **No benefit or loan**

No benefit or loan that is conditional in any way on the existence of the Fund may be extended to you or to any person with whom you do not deal at arm's length, other than any benefit or loan which may be permitted from time to time under paragraph 146.3(2)(g) of the Act.

### **Designation of successor annuitant / beneficiary**

Where effective under applicable provincial law, you may designate one or more beneficiaries to receive an amount or amounts out of the Fund after your death, in accordance with one of the following:

- a. **Successor Annuitant:** You may at any time elect that your spouse or common-law partner receives the payments under paragraph 6 (Payments) after your death. (A successor annuitant cannot make this designation.) If you have not made this election, we may agree to make such payments to your spouse or common-law partner after your death, if your legal personal representative requests this; or RIF-AUG(A) 2009 Canadian Western Trust Company.
- b. **Beneficiary of Lump Sum:** You may designate one or more beneficiary(ies) to receive the Fund Assets or the proceeds thereof, less any applicable taxes and any fees or expenses payable under this declaration, in a lump sum payment.

You may make, change or revoke any such beneficiary designations by completing, dating and signing the form we provide or any other form appropriate for this purpose and ensuring we receive it before we pay out the Fund under paragraph 10 (Death). If more than one form has been received by us, we will act on the one with the latest signature date.

## Death

In the event of your death, if you had not elected that your spouse or common-law partner become successor annuitant in accordance with paragraph 9(a) above (or you had so elected but your spouse or common-law partner predeceased you), we will, upon receipt of satisfactory evidence of your death and all other documents we may require, transfer the Fund Assets, or sell them and pay out the proceeds, to any other beneficiary(ies) designated in accordance with paragraph 9 (Designation of successor annuitant / beneficiary) above. If you had not designated a beneficiary or if such beneficiary(ies) dies before you, we will make such transfer or payment to your legal personal representative. Deductions will be made for all fees, costs, charges and taxes to be paid or withheld. We will be fully discharged once we make such transfers or payments, even though any beneficiary designation made by you may be invalid as a testamentary instrument. We will not be liable for any loss caused by any delay in making any such transfer or payment.

## Proof of age

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

## Delegation

You authorize us to delegate to Vered Wealth Management (Canada) Co., Ltd. (the "Agent") the performance of certain of our duties, including the following:

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

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

You acknowledge that we may pay the Agent all or any portion of our fees hereunder and reimburse it for its out-of-pocket expenses in performing its delegated duties.

You also acknowledge that the Agent will earn normal brokerage commissions on investment transactions processed by it. You acknowledge and agree that all protections, limitations of liability and indemnifications given to us under this declaration, including without limitation those under paragraphs 13 (Fees and expenses) and 14 (Trustee's liability) are also given to, and are for the benefit of, the Agent.

## Fees and expenses

We are entitled to receive and may charge against the Fund reasonable fees and other charges that we establish from time to time in conjunction with the Agent, provided that we will give you 60 days written notice of a change in the amount of any such fee. We are also entitled to reimbursement for all taxes, penalties and interest and for all other costs and out-of-pocket expenses incurred by us or the Agent in connection with the Fund. All amounts so payable

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will be charged against and deducted from the Fund Assets, unless you make other arrangements with us. If the cash in the Fund is not sufficient to pay these amounts, we may, in our sole discretion, sell any of the Fund Assets in order to pay same and we will not be responsible for any loss occasioned by any such sale.

### **Trustee's liability**

We are not responsible for determining whether any investment made on your instructions is or remains a "qualified investment" for RRIFs under the Tax Laws.

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

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

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

The provisions of this section 14 shall survive the termination of the Fund.

### **Replacement of trustee**

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

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

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



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### **Amendments to this declaration of trust**

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

### **Notice**

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

### **Reference to statutes**

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

### **Binding**

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

### **Governing law**

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

### **Access to file (applicable in Quebec only)**

You understand that the information contained in your application will be maintained in a file at the Agent's place of business. The object of this file is to enable us and the Agent, and our respective agents or representatives, to access your application, answer any questions you may have regarding the application and your Fund, and manage your Fund and your instructions on an ongoing basis. Subject to applicable law, personal information contained in this file may be used by us or by the Agent to make any decision relevant to the object of the file and no one may have access to the file except us, the Agent, our respective employees, agents and representatives, any other person required for the execution of our or the Agent's duties and obligations, you and any other person that you expressly authorize in writing. You are entitled to consult your file and to have anything in it corrected. In order to exercise these rights, you must notify us in writing.

## **CANADIAN WESTERN TRUST COMPANY**

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## Self-directed Tax-free Savings Account Declaration of Trust

We, Canadian Western Trust Company, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the holder named in the application to which this declaration is attached, for the Vered Self-Directed Tax-Free Savings Account (subject to the Raymond James IB/CB Agreement) (the “Arrangement”) upon the following terms:

### Some definitions

In this declaration, in addition to terms defined elsewhere herein,

“Act” means the *Income Tax Act* (Canada)

“Agent” refers to the company named in paragraph 14 (Delegation);

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

“Contributions” means contributions of cash or investments to the Arrangement;

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

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

“TFSA”, being a tax-free savings account, has the meaning set forth in the Act;

“We”, “us” and “our” refer to Canadian Western Trust Company as issuer of the Arrangement;

“You” and “your”, and the “holder” unless the context requires otherwise, refer to the person who has signed the application and will be the owner of the Arrangement; (under the Act, you are known as the ‘holder’ of the Arrangement); and, after your death, your spouse or common-law partner if they become the successor holder of the Arrangement as described in paragraph 11 (Designation of successor holder / beneficiary) hereof.

### Registration

We will file an election with the Minister of National Revenue to register the Arrangement as a TFSA under section 146.2 of the Act. The Arrangement will be maintained for your exclusive benefit.

### Contributions

We will only accept Contributions made by you or, upon your death, pursuant to paragraph 11 (Designation of successor holder / beneficiary) herein, your spouse or common-law partner if designated as successor holder of the Arrangement. You will be solely responsible for determining the maximum limits for Contributions in any taxation year as permitted by the Tax Laws. We will hold the Contributions and any investments, income or gains therefrom (the “Arrangement Assets”) in trust, to be held, invested and used according to the terms of this declaration and the Tax Laws.

### Investments

We will hold, invest and sell the Arrangement Assets according to your instructions and in accordance with the Tax Laws. We may require any instructions to be in writing. The Trust is prohibited from borrowing money or other property for the purposes of the Arrangement.

We may place any uninvested cash in a demand deposit account with a chartered bank in Canada. We may pay interest on any cash balances at such rate and credited at such time as we in our sole discretion determine.

Investments will not be limited to those authorized by law for trustees. The Arrangement will bear any taxes, penalties or related interest imposed under the Tax Laws, other than those that are attributable to the Trustee under the Tax Laws.

If the Arrangement Assets are insufficient to pay any taxes, penalties or related interest incurred, or if taxes, penalties or related interest are imposed after the Arrangement has ceased, you must pay or reimburse us directly for any such.



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

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

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

### **Your account and statements**

We will maintain an account in your name showing all Contributions made to the Arrangement, all investment transactions and all withdrawals from the Arrangement.

We will issue statements at least quarterly or more frequently as determined by us, in our sole discretion.

### **Management and ownership**

While there is a holder of the Arrangement, no person other than us (including our Agent) and you shall have any rights under the arrangement relating to the amount and timing of distributions from the Arrangement and to the investing of the Arrangement Assets. We may hold any investment in our own name, in the name of our nominee or agent, in bearer form or in such other name or form, or with any such custodian, clearing corporation or depository, as we may determine. We may generally exercise the power of an owner with respect to the Arrangement Assets, in connection with the Arrangement, other than those that are attributable to the Trustee under the Tax Laws. In exercising our rights and carrying out our responsibilities hereunder, we may employ agents and advisors, including legal counsel, and may act or not act on the advice or information of any such agent or advisor.

### **Refund of excess or non-resident contributions**

We will, upon receiving a written request from you, refund an amount to you in order to reduce the amount of tax that would otherwise be payable under Section 207.02 or 207.03 of the Act, or under any other Tax Laws. We will not be responsible for determining the amount of any such refund.

### **Withdrawals**

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

### **Transfers (on relationship breakdown or otherwise)**

Subject to any reasonable requirements we impose, you may direct us in writing to transfer Arrangement Assets (net of any costs of realizations), less any fees or charges payable hereunder and any taxes, interest or penalties that are or may become payable or have to be withheld under the Tax Laws, to another TFSA under which:

- i. you are the holder; or*
- ii. the holder is your spouse, former spouse, common-law partner or former common-law partner, from whom you are living separate and apart, and the transfer is made pursuant to a decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property in settlement of rights arising out of your marriage or common-law partnership, or after the breakdown of such marriage or partnership.*

Such transfers will take effect in accordance with the Tax Laws and any other applicable law and within a reasonable time after any required forms have been completed. If only a portion of the Arrangement Assets is transferred under this paragraph, you may specify in writing which Arrangement Assets you wish us to transfer or sell; otherwise, we will transfer or sell the Arrangement Assets that we deem appropriate. No transfer will be made until all fees, charges and taxes have been paid.

## Using TFSA interest as security for loan

Nothing in paragraphs 1 (Registration), 5 (Management and ownership) or 8 (Transfers (on relationship breakdown or otherwise)) hereof apply to the extent they are inconsistent with your ability to use your interest or, for civil law, right in the Arrangement as security for a loan or other indebtedness if the conditions in subsection 146.2(4) of the Act are met.

## No advantages

No advantage, as that term is defined in section 207.01(1) of the Act that is conditional in any way on the existence of the Arrangement may be extended to you or to a person with whom you do not deal at arm's length, other than the benefits and advantages permitted by the Tax Laws. Tax is payable in connection with a TFSA if an advantage in relation to the Arrangement is extended to a person who is, or who does not deal at arm's length with, the holder of the Arrangement.

## Designation of successor holder / beneficiary

Where effective under applicable provincial law, you may designate one or more beneficiaries of the Arrangement after your death, in accordance with the following and paragraph 12 (Death):

- i. *Successor Holder*: You may at any time designate an individual who is your spouse or common-law partner to receive all of your rights in the Arrangement after your death, in which case, provided that such individual remains your spouse or common-law partner at the time of your death, he or she will become the holder of the Arrangement;
- or
- ii. *Beneficiary of Arrangement Assets*: You may designate one or more beneficiary(ies) to receive the Arrangement Assets, less any applicable taxes and any fees or expenses payable under this declaration.

You may make, change or revoke a beneficiary designation by completing, dating and signing the form we provide or any other form appropriate for this purpose and ensuring we receive it before we pay out the Arrangement under paragraph 12 (Death). If more than one form has been received by us, we will act on the one with the latest signature date.

## Death

In the event of your death, if you had not designated that your spouse or common-law partner become successor holder in accordance with subparagraph 11(i) (Designation of successor holder / beneficiary) above (or you had so designated but your spouse or common-law partner predeceased you), we will, upon receipt of satisfactory evidence of your death and all other documents we may require and subject to paragraph 11 (Designation of successor holder / beneficiary) above, transfer the Arrangement Assets, or sell them and pay out the proceeds, to the designated beneficiary(ies) under the Arrangement in accordance with paragraph 11 (Designation of successor holder / beneficiary) above. If you had not designated a beneficiary or if such beneficiary(ies) die before you, we will make such transfer or payment to your legal personal representative. Deductions will be made for all fees, costs, charges and taxes to be paid or withheld. We will be fully discharged once we make such transfers or payments, even though any beneficiary designation made by you may be invalid as a testamentary instrument. We will not be liable for any loss caused by any delay in making any such transfer or payment.

## Proof of age

Your statement of your date of birth in your application will be deemed to be a certification of your age and your undertaking to provide any further evidence or proof of age that may be required for the purpose of determining eligibility to enter into a TFSA. An Arrangement is not considered a qualifying arrangement (as defined in section 146.2(1) of the Act) unless the holder is at least 18 years of age when the arrangement is entered into.

## Delegation

You authorize us to delegate to Vered (subject to Raymond James IB/CB Agreement) (the "Agent") the performance of certain of our duties, including the following:

- i. filing an election with the Minister of National Revenue to register the Arrangement as a TFSA under section 146.2 of the Act;
- ii. receiving Contributions from you;

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- iii. investing the Arrangement Assets in accordance with this declaration;
  - iv. holding the Arrangement Assets in safekeeping, in its name or in the name of its nominee or custodian;
  - v. maintaining your account and providing you with statements and notices;
  - vi. receiving and implementing your notices and instructions;
  - vii. collecting fees and expenses from you or the Arrangement;
  - viii. filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
  - ix. preparing and filing tax returns or forms relating to the Arrangement;
  - x. withdrawing or transferring Arrangement Assets in accordance with your instructions or for the purpose of making payments to you, any government authority or any other person entitled to same under the Arrangement, the Tax Laws or other applicable legislation;
  - xi. and any other duties relating to the Arrangement as we may determine appropriate from time to time. We will, however, bear ultimate responsibility for the administration of the Arrangement in accordance with this declaration and the Tax Laws.

You acknowledge that we may pay the Agent all or any portion of our fees hereunder and reimburse it for its out-of-pocket expenses in performing its delegated duties. You also acknowledge that the Agent will earn normal brokerage commissions on investment transactions processed by it.

You acknowledge and agree that all protections, limitations of liability and indemnifications given to us under this declaration, including without limitation those under paragraph 15 (Fees and expenses) and 16 (Trustee's liability) are also given to, and are for the benefit of, the Agent.

### **Fees and expenses**

We are entitled to receive and may charge against the Arrangement reasonable fees and other charges that we establish from time to time in conjunction with the Agent provided that we give you 60 days written notice of a change in the amount of any such fee. We are also entitled to reimbursement for so payable will be charged against and deducted from the Arrangement Assets, unless you advise differently and make the required provisions. If the cash in the Arrangement is not sufficient to pay these amounts, we may, in our sole discretion, sell any of the Arrangement Assets in order to pay same and we will not be responsible for any loss occasioned by any such sale.

### **Trustee's liability**

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

We will not be liable to you or the Arrangement for or in respect of any tax, penalty, interest, loss or damages suffered or incurred by the Arrangement, you or any other person in connection with the Arrangement, other than those that are attributable to the Trustee under the Tax Laws. Without limiting the generality of the foregoing, you will have no claim whatsoever against us in relation to any losses, diminution, damages, charges, costs, taxes, assessments, levies, interest, demands, fines, claims, penalties, fees or expenses incurred directly or indirectly with respect to the administration or trusteeship of the Arrangement or the Arrangement Assets ("Liabilities"), except Liabilities directly caused by our negligence, bad faith or willful misconduct. You specifically acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

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

The provisions of this section 16 shall survive the termination of the Arrangement.

### **Replacement of trustee**

We may at any time resign as trustee under the Arrangement by giving you and the Agent 60 days written notice, or such shorter period of notice as the Agent may accept. The Agent may remove us as trustee by giving you and us 60 days written notice, or such shorter notice as we may accept.

Upon giving or receiving any such notice of our removal or resignation, the Agent will within the notice period appoint a successor trustee authorized under the Tax Laws and any other applicable law (the "Successor Trustee"). If a Successor Trustee is not found within such notice period, we and/or the Agent may apply to a court of competent jurisdiction for the appointment of a Successor Trustee. Any costs incurred by us in securing the appointment of a Successor Trustee will constitute a charge against the assets of the Arrangement and will be reimbursed from the Arrangement Assets unless borne personally by the Agent. Our resignation or removal will not be effective until a Successor Trustee is appointed.

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

### **Amendments to this declaration of trust**

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

### **Notice**

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

### **Reference to statutes**

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

### **Binding**

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

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## **Governing law**

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

## **Access to file (applicable in Quebec only)**

You understand that the information contained in your application will be maintained in a file at the Agent’s place of business.

The object of this file is to enable us and the Agent, and our respective agents or representatives, to access your application, answer any questions you may have regarding the application and your Arrangement, and manage your Arrangement and your instructions on an ongoing basis. Subject to applicable law, personal information contained in this file may be used by us or by the Agent to make any decision relevant to the object of the file and no one may have access to the file except us, the Agent, our respective employees, agents and representatives, any other person required for the execution of our or the Agent’s duties and obligations, you and any other person that you expressly authorize in writing. You are entitled to consult your file and to have anything in it corrected. In order to exercise these rights, you must notify us in writing.

## **CANADIAN WESTERN TRUST COMPANY**

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## Strip Bonds and Strip Bond Packages: Information Statement

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

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

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

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

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

### Strip Bonds and Strip Bond Packages (“Strips”)

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

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

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

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

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

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

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



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## Strips vs. Conventional Bonds

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

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

## Dealer Mark-ups and Commissions

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

The table below illustrates the after-commission yield to a strip holder with different terms to maturity and assuming a before-commission yield of 5.5%. All of the yield numbers are semiannual. For example, a strip bond with a term to maturity of one year and a commission of 25 cents per \$100 of maturity amount has an after-commission yield of 5.229%. The before commission cost of this particular strip bond will be \$94.72 per \$100 of maturity amount while the after-commission cost will be \$94.97 per \$100 of maturity amount. In contrast, a strip bond with a term to maturity of 25 years and a commission of \$1.50 per \$100 of maturity amount has an after-commission yield of 5.267%. The before-commission cost of this particular strip bond will be \$25.76 per \$100 of maturity amount while the after-commission cost will be \$27.26 per \$100 of maturity amount.<sup>4</sup>

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

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

where “y” is the applicable yield (before or after commission) and “n” is the number of years until maturity. For example, the purchase price (per \$100 of maturity value) for



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

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

## Secondary Market and Liquidity

Strips may be purchased or sold through investment dealers and financial institutions on the “over-the-counter” market rather than on an exchange. Where there is an active secondary market, a strip may be sold by a holder prior to maturity at the prevailing market price in order to realize a capital gain or to access funds. However, liquidity may be limited for certain strip bonds and strip bond packages, and, as noted above, investment dealers and financial institutions are not obligated to maintain a secondary market for strips sold by or through them. As a result, there can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time, and investors should generally be prepared to hold strips to maturity or run the risk of taking a loss.

## Other Risk Considerations

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

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

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

*Market and liquidity risk* – strips are not immune to market or liquidity risks and may have specific terms and conditions that apply in the event of a market disruption or liquidity event. If liquidity is low, it may be difficult to sell a strip prior to maturity and there may be large spreads between the bid and ask prices. There can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time.

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

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

*Price volatility* – strips are generally subject to greater price volatility than conventional bonds of the same issuer, term and credit rating, and will typically be subject to greater price fluctuations in response to changes to interest rates, credit

a strip bond that has a yield of 5.5% and 25 years until maturity is:  $100/(1+0.0275)^{50} = \$25.76$ .

ratings and liquidity and market events. The table below shows the impact that prevailing interest rates can have on the price of a strip. For example, as indicated in the table below, an increase in interest rates from 6% to 7% will cause the price of a 5 year strip bond with a maturity value of \$100 to fall by 4.73%—a larger percentage drop than for a \$100 5 year traditional bond, whose price would fall only 4.16%, assuming the same increase in interest rates.

MARKET PRICE VOLATILITY						
Bond Type	Market Price	Market yield	Price w/ rate drop	Price change	Price w/ rate increase to 7%	Price change
6% 5 Year Bond	\$100.00	6.00%	\$104.38	+ 4.38%	\$95.84	- 4.16%
5 Year Strip Bond	\$74.41	6.00%	\$78.12	+ 4.99%	\$70.89	- 4.73%
6% 20 Year Bond	\$100.00	6.00%	\$112.55	+ 12.55%	\$89.32	- 10.68%
20 Year Strip Bond	\$30.66	6.00%	\$37.24	+ 21.49%	\$25.26	-17.61%

## Custodial Arrangements

Due to the high risk of forgery, money laundering and similar illegal activities—and the costs associated with such risks—with physical strips and bearer instruments, most investment dealers and financial institutions will only trade or accept transfer of book-based strips. CDS Clearing and Depository Services Inc. (“CDS”) provides strip bond services, including book-based custodial services for strips and underlying bonds. Custodian banks or trust companies may also create and take custody of strips that are receipt securities and may permit holders to obtain a registered certificate or take physical delivery of the underlying coupon(s) or residue(s).

However, if the holder decides to take physical delivery, he or she should be aware of the risks, including the risk of lost ownership, associated with holding a bearer security which cannot be replaced. In addition, the holder should be aware that the secondary market for physical strips may be more limited than for book-based strips due to the risks involved. Investors in strip components held by and at CDS are not entitled to a physical certificate if the strips are Book Entry Only.

## Canadian Income Tax Summary

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

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

## Qualified Investments

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

Depending on the circumstances, strip bonds issued by corporations may also be “qualified investments” for Registered Plans.

## Annual Taxation of Strip Bonds

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

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

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

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

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

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

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

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

### **Strip Bond Packages**

For tax purposes, a strip bond package is considered a series of separate strip bonds with the income tax consequences as described above applicable to each such component of the strip package. Thus, a purchaser of a strip bond package will normally be required to make a calculation in respect of each component of the strip bond package and then aggregate such amounts to determine the notional interest accrued on the strip bond package. As an alternative, in cases where the strip bond package is issued at or near par and is kept intact, the Canada Revenue Agency will accept tax reporting that is consistent with reporting for ordinary bonds (i.e., reported on a T5 tax slip as accrued interest where it is matched by cash flow), including no obligation to report premium or discount amortization where the strip bond package is subsequently traded



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