

# RAYMOND JAMES®

**Raymond James Ltd. Corporate Offices:**

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Raymond James Ltd. is a member of:

Canadian Investor Protection Fund (CIPF)

Investment Industry Regulatory Organization of Canada (IIROC)

*[www.raymondjames.ca](http://www.raymondjames.ca)*

# ACCOUNT TERMS AND CONDITIONS BOOKLET

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*Important Information About  
Your Raymond James Account*

**RAYMOND JAMES®**

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## Introduction

Welcome to Raymond James. We appreciate your business and look forward to building a mutually rewarding long-term relationship and helping you achieve your financial objectives.

When you open an account with Raymond James, we believe it is important to clearly understand our rights and obligations to you, as well as your rights and obligations as a Raymond James client.

For this reason, we have developed this ***Account Terms and Conditions Booklet*** that brings together the important information about the Terms and Conditions that govern your Raymond James account(s) in one convenient package. To simplify your record keeping, it also includes disclosure documents on privacy legislation and other important topics.

Inside this booklet, you will find:

- Terms and Conditions that apply to the Raymond James Client Account Agreement. These pertain to all Raymond James accounts.
- Terms and Conditions that apply to the Options Trading Agreement
- Shareholder Communications Disclosure
- Risk Disclosure Statement for Futures and Options
- Conflict of Interest Rules Statement
- Disclosure Document on Borrowing Money to Buy Securities
- Privacy Legislation
- Self-Directed Retirement Savings Plan – Declaration of Trust
- Self-Directed Retirement Income Fund - Declaration of Trust
- Strip Bonds and Strip Bond Packages Information Statement

While this booklet contains a great deal of information, our intent has been to create a valued resource to enable you to access details about your account Terms and Conditions and other information conveniently from one source.

We hope that you will find the ***Account Terms and Conditions Booklet*** a valuable resource. We encourage you to read its contents and keep it with your portfolio records for future reference. Should you have any questions or require clarification on any matter, your Raymond James Financial Advisor is always pleased to help you.

# Client Account Agreement Terms and Conditions

IN CONSIDERATION of **Raymond James Ltd.** (*Raymond James, we or us*) opening, or if opened, continuing any account or accounts for you as the applicant or co-applicants identified on the application form, being part of our Agreement, it is agreed that all transactions between you and Raymond James shall be governed by the following terms:

## **PART I: Terms and Conditions for All Account Holders**

### **Interpretation**

1. *Account or accounts* and *this agreement* applies to all transactions regarding your account(s) with us, including accounts previously opened, opened in the future or from time to time closed and then reopened or renumbered;

All words implying the singular number include the plural and vice-versa;

*Indebtedness* means your indebtedness to us represented by the debit balance, if any, of your account(s) or any guaranteed account at the time; and

The word *securities* shall include all securities generally so-called and investment property, and without limitation, shall include shares, share certificates, installment receipts, deposit receipts, securities entitlements, financial assets, securities accounts, portfolio accounts, futures accounts, bonds, debentures, notes, options, warrants, rights, and any other securities or financial instruments and legal rights of any kind whatsoever and all property customarily dealt in by brokers.

In Quebec the expression “jointly and severally” means “solidarily”.

### **Applicable Laws**

2. This agreement and every transaction carried out for your account are subject exclusively to the laws and regulations of the Provinces of Canada in which the branch is located where the account is maintained. It is also subject to the constitution, by-laws, rules, regulations, customs and usages, in effect from time to time, of the exchange (and its clearing corporation, if any) upon which the transaction is executed, or if not executed upon any exchange, to the applicable by-law, rules, regulations, customs and usages, in effect from time to time, of the Investment Industry Regulatory Organization of Canada Inc. (IIROC formerly IDA) or any market associations of brokers or dealers to which we belong. If any applicable statute or any statutory regulation, by-law, rule, regulation, policy or custom of such regulatory authorities is enacted or amended having the effect of invalidating any part of this Agreement, then such term or condition will be deemed to be varied or superseded to give effect to such statute, regulation, by-law, policy or custom.

### **Jurisdiction**

3. Any disputes arising between you and us shall be

exclusively within the jurisdiction of the Courts of the Province in which the branch is located where the account is maintained.

### **Refusal to Take Orders**

4. We have the right in our sole discretion to refuse to accept buy or sale instructions from you or your Agent whenever we shall deem it necessary for our protection or otherwise; and you waive any and all claims against us for any loss or damage arising from or related to any such refusal.

### **Accepted Orders**

5. All orders that we have accepted are good until either executed or cancelled on the day of entry, unless you specify a longer period. All orders that we have accepted are binding on you from the moment of execution. Non-receipt of any executed trade confirmation shall not relieve you of the obligations to settle the transaction on settlement date. In purchasing or selling any securities for your account, we shall have the right to execute orders either for your account alone or as part of larger transactions for your account and the accounts of others or by purchasing from or selling to other of our principals, in such manner as we may determine.

### **Agreement to Pay Commission and Other Fees**

6. You shall pay us commission or other transaction charges, if any, in respect of all purchases and sales of securities in your account at such rates as we may establish from time to time, or as may otherwise be agreed. We may earn revenue in addition to commission 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.

### **Indebtedness**

7. You shall promptly pay us, on demand, any and all indebtedness arising from transactions we have effected for your account and shall at all times secure such indebtedness in connection with the account as we shall require. Any debit balance in your account shall bear interest at such rate as we shall establish from time to time for our customers generally, and we are not obliged to notify you of any change in such rate.

### **Delivery of Securities**

8. Actual delivery is intended for every transaction in your account. Regarding all sale transactions, you represent and warrant that it is a long sale unless specified otherwise at the time the order is entered. If you fail to make immediate delivery to us in proper form of any securities sold at your direction, then we are authorized to borrow any securities necessary to make such delivery, or to buy such securities without notice to you. You shall pay us any loss or expense

incurred as a result of such borrowing or purchase, by our inability to make such borrowing or purchase, or by late delivery of securities.

#### **Debt Repayment**

9. Whenever we, in our sole discretion, consider it necessary for our protection due to insufficiency of security or otherwise, we may without advertisement or other notice and without prior notice, tender, demand or call of any kind upon you: sell any or all securities held or carried for your account (either individually or jointly with others), buy any or all securities necessary to cover any short sale made for your account, and/or, cancel any outstanding order. We may make any such purchase or sale upon any exchange or other market or by public or private sale or purchase, upon such terms and in such manner as we in our sole discretion may determine. No demand, advertisement or other notice that we give shall constitute a waiver of our right to take any action authorized under this agreement without demand, advertisement, or notice. We shall apply the net proceeds of any such sale against your indebtedness to us without in any way diminishing your obligation to pay any deficiency.

#### **Free Credit Balances**

10. Whenever there is a credit balance in any of your accounts with us, the amount of the credit balance need not be segregated nor held separately but may be commingled with our general funds and used for the general purpose of our business and such credit balance shall be an item in a debtor and creditor account between you and us and you shall rely only on our liability in respect thereof.

#### **Pledge and Lending**

11. Whenever you are indebted to, or have a short position with us, all securities held by us or carried by us in your accounts or deposited to secure same, may from time to time and without notice to you be carried in our general loans and may be pledged, re-pledged, hypothecated or re-hypothecated or loaned by us, either to ourselves as brokers or to others, separately or in common with other securities, whether for more or less than the amount you owe and without retaining in our possession or control for delivery a like amount of similar securities. We may without notice to you loan such securities either separately or together with other securities, and we may without notice to you use any securities held in the account for making delivery against a sale, whether a short sale or otherwise and whether such sale is for your account or for the account of another of our customers.

The following two paragraphs create rights in our favour which are in addition to and not in substitution for any other right or security held by us and shall be interpreted in order that any part of the Collateral located in any other

jurisdiction than the jurisdiction governing this agreement shall be charged by a valid lien or security according to the applicable laws of such other jurisdiction:

- a) We have a security interest in any and all present and future credit balances, securities or 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, dividends or other income derived therefrom ("Collateral"). This paragraph shall not be applicable to Collateral while held in registered plans.
- b) *Additional provisions applicable to accounts opened in Quebec:* You hereby grant to us (and upon each delivery thereof) a hypothec with delivery in the amount of one million dollars, plus interest at the rate of interest described in your monthly or quarterly account statements, on all Collateral (as defined above), as security for all of your indebtedness and obligations present or future, matured or contingent to us up to a maximum of one million dollars. This amount may differ pursuant to a written agreement between you and Raymond James which has been approved by two authorized signatories of Raymond James. Nevertheless, we are not obligated to grant credit to the extent of such or any other amount. This means that the Collateral is a security for any or all of your indebtedness and obligations, present or future, mature or contingent, to us. Our nominees and we have full and exclusive ownership rights over the Collateral and may perform all acts of ownership with respect to the Collateral and the Collateral shall be registered under our name. Furthermore, no modification of the Collateral may be authorized without our consent or the consent of our nominees. This paragraph shall not be applicable to Collateral while held in registered plans. The foregoing is in addition to and shall not operate as a novation with respect to any other security or charge held by Raymond James with respect to such Collateral

#### **Continuing Security**

12. As continuing security for any and all of your indebtedness to us, whether owing now or in future and howsoever arising and in whatever account appearing, whether Individual or Joint, including any liability arising due to any guarantee by you of any other person, you hereby pledge and grant to Raymond James a security interest in all present and future securities and credit balances that we hold for your accounts (including securities held by us in safekeeping). We are hereby authorized to sell, buy, transfer, pledge, or repledge any or all such securities without notice or advertisement to satisfy such indebtedness. We may at any time, without notice, whenever we carry more than one

account for you, enter credit or debit balances, whether in respect of securities or money, to any of such accounts and make such adjustment between such accounts as we may in our sole discretion deem fit. These rights may be exercised separately, successively or concurrently. Any reference to your account in this paragraph shall include any account at Raymond James in which you have an interest, whether jointly or otherwise. Any securities we hold or carry for or on your account may at our discretion be kept at any of the places where we have an office unless you direct otherwise by written instructions.

#### Share Certificates

13. We shall not be obligated to deliver the same certificates or securities or other assets as those deposited with us or that we have received for your account. Our obligation shall be discharged by delivering certificates or securities or other assets of an equivalent amount and of the same nature and kind.

#### Statements, Confirmations and Notices

14. Every transaction indicated or referred to in any notice, statement, confirmation or other communication and every statement of account shall be deemed as authorized and correct and as ratified and confirmed by you unless you tell us otherwise in writing within 30 days from the date of our notice, statement, confirmation or other communication we send to you. We will send these documents to you by either prepaid mail at the most recent mailing address you have provided to us or it may be sent by facsimile or by other electronic communications using the most recent facsimile number or electronic address that you have provided. Any and all written notices and communications we send to you shall be deemed to have been received by you if we have sent it by mail or by any means of prepaid, transmitted or recorded communication, or if delivered to you at the most recent address you have provided to us.

#### Foreign Exchange Transactions and Conversions

15. You acknowledge that we perform foreign currency transactions based on a direct or indirect request from you. An indirect request is where you have requested a trade in securities denominated in a currency other than the currency of your account. The foreign currency conversion rate that appears on your trade confirmation and account statement includes a spread-based revenue ("spread") for performing this function. The foreign currency conversion rate and our spread will depend on market fluctuations as well as the amount, date and type of foreign currency transaction. Foreign currency conversions take place at such rates as are available to our retail customers for currency conversions of a similar amount, date and type. In performing foreign currency transactions we may act as agent or principal. We

may, at our discretion, reject a foreign currency transaction request. We convert foreign currencies into Canadian dollars and U.S. dollars on the day we carry out your transaction. We may use a different day for mutual fund transactions, transactions that you and we agree on and other transactions we deem necessary. Registered Accounts may only be held in Canadian Dollars. Consequently, foreign transactions held in a registered account must be converted to Canadian currency.

#### Client Information

16. If an individual, you represent to us that you are of legal age and that you are not a partner, director, officer, or an employee of any other member firm or any exchange, or of any non-member broker or investment dealer, unless disclosed on the application form, which forms part of this agreement. You agree to advise us if you become a partner, director, officer or an employee of a member firm of any Canadian stock exchange, or any non-member broker or investment advisor firm. Further, you agree to notify us immediately in the event of any change in your personal or financial circumstances or any change in the client account information appearing in the application form, which forms part of this agreement. You acknowledge that we rely upon that information for the purposes of fulfilling our *Know Your Client* obligations and other regulatory obligations. In addition, you acknowledge that you have advised us of any restrictions in trading applicable to you (if any) and you shall advise us of any changes to any such restrictions which may become applicable to you.

If you are a married woman, you represent that you are married subsequent to 1970 under the regime of separation as to property under the laws of Quebec. Otherwise, your husband must co-sign your account opening forms.

#### Personal Information and Credit Checks

17. You agree and consent to Raymond James and your Financial Advisor collecting personal information about you and using such personal information for the purposes described in the Raymond James Privacy Policy (as posted on our website: [www.raymondjames.ca](http://www.raymondjames.ca)) or otherwise as may be permitted or required by law. You understand that you are giving to Raymond James and your Financial Advisor your consent and permission to collect and use your personal information for:
  - a) Regulatory oversight, audit or compliance purposes, which may require Raymond James and your Financial Advisor permitting access to or disclosing Personal Information as may be required to:
    - i) securities regulatory organizations and exchanges to which Raymond James is a member or is otherwise subject (SROs);

- ii) to another investment dealer or your Financial Advisor should you later transfer out your account; or
  - iii) to auditors or other professional third-party advisors of Raymond James 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, and you consent to the use and disclosure of that information by SROs, successor firms and auditors, for the purpose of an investigation, account transfer or audit relating to either your account(s) or for our business in general;
- b) Credit and margin purposes, which includes Raymond James using Personal Information, including your social insurance number, and disclosing such information as may be required with other lenders or credit reporting agencies for the purposes of conducting a credit check or to otherwise determine your creditworthiness for account opening, administration or margin purposes. This credit check will appear on your credit report, which can be obtained through credit reporting agencies, such as Equifax. If you withdraw your consent for Raymond James conducting a credit check, you understand that we will not be able to perform a credit check and so, may not be able to open a margin account or otherwise extend credit to your account;
- c) Account administration and reporting purposes, which includes Raymond James using your Personal Information to process and deliver, for or on behalf of Raymond James, trade confirmations, account statements, proxy-related materials and/or other documents by electronic delivery (such as facsimile, email or the Internet) and you acknowledge that this may include providing access to or disclosure of Personal Information to Raymond James' agents or third-party service providers. You acknowledge that we may, but we are not required, to record telephone calls by which your orders are placed or confirmed, whether between you and us or between us and any broker or dealer or market to whom an order is directed;
- d) Sending to you information and marketing materials regarding our services and products whether by mail, email, telephone and/or facsimile and you specifically consent to us contacting you at the most recent telephone or facsimile numbers provided by you to us from time to time; and
- e) Access to personal and financial information about you that may be held by us in Quebec, and rectification of any such information found to be incorrect, may be requested by you or your authorized representative during normal business hours.

#### **No Waiver**

18. No action taken by us, or our employees or agents, nor any failure to take action or exercise any right, remedy or power available under this agreement or otherwise shall be deemed to constitute a waiver or other modification of any of our rights, remedies, or powers. A waiver to be effective and binding on us must be in writing and signed on our behalf by two authorized signatories of Raymond James.

#### **Limitation of Liability**

19. You acknowledge that you are aware that there are financial risks associated with investments in the stock markets and that you are responsible for any losses realized on your investments.
- a) We shall not be liable for any losses, claims, damages or liabilities regarding your account, however caused, as a result of:
    - i) trading in securities;
    - ii) delays in receiving or processing transaction instructions;
    - iii) delays in transferring securities or account balances to a third party;
    - iv) 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;
    - v) caused directly or indirectly by 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; and
    - vi) 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.
  - b) We accept no responsibility under this agreement other than to act honestly and in good faith and without willful misconduct or gross negligence. In particular, unless otherwise agreed in writing, we will have no obligation to recommend an investment program, monitor the progress of securities in your account, communicate trading limits or margin calls or changes in the market, advise you in respect of pending record dates or the pending expiry of rights or warrants, exercise discretion in the purchase or sale of securities or impart any material information in respect of any of the securities of which we or any of our employees or representatives is or becomes aware.

### Proceeds of Crime Legislation

20. You acknowledge that Proceeds of Crime (Money Laundering) legislation (as may be amended from time to time) imposes obligations on us and our employees and representatives to verify client identity and to report and record some of our clients' transactions. The legislation requires us to report *suspicious transactions* or activity to an agency of the federal government known as FINTRAC, that is, 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.

The legislation gives FINTRAC the power to seize mail or enter the firm's premises without a search warrant to determine whether the firm is complying with the legislation. The legislation may require Financial Advisors and staff of the firm to disclose confidential client information. We endeavour to keep confidential information about the business and affairs of our clients unless you authorize us to release the information, or we are required by law or a court to do so. This legislation is one of those laws that may require us to disclose client confidences. Therefore, our obligations under this legislation are not optional. By signing our Client Account Agreement, you acknowledge that you have been made aware of these obligations.

# Client Account Agreement Terms and Conditions

## Part II: Additional Provisions for Joint Account Holders Only

### Authority

21. The provisions of this Part II are additional provisions applying to Joint Account(s) with us and shall be read and construed together with all the other sections of Parts I, III (if a margin account) and IV of the terms and conditions applying to our Client Account Agreement. As applicant and co-applicant, by signing our agreement at the end of the application form, in your capacity as either joint tenants or tenants-in-common (collectively referred to as the *Tenants*) as noted on the account opening part of our Client Account Agreement, you authorize and request us to open a joint account at Raymond James, and that such joint account is to be carried in both your names. Each Tenant jointly and severally agrees with Raymond James as follows:

- a) All transactions for the account of the Tenants shall be subject to the terms and conditions of all other existing agreements between us, including without limitation, the terms and conditions of the Client Account Agreement, of which this Joint Account Agreement forms a part of, and any other such agreements, declarations or statements of intention, between us, all of which are incorporated herein by reference;
- b) Each of you as Tenants, acting singly (unless requested to act jointly), are hereby authorized and empowered for and on behalf of the joint account to:
  - i. Buy and sell (including short sale) and otherwise deal in, through Raymond James as brokers, stock, bonds and other securities and commodities on margin or otherwise;
  - ii. Receive demands, notices, confirmation, reports, statements of account and communications of every kind with respect to said joint account or the transactions therein;
  - iii. Receive on behalf of the joint account money, securities and property of every kind, and to dispose of same, without recourse to us by any one or more of the Tenants; and
  - iv. Execute agreements relating to any of the foregoing matters and generally to act and deal with us in respect of said accounts as fully and with the same authority as though you alone were interested in said account, all without notice to any other Tenant.

### Indemnification

22. As Tenants you jointly and severally agree to indemnify and hold us harmless from any and all losses, liabilities, costs and expenses (including legal fees) resulting from our acting in accordance with the authority referred to in paragraph 21. Without in any way limiting the authority herein granted or requiring us to take action with respect to any past, present

or future circumstances arising, we are hereby authorized, in our absolute discretion, to require joint action by all of you Tenants with respect to any matter concerning the joint account, including but not limited to the giving or cancellation of orders and the withdrawal of monies, securities or other property.

### Liability

23. As Tenants you shall be jointly and severally (in Quebec solidarily) liable to us for any debts, obligations or liabilities arising in connection with the joint account, and for the purpose of securing the payment of such debts, obligations or liabilities, we shall have a general lien upon all monies, 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, such lien to be in addition to and not in substitution of the rights and remedies we otherwise would have.

### Death of a Tenant

24. In the event of the death of a Tenant:
- a) The surviving Tenant or Tenants will immediately give us written notice of the decedent's death, delivered to our office in which the joint account is kept;
  - b) We are hereby authorized before we receive the written notice of the decedent's death, to exercise orders and deal with and for the joint account as though the death of the decedent had not occurred;
  - c) We are hereby authorized before or after we receive the written notice of the decedent's death to take such proceedings, require such acknowledgements, directions or papers, retain such property (or such portion), or restrict transactions in the joint account as we may deem advisable to protect us against any tax, liability, penalty or loss under any present or future laws or otherwise;
  - d) The estate of the decedent and each surviving Tenant shall continue to be liable to us jointly and severally, for any debts, obligations, liabilities or losses in respect of the account, resulting from the completion of transactions initiated before we receive the written notice of the death of the decedent or incurred in the liquidation of the account or the adjustments of the interests of the respective parties; and
  - e) For accounts opened in Quebec, the Civil Code of Quebec and other laws applicable in the Province of Quebec will apply if one of the accountholders dies.

**For Joint Tenants (that are Canadian residents except for Quebec residents) with Right of Survivorship and Not as Tenants-in-Common:**

25. Subject to the provisions of subparagraph 24(c) above and provided that any gratuitous transfers made to the joint account were intended as a gift to the joint tenant(s), and if you have indicated on the Raymond James account application form (which is part of our Client Account Agreement) that the account is held in joint tenancy with right of survivorship, then in the event of the death of any Tenant, the entire interest in the joint account as of the close of business on the date of the death of the decedent (or on the next following business day if the date of death is not a business day) will be vested in the surviving tenant or tenants on the same terms and conditions as held previous to the death, without in any way releasing the decedent's estate from the liability provided for in subparagraph 24(d) above. Any taxes, costs, expenses or other charges becoming a lien against or being payable out of the account as a result of the death of the decedent or through the exercise by his/her estate or representative of any rights in the account shall, so far as practicable, be deducted from the interest of the estate of such decedent.

**For Tenants-in-Common/Joint Tenants (that are Quebec residents and residents of other Canadian provinces) Without Right of Survivorship:**

26. If you have indicated on the Raymond James account application form that the joint account is held as tenants-in-common without right of survivorship, then when we receive notice of death of any tenant, we shall separate the account into equal accounts, as nearly as may be, in the Tenant's respective names, or in the names of the Tenant's legal representatives. But the joint and several liability of each of the Tenant or of the Tenant's legal representatives, for any indebtedness as at the time of such separation, shall continue, and in no event shall we be liable to any Tenant, or any Tenant's legal representatives, for accepting orders or instructions from any Tenant or any Tenant's legal representative, with reference to the joint account, until we shall have had actual written notice of the death of any tenant, or actual written notice of the termination of the joint account.

# Client Account Agreement Terms and Conditions

## Part III: Additional Provisions for Margin Accounts

### **Margin Facility**

27. The provisions of this Part III are additional provisions applying to your margin account(s) with us and shall be read and construed together with all the other sections of Parts I, II (if a joint account) and IV of the terms and conditions applying to our Client Account Agreement. If you apply for a margin facility with us, we may, in our sole discretion, grant the facility to you provided that we may, at any time and from time to time:
- Reduce or cancel any margin facility made available to you or refuse to grant any additional margin facility to you; or
  - Require you to provide 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 agree to promptly pay any indebtedness due as a result of any reduction or cancellation of any margin facility.

### **Margin Requirements and Lien**

28. You agree to at all times maintain such margin as we may from time to time require on your account(s) with us and you will promptly meet all margin calls. Any and all securities at any time held by us in any of your account(s) including securities held in safekeeping and any equity therein shall be subject to a general lien and to a pledge by you for the discharge of all your obligations to us, however arising, and shall be held by us for any and all indebtedness, whether individual or joint and however designated, and also for any contingent liability to us by reason of your guarantee of accounts of others. You agree at all times upon our demand, whether made verbally or in writing, to discharge all your obligations and to pay in full all your indebtedness to us, together with interest payable on that indebtedness. You acknowledge that all of the provisions in Part I above shall apply to your margin account(s) with us.

The following two paragraphs create rights in our favour which are in addition to and not in substitution for any other right or security held by us and shall be interpreted in order that any part of the Collateral located in any other jurisdiction than the jurisdiction governing this agreement shall be charged by a valid lien or security according to the applicable laws of such other jurisdiction:

- We have a security interest in any and all present and future credit balances, securities or 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, dividends or other income derived therefrom ("Collateral"). This

paragraph shall not be applicable to Collateral while held in registered plans.

- Additional provisions applicable to accounts opened in Quebec:*  
You hereby grant to us (and upon each delivery thereof) a hypothec with delivery in the amount of one million dollars, plus interest at the rate of interest described in your monthly or quarterly account statements, on all Collateral (as defined above), as security for all of your indebtedness and obligations present or future, matured or contingent to us up to a maximum of one million dollars. This amount may differ pursuant to a written agreement between you and Raymond James which has been approved by two authorized signatories of Raymond James. Nevertheless, we are not obligated to grant credit to the extent of such or any other amount. This means that the Collateral is a security for any or all of your indebtedness and obligations, present or future, mature or contingent, to us. Our nominees and we have full and exclusive ownership rights over the Collateral and may perform all acts of ownership with respect to the Collateral and the Collateral shall be registered under our name. Furthermore, no modification of the Collateral may be authorized without our consent or the consent of our nominees. This paragraph shall not be applicable to Collateral while held in registered plans. The foregoing is in addition to and shall not operate as a novation with respect to any other security or charge held by Raymond James with respect to such Collateral.

### **Default and Put/Call Transactions**

29. In the event that you do not meet your margin calls promptly, in addition to the authority provided in paragraph 9 above, you authorize us, in our sole discretion and without notification to you, to take any and all steps necessary to protect ourselves in connection with put and/or call transactions made for your account(s), including the right to buy and/or sell short for your account and at your risk any part or all of the shares represented by options made by us for your account(s), or to buy for your account and at your risk any puts and/or calls as we may deem necessary to fully protect ourselves. You further agree to reimburse us for any and all expenses incurred by us in this connection.

### **Interest**

30. You agree to pay interest on your margin accounts with us at our prevailing rates as we shall establish from time to time for our customers of margin accounts and with any increases in rates caused by money market conditions, together with the usual charges to cover our credit services and facilities, and we shall not be obliged to notify you of any change of such rates.

# Client Account Agreement Terms and Conditions

## Part IV: General Provisions for All Accounts

### **Headings**

31. The headings used in this agreement are for convenience only and shall not in any way affect the interpretation of this agreement.

### **Enurement**

32. This agreement shall enure to the benefit of and be binding upon us and our successors and assigns, and upon your heirs, executors, administrators, successors and assigns and shall continue in full force and effect in the event of your death, bankruptcy (whether voluntary or involuntary) or your mental incompetency. The agreement is a continuing agreement and consent applying to any and all future as well as your existing and past transactions with our firm, or our successors or assigns, and supersedes all prior agreements or provisions if they contain terms or provisions that are inconsistent with those contained in this agreement. In the event of your death, mental incompetency, or disability, whether or not executors, administrators, committees, trustees or other conservators of your estate or property have been qualified or appointed, we may take any and all action authorized in this agreement as though you were alive and competent and without prior notice to or without prior demand or call of any kind upon your heirs, executors, administrators, personal representatives, assigns, committee, conservators or trustees. You hereby confirm all purchases, sales and redemptions of securities made pursuant to this authorization and direction and you agree to indemnify and save harmless our firm and our directors, officers, employees and agents from any loss, liabilities, costs and expenses (including legal fees) which may be sustained by reason of our actions.

### **Term**

33. This agreement shall remain in full force and effect unless Raymond James advises you in writing of a complete or partial change or revocation.

### **Modifications**

34. We may from time to time amend this agreement by giving you 30 days written notice of any amendment, unless the amendment is pursuant to the deemed variance provisions in paragraph 2 of this agreement. The most current version of these terms and conditions will be posted on our Raymond James client website and you shall be deemed to have accepted any revised terms unless you provide to us written notice to the contrary on or before the date the amendment takes effect.

### **Web Use Agreement**

35. If you use our websites, then the Web Use Agreement is incorporated herein by reference and forms part of this Client Account Agreement and you agree to abide by and be bound by the terms and conditions of the Web Use Agreement, posted on our websites and as amended from time to time.

### **English Language**

36. You acknowledge that you have expressly required our agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant to our agreement to be drawn up 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**

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

### **Indemnity Regarding Agents and Attorneys**

38. If you have appointed one or more agents pursuant to Trading Authorizations over your Raymond James account(s), or if you have appointed one or more attorneys under a Power of Attorney with authority to govern your accounts with us, then you agree to indemnify and hold us harmless from any and all losses, liabilities, costs and expenses (including legal fees) resulting from our acting in accordance with the authority granted to your agent(s) under the Trading Authorization or your attorney(s) under the Power of Attorney. Without in any way limiting the authority granted or requiring us to take action with respect to any past, present or future circumstances arising, we are hereby authorized, in our absolute discretion, to require joint action by all of your agents or attorneys (as the case may be) with respect to any matter concerning your accounts at Raymond James, including but not limited to the giving or cancellation of orders and the withdrawal of monies, securities or other property.

### **Trading Authorization for Registered Plans**

39. You acknowledge that taxes may become due and payable as a result of transactions regarding the assets held under your Registered Plan (including withdrawals) upon instructions of the person that you appoint or authorize to trade on your behalf and that you will be responsible for all

taxes, interest, or penalties owing as a result of any such transaction. You acknowledge that any such instructions will be subject to the terms of the Registered Plan, including any withdrawal or other restrictions.

Further, you acknowledge that any funds withdrawn from your Registered Plan upon instructions of such person shall be made payable to you as annuitant of the Registered Plan and any transfer from your Registered Plan shall be made in accordance with the terms of the Registered Plan regarding transfers. In addition to any other indemnity that you may have provided to the Trustee with respect to the Registered Plan, you agree to indemnify and hold harmless the Trustee and Raymond James 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 by whomsoever brought, 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, in connection with, or in respect of acting in accordance with any Power of Attorney and/or Trading Authorization governing your registered plan.

This indemnification shall survive the termination of the Registered Plan, the withdrawal or transfer out of the assets held under the Registered Plan, the resignation or revocation of the trusteeship of the Registered Plan by the Trustee, and the termination of the appointment of attorney or trading authorization. This acknowledgement and indemnity shall be binding on your heirs and assigns.

#### **Leverage Risk Disclosure**

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

#### **Control and Jurisdiction**

41. You agree at all times upon our demand, whether made verbally or in writing, to discharge all your obligations and to pay in full all your indebtedness to us, together with interest payable on that indebtedness. Until all of your obligations to us are satisfied, you hereby irrevocably consent to and authorize us in our sole discretion and without notification to you and notwithstanding any contrary instructions given by you to deal with the securities in any way that we see fit and in any manner permitted by law to satisfy in full your obligations to us. Such authorization shall

include the right to, in our sole discretion and without notification to you, sell buy, transfer, pledge, or repledge any or all such securities without notice or advertisement or to retain the securities in satisfaction of your obligations to us. You hereby acknowledge and consent to Raymond James having control of the securities and your accounts for the purposes set out herein. Regardless of any provision in any other agreement relating to the securities, Raymond James' jurisdiction is British Columbia for purposes of the *Securities Transfer Act* (British Columbia) or similar legislation in any other relevant jurisdiction.

#### **Financial Advisor as Agent**

42. Your Financial Advisor may be an employee or an agent of Raymond James Ltd. In either case, Raymond James will be irrevocably liable to you, and will continue to be liable to you for the acts and omissions of your Financial Advisor relating to Raymond James' business as if the Financial Advisor were an employee of Raymond James. By continuing to deal with our firm you accept our offer of indemnity.

#### **Non-Securities Activity**

43. In the normal course of conducting business with your Financial Advisor, he or she may provide financial planning advice or other services concerning equities, bonds, mutual funds and other securities. Your Financial Advisor may also provide advice and services concerning high interest savings accounts and other products provided by outside financial institutions. These activities and products are conducted through Raymond James Ltd. (RJL). Certain non securities-related activities such as insurance and tax return preparation may be conducted by your advisor either through Raymond James Financial Planning Ltd. (RJFP), our insurance subsidiary, or through an arm's length third party.

Your Raymond James advisor may also be registered to sell and advise you on insurance products. Alternatively, he or she may provide a referral through a licensed insurance advisor in RJFP. As a result, he or she is an agent of, or employed by, or represents, two separate entities. Depending on the products purchased from your advisor, you should understand that you may be dealing with two different entities and that remuneration earned by your advisor from the sale of these different products may vary. Raymond James will share your confidential client information between these entities with your consent. Any cash or securities relating to your securities transactions will be held with RJL and any cash or securities relating to insurance or insurance-related products (e.g. segregated funds) will either

be held by RJL or provided to the respective insurance companies or applicable third-party custodians. RJFP is a subsidiary of RJL, but is not a member of the Canadian Investor Protection Fund (CIPF). Any non securities-related business carried on outside of RJL or RJFP is not the responsibility of RJL, but is the responsibility of the advisor alone.

#### **CIPF Coverage**

44. You acknowledge that securities held “off-book” are not held in a Raymond James account and **are not eligible for CIPF coverage**. In most cases, our clients will hold their securities “on-book” making them eligible for CIPF coverage. “On-book” means that various securities will show up on your client statements as being held in your account on your behalf in the name of Raymond James. Clients may on occasion hold certain securities “off-book” meaning the securities are not shown as being held in your Raymond James account, but rather 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). Securities held “off-book” are held in the name of the client and are not eligible for CIPF coverage.

#### **Qualified Intermediary**

45. 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 to the extent we are required as a Qualified Intermediary or by any laws, rules, regulations, or orders of any US governmental authority to withhold from US sources any sum from payments to or from your account(s) and to report as required we shall be entitled to do so. We will provide you with appropriate statements of any such deductions, remittances or disbursements.

#### **Time**

46. Time shall be of the essence in this Agreement.

#### **Severability**

47. 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) shall not be affected.

#### **Force Majeure**

48. Notwithstanding any other term or condition of this agreement, neither you nor we shall be obligated to perform or observe our obligations undertaken in this agreement

(except for obligations to make payments hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstance found to be beyond our control.

#### **Further Assurances**

49. Both you and we agree to do all acts or things and shall execute and deliver all documents or instruments as are necessary or desirable to give effect to the provisions of this agreement.

# Options Trading Agreement

IN CONSIDERATION of **Raymond James Ltd.** (*Raymond James, we or us*) opening, or if opened, continuing an options trading account or accounts for you as the applicant or co-applicants identified on the application form, being part of our options trading agreement, it is agreed that all transactions between you and Raymond James shall be governed by the following terms:

You agree with Raymond James as follows in connection with us acting from time to time as broker for you on the purchase, sale or execution of put or call options (*Options or Option*, as applicable) traded on recognized stock or option exchanges:

## By-laws, Rules, Rulings, Customs and Usages

1. Each transaction will be subject to the by-laws, regulations, rules, rulings, customs and usages (whether in force at the time of the transaction or subsequently adopted) of the clearing corporation issuing the Option, the exchange on which the Option trades and any other regulatory body which may have jurisdiction. In addition, each transaction will be subject to our rules, regulations and customs for Options trading. You acknowledge that such rules, regulations and policies may be enacted, amended or repealed which may affect outstanding positions. You will comply with all such rules, limits and requirements which are now in effect, or which from time to time may hereafter be passed or adopted.

Without limiting the generality of the foregoing, you shall not exercise a long position in an Options contract if you, acting alone or in concert with others, directly or indirectly, have or will have exercised within any five consecutive trading business days, aggregate long positions in excess of the applicable position/exercise limits. If you fail to comply with any of the foregoing, you acknowledge that we are required to report your position in any class of Options to the proper regulatory authorities.

## Discretion in Accepting Orders

2. We will have the sole discretion to determine whether or not to accept any order from you for a trade in an Option. You acknowledge that we have no duty or obligation to exercise an Option belonging to you without your specific instruction to that effect. We may execute orders for you acting as principal on the other side of a transaction or as part of larger transactions for you and others. We may also act for other customers on the side of a transaction as we may deem advisable, subject, however, to the rules of the applicable exchange. You consent and agree to ratify any transaction relating to your account in which we act as a market maker or principal in the purchase or sale of Options. It is also understood that any charge to you expressed as a

commission for any purchase or sale of Options where we act as a market maker or principal will be deemed a sum payable, increasing the cost to you of such transactions.

## Trading

3. You understand that it is your obligation to instruct us to execute the closing transaction before the expiry date, however if we are unable to contact you, we may exercise discretion and our best judgment to close out the position. Notwithstanding this, you understand that we are under no obligation to exercise such discretion. Instructions to exercise option positions must be received no later than 4:00 pm (Eastern Time) of the day, which is the last trading day for an Option. Raymond James will not accept responsibility for any instructions to exercise, which are received or entered after that time.

Except during the 10 days immediately before the expiration date of any Option, the applicable clearing corporation and exchanges on which the Options are from time to time listed and traded retain the right to restrict the exercise of an Option and any such restriction may have a serious effect on your ability to deal with such Option.

## Maintaining Margin

4. Upon receipt of confirmation of a purchase and/or short sale of any securities (including the writing and/or sale of any uncovered Option), you will immediately provide or deliver to us cash or securities in sufficient quantity to provide such margin as we may from time to time require. You will maintain in your account at all times sufficient value in cash or securities to fully margin your debit balance, any short positions and/or any uncovered Options you have written and/or any additional cash or securities that we may deem necessary to protect ourselves in connection with any securities transaction entered into for your account.

## Payment

5. You will promptly pay:
  - a) all commissions and other transaction charges payable on all transactions executed by us on your behalf at our customary rates or as negotiated between you and Raymond James;
  - b) upon demand, all your indebtedness to us;
  - c) nonetheless, interest on any debit balance in your account at the per annum interest rate set by us from time to time as margin interest for our customers which we may change from time to time without advance notice to you; and

- d) by way of reimbursement, all expenses incurred by us in connection with any transactions entered into, with or through us on your behalf.

### Security

6. We shall be entitled to retain your monies, securities (including securities held in segregation), commodities and properties in our possession as continuing security for any and all your indebtedness and/or your short positions and, in addition, if demanded, you shall promptly provide us from time to time with such further security as we may request or as may be required by the rules or regulations of the applicable exchange, market and/or clearing corporation. For this purpose, we may affect such transfers among your accounts as we consider necessary, including transfers from foreign currency accounts at current exchange rates. You acknowledge that we may act as principal in currency conversion and fixed income transactions and that we apply discretionary conversion rates and may earn revenue on the spread between bid and offer prices in foreign exchange transactions.

### Pledge and Lending

7. While any such securities are so retained as security, you authorize us, without notice to you to:
  - a) pledge the securities or any part thereof as security for our own indebtedness;
  - b) loan the securities or any part thereof for our firm's purposes or as its security; and
  - c) use the securities or any part thereof for making delivery against a sale, whether a short sale or otherwise, and whether such sale is for your account or that of any of our other customers.

While we retain any securities held or carried in any of your Options trading accounts as security in accordance with our Client Account Agreement, such Securities shall form part of the collateral which we may deal with as provided in our Client Account Agreement or Margin Agreement. The word *securities* as used in this agreement will include but is not limited to all securities generally so-called and investment property and without limitation shall include shares of stock, securities entitlements, financial assets, warrants or rights, Options, bonds, notes, debentures, trust and deposit certificates, commodities and contracts relating thereto, gold bars and all other rights to property of whatsoever nature or kind including those belonging to you, which may be in our possession or control or in transit to or from us.

### Discretion to Cancel or Sell

8. Whenever we deem it necessary or advisable for our

protection by reason of your indebtedness to us, insufficiency of margin, securities, or otherwise, then we may in our sole discretion, without demand, advertisement or notice to you (all of which are hereby waived) cancel any outstanding order of yours, sell any or all securities held or carried by us for your account and/or purchase for your account any or all securities which we deem necessary to fulfill any present or contingent obligations arising or likely to arise from securities transactions entered into on your behalf. Any or all such sales and purchases may be made for your account on any exchange, if capable of being made thereon, or on any public sale, upon such terms and conditions as we may deem advisable. No demand, advertisement or notice made or given by us shall be deemed a waiver of our right to take action authorized hereunder.

### Funds

9. Funds represented by any credit balance in your favour from time to time with us need not be segregated or earmarked for you and may at our discretion be used by us in the ordinary conduct of our business, provided that the use of such funds will not prejudice your claim against us for such funds or our liability to pay you when due.

### Default

10. In the event that you do not satisfy, on a timely basis, money or collateral calls or requirements to deliver underlying securities, we are authorized in our sole discretion, and without notification to you, to take any and all steps we may deem necessary for any reason to protect ourselves in connection with Options transactions entered into for your accounts.

### Business Hours

11. Our office through which you may instruct us as to Option transactions will be open during local business hours but an order may be executed at any time when the applicable exchange is open for trading.

### Allocation of Exercise Notices

12. We will allocate exercise and assignments of exercise notices received to accounts of our customers on a First-In-First-Out ("FIFO") basis, or on such basis as we may advise.

### Errors or Omissions

13. We will not be liable to you for errors or omissions in connection with or in the handling of orders relating to the purchase, sale, execution or expiration of an Option or any matter related thereto, unless caused by our gross negligence or willful misconduct. We shall be entitled to correct any error in filling an order to buy or sell an Option at market

by filling such order at the market price in effect at the time such order should have been filled.

#### **Certificates and Securities**

14. Unless otherwise directed in writing, securities held for your account may at our discretion be kept at our head office or at any of our branch offices or at the office of a correspondent broker of ours or at any institutional depository. We may fulfill our obligation to deliver to you your securities held by us by delivering certificates or securities of the same kind or amount, although not the same certificates or securities as deposited or delivered to us.

#### **Custody**

15. Our responsibilities for holding your securities for safekeeping will be limited to the same degree of care that we exercise in the custody of our own securities and no more, and we will not be liable as a guarantor for any loss.

#### **Cash Only Basis on Expiry**

16. Notwithstanding anything contained herein, we may require any transaction in respect of an Option to be on a cash only basis during the last 10 days prior to the expiry of such Option.

#### **Exercise or Position Limits**

17. You will abide by any exercise or position limits including limits or restrictions on short positions, which we may from time to time impose, and any limitations that we place upon the time at which you may enter orders with us respecting Options.

#### **Death or Insolvency**

18. Upon learning of your insolvency, mental incompetence, death or attachment of your property, we may with respect to any open positions take any and all such steps as we consider necessary or advisable to protect ourselves against loss, without prior notice or demand of any kind upon your heirs, executors, administrators, personal representatives or trustees, whether or not they have been qualified or appointed. You hereby confirm our actions made pursuant to this authorization and direction and will indemnify us and save harmless our firm and our directors, officers, employees and agents from any losses, liabilities, costs and expenses (including legal fees) which may arise by reason of our actions hereunder.

#### **Credit Report and Disclosure**

19. You consent to the use and disclosure of your personal information, including your social insurance number as may be required with other lenders or credit reporting agencies

for the purpose of conducting a credit check or to otherwise determine your creditworthiness. You agree to allow us to obtain any credit reports on you as we deem necessary and agree that in considering your application to trade in Options we may prepare or obtain, and may consider or refer to, any report containing credit and/or personal information concerning you. Further, we may use and disclose your personal information as may be required with securities regulatory and securities oversight organizations, for the purpose of an audit or investigation relating to your account or our business in general.

#### **Joint and Several Liability**

20. If this agreement is signed by more than one individual, your liabilities and obligations hereunder will be joint and several and each of you agrees that each has full power and authority to direct us to take any action whatsoever with respect to your account with us and we are hereby authorized and directed to act upon the instructions of any one of you with respect to such account. Any notice relating to such account, including contracts of purchase and sale, may be sent to any one of you and will be binding upon each of you.

#### **Notice**

21. Any demand, notice or communication given to you hereunder may be given or delivered to you personally, by telephone, or by letter or electronic means addressed to you at the address set forth herein or such other address as you may from time to time inform us in writing. Except in the case of actual or threatened postal dispute, any such notice given by mail shall be conclusively deemed to be received by you by noon of the next business day following the day of mailing and any such notice given by other means shall be deemed to be received when given.

#### **Notice Errors**

22. Within 30 days of us giving you any notice, statement of account or communication, you agree to examine the same and to advise us in writing of any errors, including any errors to your benefit, contained therein. If you have not so advised us, you shall be conclusively deemed to have acknowledged that such notice, statement of account or communication is correct and fully sets out all amounts to be charged against you and/or to which you are entitled.

#### **Waiver and Modification**

23. None of the provisions hereof will under any circumstances be deemed to have been waived, modified or otherwise affected except by agreement in writing and signed or acknowledged on our behalf by our DROP (*Designated Registered Options Principal*) or AROP (*Alternate Registered*

*Options Principal*) officer. Our failure to exercise any of our rights in any one or more instances will not be deemed a waiver of any such rights for the future.

#### **Enurement**

24. This agreement will be binding on you and on your personal representatives, heirs, executors, administrators, successors and assigns and will enure to the benefit of our successors and assigns.

#### **Other Agreements**

25. Except as specifically contemplated herein, this agreement is in addition to, and not in substitution for any Client Account Agreement between us and shall be read and construed together with the Client Account Agreement. This agreement replaces all prior agreements between us with respect to Option transactions. If there is a conflict between any provision of this Options Trading Agreement and the Client Account Agreement this Options Trading Agreement shall prevail.

#### **Governing Law**

26. This agreement will be governed by the laws of the Province in which our office is located, through which you customarily place orders for the purchase or sale of Options.

#### **Headings**

27. Headings are used in this agreement for convenience of reference only and shall not affect the interpretation of this Agreement.

#### **Risk**

28. You realize that Options trading is not appropriate for all individuals and there are a number of inherent risks, and you are fully prepared financially to undertake such risks and to withstand any potential loss. You agree to immediately advise us of any change in your circumstances, financial or otherwise, which might affect the suitability of Options transactions for your account or which may be relevant to the handling of your account, including without limitation your financial situation, needs, experience and investment objectives from time to time. In addition, you agree to advise us of any restrictions in Option trading applicable to you.

#### **Waiver of Liability**

29. You hereby waive any and all claims against us for any damage or loss which may arise from or is in any way related to any refusal of ours to accept trading instructions that you may place with us or any error and/or omission (other than willful default or gross negligence) on our part in the acceptance, execution, handling, or endorsement of

any order for the sale, purchase, exercising or writing of any Option or the sale or purchase of any securities on your behalf.

#### **Representations**

30. You represent to us that you are of legal age and that you are not an employee of any other member, member firm or member corporation of any stock exchange, or of any non-member broker or investment dealer. If you are an employee of any stock exchange, you will specifically advise us in writing and complete all documentation required in order to permit you to be our client.

#### **Acknowledgements**

31. You acknowledge that you have received, read and understood this Options Trading Agreement and the Risk Disclosure Statement for Recognized Market Options /Futures and Options (Exchange Contracts) as approved by applicable regulatory authorities and you agree to be bound by them. You understand the rights and obligations associated with put and call option contracts and you are financially able to assume such risks and to sustain any losses resulting from Option Trading.

# Explanation to Clients for Shareholder Communication Client Response Form (NI 54-101)

## (Explanation to Clients of Communication with Beneficial Owners of Securities of a Canadian Reporting Issuer)

Based on your instructions, the securities in your account with us are not registered in your name but in our name or the name of another person or company holding your securities on our behalf. The issuers of the securities in your account may not know the identity of the beneficial owner of these securities.

We are required under securities law to obtain your instructions concerning various matters relating to your holding of securities in your account.

### Disclosure of Beneficial Ownership Information

Securities law permits reporting issuers and other persons and companies to send materials related to the affairs of the reporting issuer directly to beneficial owners of the reporting issuer's securities if the beneficial owner does not object to having information about it disclosed to the reporting issuer or other persons and companies.

Part 1 of the Shareholder Communication NI 54-101 Client Response Form allows you to tell us if you **OBJECT** to the disclosure by us to the reporting issuer or other persons or companies of your beneficial ownership information, consisting of your name, address, electronic mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of your beneficial ownership information to matters relating to the affairs of the reporting issuer.

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

If you **OBJECT** to the disclosure of your beneficial ownership information by us, please mark the second box in Part 1 of the form. If you do this, all materials to be delivered to you as a beneficial owner of securities will be delivered by us.

### Receiving Securityholder Materials

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

In addition, reporting issuers may choose to send other

securityholder materials to beneficial owners, although they are not obligated to do so. Securities law permits you to decline to receive securityholder materials.

The three types of material that you may decline to receive are:

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

Part 2 of the Shareholder Communication NI 54-101 Client Response Form allows you to receive all materials sent to beneficial owners of securities or to decline to receive the three types of materials referred to above. If you want to receive **ALL** materials that are sent to beneficial owners of securities, please mark the first box on Part 2 of the Shareholder Communication NI 54-101 Client Response Form. If you want to **DECLINE** to receive the three types of materials referred to above, please mark the second box in Part 2 of the form.

*(Note: Even if you decline to receive the three types of materials referred to above, a reporting issuer or other person or company is entitled to deliver these materials to you, provided that the reporting issuer or other person or company pays all costs associated with the sending of these materials. These materials would be delivered to you through your intermediary if you have objected to the disclosure of your beneficial ownership information to reporting issuers.)*

### Preferred Language of Communication

Part 3 of the Shareholder Communication NI 54-101 Client Response Form allows you to tell us your preferred language of communication (English or French). You will receive materials in your preferred language of communication if the materials are available in that language.

### Electronic Delivery of Documents

Securities law permits us to deliver some documents by electronic means if the consent of the recipient to the means of delivery has been obtained. If you wish to receive documents available in electronic delivery form from us, please complete Part 4 of the Shareholder Communication NI 54-101 Form and provide the required email address.

### Contact

If you have any questions or want to change your instructions in the future, please contact your account representative or Raymond James Ltd.

# Futures and Options: Risk Disclosure Statement

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

## FUTURES

### Effect of Leverage or Gearing

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

### Risk-Reducing Orders or Strategies

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

## OPTIONS

### Variable Degree of Risk

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

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

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option

is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

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

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin 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.

## ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS

### TERMS AND CONDITIONS OF CONTRACTS

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

### Suspension or Restriction of Trading and Pricing Relationships

5. 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**

6. 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**

7. 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**

8. 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 effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

#### **Currency Risks**

9. 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**

10. 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.

#### **Electronic Trading**

11. 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**

12. 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.

# Conflict of Interest Rules Statement/Statement of Policies

## General

Securities laws in certain Canadian jurisdictions require securities dealers and advisors, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal advisor.

Under certain circumstances, we may deal with or for you in securities transactions where the issuer of the securities or the party to the transaction is a firm or a party having an ownership or business relationship with us. Since these transactions may create a conflict between our interests and yours, we are required by Canadian securities laws to disclose to you certain relevant matters relating to the transactions. This statement contains a general description of the required disclosure. A complete statement of these rules is set out in Division 11 of Part 5 of the British Columbia Securities Rules, Part XIII of the Regulation under the Ontario Securities Act, Title V, Chapter VII of the Quebec Securities Regulation and similar provisions of applicable securities legislation in certain other Canadian jurisdictions.

## Important Concepts

1. *Related party* – A party is related to us if, through the ownership of or direction or control over voting securities, we exercise a controlling influence over that party, that party exercises a controlling influence over us or another party exercises a controlling influence over both of us.

*Connected party* – A party is connected to us if, due to indebtedness or certain other relationships, a prospective purchaser of securities of the connected party might question our independence from that party.

*Associated party* – An associated party is either a related party or another party in a close relationship with us, such as one of our partners, salesmen, directors or officers.

## Required Disclosure

2. We must make certain disclosures where we act as your broker, advise you or exercise discretion on your behalf with respect to securities issued by us, by a related party or, in the course of an initial distribution, by a connected party. In these situations, we must disclose either our relationship with the issuer of the securities, or that we are the issuer. We

must also make disclosure to you where we know or should know that, as a result of our acting as your broker or advisor, or of our exercising discretion on your behalf, securities will be purchased from or sold to us, an associated party or, in the course of initial distribution, a connected party.

The following is a list of the time and manner in which these disclosures must be made.

- Where we underwrite securities, the required disclosure will be contained in the prospectus or other document being used to qualify those securities.
- Where we buy or sell securities for your account, the required disclosure will be contained in the confirmation of trade which we prepare and send to you.
- Where we advise you with respect to the purchase or sale of securities, the disclosure must be made prior to our giving the advice.

In addition, where we exercise discretion under your authority in the purchase or sale of securities for your account, we may not exercise that discretion for the types of transactions described above unless we have obtained your prior specific and informed written consent.

## Related Parties

3. A list, as at May 1, 2005, of our related parties that are public companies is set out below. We will provide you with a revised version of this document if this list changes. Raymond James Financial, Inc. – Raymond James Financial, Inc. is related to us because it is our parent company.

## Connected Parties

4. A number of companies related to us are involved in the management of one or more investment funds. You may consider these investment funds to be connected parties to us because of our relationship to the companies involved in the management of these funds. If you would like to confirm whether an investment fund is managed by a party related to us or whether an issuer is otherwise a connected party to us, please contact us at the number shown below.

We have a relationship with the companies and other issuers listed or otherwise referred to in this statement. We may from time to time recommend that you trade in, or provide you advice about, a security issued by these companies and other issuers. If you have any questions or would like further information regarding our relationship with the companies and other issuers listed or referred to in this statement, please contact the Raymond James Chief Compliance Officer:

c/o Suite 2200 - 925 West Georgia Street  
Vancouver, BC, V6C 3L2

Telephone: 604-654-1526 or Toll free: 1-866-333-8858

## **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.

## Privacy Legislation

On January 1, 2004, new legislation related to the collection, use and disclosure of personal information came into effect, impacting the personal information collected by Raymond James in the course of providing services to you. In support of our commitment to your personal privacy we have adopted the privacy principles and procedures set out in our Privacy Policy which is available on our website at [www.raymondjames.ca](http://www.raymondjames.ca), at the branch office that administers your account or from any of the contacts listed below.

The Privacy Policy describes why and how we collect personal information, how we will use the personal information we collect and to whom we disclose personal information. It also sets out your rights with respect to the personal information obtained by Raymond James about you and how Raymond James will be accountable to you. We encourage you to take a moment to review the Privacy Policy carefully.

The Privacy Policy provides important details about the collection, use and disclosure of your personal information when accessing the products and services offered by Raymond James. If you do not notify us otherwise, we will consider that you have consented to the collection, use and disclosure outlined in our privacy policy.

If we ever desire to use the personal information we have collected from you for other purposes, or if we desire to collect further personal information for a use not previously disclosed to you, we will inform you and seek your consent for any such new use or collection. If you do not consent to the collection, use or disclosure of your personal information for any purpose outlined in our privacy policy, you should contact the Raymond James Privacy Officer.

Most of the information we collect is required by law or necessary to offer you certain products and services of Raymond James. If you refuse or withdraw your consent, we may not be able to provide you with our products and services. We will explain your options for refusing or withdrawing consent to any collection, use or disclosure of your personal information, or any part thereof, described in our privacy policy and record and respect your choices.

Raymond James has designated a Privacy Officer to oversee our Privacy Policy and to respond to your concerns or questions about privacy and confidentiality – or any concerns about the way a request for personal information was handled.

If you have questions regarding the personal information maintained by Raymond James about you or concerns about the collection, use or disclosure of such personal information described in our Privacy Policy you should contact the Raymond

James Privacy Officer:  
c/o Suite 2200 - 925 West Georgia Street  
Vancouver, BC, V6C 3L2  
Telephone: 604-654-1111 or Toll free: 1-888-299-0209  
Email: [privacyofficer@raymondjames.ca](mailto:privacyofficer@raymondjames.ca)

We will be pleased to answer your questions or address your concerns.

At Raymond James, your personal privacy is as important to us as it is to you and our Privacy Policy further confirms our commitment to you.

# Raymond James Ltd. Self-directed Retirement Savings Plan Declaration of Trust

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

## Some Definitions

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

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

## Registration

1. 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

2. 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

3. 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. 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

4. 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

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

### Management and Ownership

6. 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

7. 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

8. Your Plan will mature on the date (the "Maturity Date") you select for the start of a Retirement Income but this date must not be later than December 31 of the calendar year in which your Retirement Income must begin, as required under the Act. You must notify us in writing at least 90 days prior to the Maturity Date. This notice must also give us your instructions to either:
  - (a) sell the Plan Assets and use all of the cash in the Plan, less any sale costs and other related fees and charges (the "Plan Proceeds"), to purchase a Retirement Income for you starting on the Maturity Date; or
  - (b) transfer the Plan Assets on or before the Maturity Date to a RRIF.

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

responsibility to select a Retirement Income that complies with the Tax Laws.

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

### Withdrawals

9. 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)

10. Subject to any reasonable requirements we impose, you may direct us in writing to transfer Plan Assets (net of any costs of realizations), less any fees or charges payable hereunder and any taxes, interest or penalties that are or may become payable or have to be withheld under the Tax Laws, to:
  - (a) an RRSP or RRIF under which (i) you are the annuitant; or (ii) your spouse, former spouse, common-law partner or former common-law partner, from whom you are living separate and apart, is the annuitant and the transfer is made pursuant to a

decree, order or judgment of a competent tribunal, or a written separation agreement, relating to a division of property in settlement of rights arising out of your marriage or common-law partnership, or after the breakdown of such marriage or partnership; or

- (b) a Registered Pension Plan (as defined in the Tax Laws) for your benefit.

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

#### No Advantages

11. 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

12. 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. If more than one form has been received by us, we will act on the one with the latest signature date.

#### Death

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

#### Proof of Age

14. 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

15. You authorize us to delegate to Raymond James Ltd. (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 and 17 are also given to, and are for the benefit of, the Agent.

### **Fees and Expenses**

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

### **Trustee's Liability**

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

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

The provisions of this section 17 shall survive the termination of the Plan.

### **Replacement of Trustee**

18. 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**

19. 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.

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.

#### **Notice**

20. 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.

**Computershare Trust Company of Canada**

#### **Reference to Statutes**

21. 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**

22. 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**

23. 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)**

24. 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

# Raymond James Ltd. Self-directed Retirement Income Fund

## Declaration of Trust

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

### Some Definitions

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

- "Act" means the *Income Tax Act* (Canada);
- "Agent" refers to the company named in paragraph 12;
- "common-law partner" has the meaning set forth in the Act;
- "Retirement Income" has the meaning set forth in the Act;
- "RRIF" means a registered retirement income fund, as defined in the Act;
- "RRSP" means a registered retirement savings plan, as defined in the Act;
- "spouse" means a spouse for the purposes of the Tax Laws;
- "Tax Laws" means the Act and any applicable tax legislation of your province of residence, as recorded in your application;
- "We", "us" and "our" refer to Computershare Trust Company of Canada;
- "You", "your" and "yours" refer to the person who has signed the application and will be the owner of the Fund (under the Act, known as the "annuitant" of the Fund) and, after your death, your spouse or common-law partner if they become the successor annuitant of the Fund as described in paragraph 9 hereof;

### Registration

1. 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

2. 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.

### Investments

3. 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

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

### Management and Ownership

5. 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

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

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

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

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

We will not make any payments other than those described in paragraphs 6, 7 and 10 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)

7. 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

8. 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

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

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

### Death

10. 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 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

11. 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

12. You authorize us to delegate to Raymond James 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 and 14 are also given to, and are for the benefit of, the Agent.

### Fees and Expenses

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

### Trustee's Liability

14. 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 gross negligence, bad faith or willful misconduct and we may reimburse ourselves for, or pay, any tax, penalty, interest or charge imposed upon us under the Tax Laws or by any other government authority, out of the 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 gross negligence, bad faith or willful misconduct. You specifically acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

You, your heirs and legal personal representatives shall at all times indemnify and save harmless us, our associates and

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

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

### Replacement of Trustee

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

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

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

### Amendments to This Declaration of Trust

16. 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.

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.

#### **Notice**

17. 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.

**Computershare Trust Company of Canada**

#### **Reference to Statutes**

18. 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**

19. 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**

20. 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)**

21. 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

# Raymond James Ltd. Self-directed Tax-free Savings Account Declaration of Trust

We, Computershare Trust Company of Canada, a trust company existing under the laws of Canada, hereby declare that we will act as trustee for you, the holder named in the application to which this declaration is attached, for the Raymond James Ltd. Self-Directed Tax Free Savings Account (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;
- "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 Computershare Trust Company of Canada 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 hereof.

## Registration

1. 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

2. The Arrangement shall not come into effect, and no Contributions will be accepted, until January 01, 2009. Thereafter, we will only accept Contributions made by you or, upon your death, pursuant to paragraph 11 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

3. 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 Arrangement 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. 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

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

## Management and Ownership

5. 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, 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 Arrangement. 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**

6. 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**

7. 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)**

8. 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**

9. Nothing in paragraphs 1, 5 or 8 hereof apply to the extent they are consistent 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**

10. 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**

11. 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:
  - (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. If more than one form has been received by us, we will act on the one with the latest signature date.

#### **Death**

12. 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) 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 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 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**

13. 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**

14. You authorize us to delegate to Raymond James Ltd. (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;
- (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;

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 14 and 15 are also given to, and are for the benefit of, the Agent.

#### **Fees and Expenses**

15. 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. 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 Arrangement. All amounts 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**

16. 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, as a result of the acquisition, holding or transfer of any investment, or as a result of payments out of the Arrangement, made in

accordance with the terms of this declaration or as a result of us acting or declining to act in accordance with instructions given to us, unless caused by our gross negligence, bad faith or willful misconduct and we may reimburse ourselves for, or pay, any tax, penalty, interest or charges imposed upon us under the Tax Laws or by any other government authority out of the Arrangement 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 Arrangement or the Arrangement Assets (“Liabilities”), except Liabilities directly caused by our gross negligence, bad faith or willful misconduct. You specifically acknowledge that we will not be responsible for Liabilities caused by any action or inaction of the Agent in its personal capacity.

You, your heirs and legal personal representatives shall at all times indemnify and save harmless us, our associates and affiliates and each of our respective directors, officers, custodians, agents (including the Agent) and employees from and against all Liabilities of any nature whatsoever (including all expenses reasonably incurred in the defense thereof) which may at any time be incurred by any of us, or be brought against us by any person, regulatory authority or government authority, and which may in any way whatsoever arise out of or be connected in any way with the 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**

17. 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**

18. 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**

19. 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**

20. 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**

21. 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.

### **Governing Law**

22. 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)**

23. 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.

**Computershare Trust Company of Canada**

# Strip Bonds and Strip Bond Packages: Information Statement

This Information Statement is being provided as required by securities regulatory authorities in Canada to describe certain attributes *strip bonds* and *strip bond packages*.

## Strip Bonds and Strip Bond Packages

In this Information Statement, the term *strip bond* refers to an interest in (i) the amount payable on account of principal, and/or (ii) an amount payable on account of interest, in respect of *Underlying Bonds*.

Underlying Bonds are certain government bonds which can be traded pursuant to an exemption from the registration and prospectus requirements of applicable securities legislation. For a trade in bonds not expressly exempted by the applicable securities legislation, an order or other form of acknowledgement may be sought from the applicable securities commission to proceed without complying with registration and prospectus requirements.

The following is a summary of certain governments bonds which can be traded pursuant to an exemption from the registration and prospectus requirements of applicable securities legislation in particular provinces or territories (or in the case of the Yukon Territory, from the prospectus requirements only).

## Canada, Provincial and Territorial Bonds

- In all provinces and territories, bonds issued or guaranteed by the Government of Canada or a province of Canada.
- In Alberta, British Columbia, New Brunswick, Nova Scotia, Newfoundland, Ontario, Prince Edward Island, Saskatchewan, the Northwest Territories, Nunavut and the Yukon Territory, bonds issued or guaranteed by a government of a territory in Canada.

## Foreign Country Bonds

- In Alberta, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, the Northwest Territories, Nunavut and the Yukon Territory, bonds issued or guaranteed by the government of any foreign country or a political division thereof.
- In British Columbia and Saskatchewan, bonds issued or guaranteed by the Government of the United Kingdom, the Government of the United States of America, a state or territory of the United States of America, or the District of Columbia in the United States of America.
- In Manitoba, bonds issued or guaranteed by the Government of the United States of America or the Government of the United Kingdom.

A strip bond entitles the holder to a single payment of a fixed amount in the future without the payment of any interest in the interim. The purchase price or present value of a strip bond is determined by discounting the amount of the payment to be received on the payment or maturity date of the strip bond by the appropriate interest rate or yield factor. Strip bonds are therefore different from conventional interest-bearing debt securities and purchasers of strip bonds should be aware of the special attributes of strip bonds as described in this Information Statement. Strip bonds may be purchased in various different forms as described below under *Custodial Arrangements*.

In this Information Statement the term *strip bond package* refers to a security comprised of two or more strip bonds which are combined to make up a *bond-like* strip bond package or an *annuity-like* strip bond package.

A bond-like strip bond package consists of a lump-sum payable at maturity, which is backed by an interest in a strip bond payable in respect of one or more Underlying Bonds, together with one or more interests in other strip bonds (usually interest payments) related to one or more Underlying Bonds, thereby creating an instrument that resembles, in its payment characteristics a conventional bond.

An annuity-like strip bond package differs from a bond-like strip bond package to the extent that it does not include a lump-sum payment at maturity. Strip bond packages may be purchased in the form of several separate strip bonds or as one security in one of the forms described below under *Custodial Arrangements*.

## Price Volatility

As with conventional interest-bearing debt securities, the market price of strip bonds and strip bond packages will fluctuate with prevailing interest rates. Generally, the market price of conventional interest-bearing debt securities and of strip bonds and strip bond packages will fluctuate in the same direction: when prevailing interest rates rise above the yield of these instruments, their market price will tend to fall; conversely, when prevailing interest rates fall below the yield of these instruments, their market price will tend to rise.

**However, the market price of a strip bond will be significantly more volatile than the price of a conventional interest-bearing debt security with the same credit risk and term to maturity.**

When prevailing interest rates rise, the market price of a strip bond will tend to fall to greater degree than the market price of a conventional interest-bearing debt security with the same

credit risk and term to maturity. Conversely, when prevailing interest rates fall, the market price of a strip bond will tend to rise to a greater degree than the market price of a conventional interest-bearing debt security with the same credit risk and term to maturity.

The primary reason for such volatility is the fact that no interest is paid in respect of a strip bond prior to its maturity. There is therefore, no opportunity to reinvest interest payments at prevailing rates of interest prior to maturity.

The table below compares changes in the prices of conventional interest-bearing debt securities and strip bonds. The table shows, on a hypothetical basis, the difference in price fluctuation as a result of fluctuations in prevailing interest rates between, on the one hand, five-year and 20-year \$100 face amount conventional bonds bearing interest a 6% payable semi-annually, and on the other hand, five-year and 20-year \$100 face amount strip bonds priced to yield 6%. It will be noted that the longer the term to maturity of the bond or the strip bond, the more volatile its market price will be.

**TABLE 1: MARKET PRICE VOLATILITY**

|                    | Market Price | Market Yield | Price with rate drop to 5% | % price change | Price with rate increase to 7% | % price change |
|--------------------|--------------|--------------|----------------------------|----------------|--------------------------------|----------------|
| 6% 5-Year Bond     | \$100.00     | 6.00%        | \$104.38                   | +4.38%         | \$95.84                        | -4.16%         |
| 5-Year Strip Bond  | 74.41        | 6.00         | 78.12                      | +4.99          | 70.89                          | -4.73          |
| 6% 20-Year Bond    | 100.00       | 6.00         | 112.55                     | +12.55         | 89.32                          | -10.68         |
| 20-year Strip Bond | 30.66        | 6.00         | 37.24                      | +21.49         | 25.26                          | -17.61         |

In contrast to strip bonds, the income stream received on a strip bond package prior to maturity or the final payment date may be reinvested at the then prevailing interest rates. Therefore, the market price of a strip bond package will not be as volatile as the market price of a strip bond with the same credit risk and term to maturity or final payment date. However, it may be more volatile than the market price of conventional interest-bearing debt security with the same credit risk and term to maturity.

### Secondary Market and Liquidity

Strip bonds, strip bond packages and Underlying Bonds do not trade in Canada in an auction market similar to that for shares listed on a stock exchange. Instead, strip bonds, strip bond packages and Underlying Bonds trade in dealer or over-the-counter markets similar to those for most conventional debt securities.

Certain strip bonds and strip bond packages that are available in Canada are offered by groups of investment dealers or financial institutions which may make markets for the strip bonds and strip bond packages they offer, although they are not obligated to do so. **There can be no assurance that a market for particular strip bonds or strip bond packages will be available at any given time.** In such circumstances, purchasers may have to hold their strip bonds and strip bond packages to maturity or final payment date in order to realize their investment.

The market for Underlying Bonds is more liquid than the market for strip bonds and strip bond packages. Total turnover in Canadian federal and provincial bonds totalled \$3.6 trillion in 2000, with trading in Canadian federal bonds accounting for 92 percent of this amount. The average daily turnover of Government of Canada bonds amounted to \$13 billion in 2000, in proportionate terms roughly equivalent to the average daily turnover of U.S. treasury bonds which is generally considered to be the liquid market in the world.

Government of Canada bonds with two, five, 10 and 30-year maturities (i.e., the so-called benchmark issues) account for most of the trading activity in this market and are the most liquid Government of Canada securities. The benchmark issues trade with the tightest bid-offer spread, with spreads widening for securities with different maturities than the benchmark issues. The market for provincial and territorial government securities is less liquid than the market for Government of Canada securities. Securities issued by the larger provinces with significant borrowing requirements are more liquid than securities issued by the smaller provinces, or the territories.

### Custodial Arrangements

Purchasers may purchase strip bonds and strip bond packages in four forms:

- A book-entry position created by The Canadian Depository for Securities Limited (CDS) which represents an undivided interest in the relevant interest and/or principal payment(s) to be made in respect of one or more Underlying Bonds held by CDS. This is the most common form of ownership today.
- A deposit receipt or certificate issued by a custodian where the receipt or certificate represents an undivided interest in a pool of interest coupons or principal residues held by the custodian or in interest or principal payments to be made in

respect of one or more Underlying Bonds held by the custodian (non alter-ego receipts).

- A deposit receipt or certificate issued by a custodian where the receipt or certificate represents the relevant segregated underlying interest coupon(s) or principal residue(s) held by the custodian (alter-ego receipt).
- In limited circumstances, physical delivery of the actual coupon(s) or residue(s) (in specie).

Each of these forms has different characteristics:

- Holders of book-entry positions and non alter-ego receipts are not entitled to take physical delivery of the underlying coupon(s) or residue(s), except in cases where specifically allowed by the rules CDS or the custodial arrangements, as the case may be.
- Holders of book-entry positions, alter-ego receipts and non alter-ego receipts and holders of physical coupon(s) and residue(s), may be limited in their right to enforce the terms of the Underlying Bond(s) directly against the issuer. Further such holders may have their rights under applicable custodial arrangements and in respect to the Underlying Bond(s) affected by a specified majority of such holders. Voting rights may be allocated to holders of strip bonds and strip bond packages based on a formula specified as part of the relevant custodial arrangement or as specified in the terms of the Underlying Bond(s). Each purchaser should review the relevant custodial arrangements and the purchaser's rights thereunder.
- For non alter-ego receipts and alter-ego receipts, registered certificates may be available to the holder on request. Where registered certificates are not available, the holder should receive periodic statements showing the security position from his or her investment dealer or other financial institution.
- Alter-ego receipts may entitle the holder to take physical delivery of the underlying coupon(s) or residue(s). If the holder decides to take physical delivery, the holder should be aware of the risks (including the risk of lost ownership) associated with holding a bearer security which cannot be replaced. The holder also should be aware that the secondary market for physical strip bonds may be more limited than for other forms of strip bonds and strip bond packages, due to the risks involved.

The facilities of CDS are available for custody and settlement of strip bonds and strip bond packages for any CDS participant.

In some cases the Underlying Bonds are redeemable or callable prior to maturity. Purchasers of strip bonds or strip bond packages relating to interest payments to be made in respect of Underlying Bonds that are redeemable or callable should satisfy themselves that such interest payments do not relate to interest payment dates that may occur after the Underlying Bond's earliest call or redemption date.

#### 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 consult their own tax advisors for advice relating to their particular circumstances. The following summary is intended to be a general commentary on the attributes of strip bonds and strip bond packages under the Income Tax Act (Canada) (*Tax Act*) and the regulations thereunder (*Regulations*) for purchasers who hold their strip bonds and strip bond packages as capital property for purposes of the Tax Act. The summary also comments on the attributes under applicable similar provincial or territorial taxation laws.**

#### Qualified Investments

Strip bonds and strip bond packages relating to Underlying Bonds that are issued or guaranteed by the Government of Canada or issued by a province or territory 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 (RRSPs), registered retirement income funds (RRIFs), registered education savings plans (RESPs) and deferred profit sharing plans (DPSPs).

#### Annual Taxation of Strip Bonds

The Canada Customs and Revenue Agency has indicated that purchasers of strip bonds will be treated as having purchased a *prescribed debt obligation* within the meaning of the Regulations. Accordingly, a purchaser will be required to include in income in each year a notional amount of interest, notwithstanding that no interest will be paid or received in the year (see example below). Therefore, these instruments may be more attractive to non-taxable accounts, such as self-directed RRSPs, RRIFs, DPSPs, RESPs, pension funds and charities, than to taxable accounts.

In general terms, the amount of notional interest deemed to accrue each year will be determined by using that 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 the previous year to June 30 of the subsequent year.

### Disposition of Strip Bonds Prior To Maturity

Upon the disposition of a strip bond prior to maturity, purchasers will be required to include in their income for the year of disposition notional interest to the date of disposition. If the amount received on such 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 income, the difference will be treated as a capital loss. As of the date of this Information Statement, a taxpayer was required to take into account one half of the capital gain or loss in determining taxable income.

The table below sets out the income tax treatment for the individual investor in the previous example where the investor sells the strip bond on September 30, 2004 for an assumed sale price of \$4,361.31.

### Strip Bond Packages

Because a strip bond package consists for tax purposes of a series of separate strip

bonds, the interest inclusion rules will be satisfied if an annual notional interest inclusion is determined in respect of each separate strip bond as outlined above. However, the calculation of such annual notional interest inclusion may be very complex. In addition, the calculation may be impossible to perform for individual purchasers to the extent that the anniversary dates of the Underlying Bonds are unknown.

As an alternative, purchasers of strip bond packages may wish to consider accruing notional interest to the end of each year at the internal rate of return or yield of the strip bond package determined by reference to the total purchase price (including any dealer mark-up or commission) and on the assumption that each component of the strip bond package is held to maturity or

**TABLE 2: INCOME TAX TREATMENT 1**

| YEAR | BASE FOR INTEREST COMPOUNDING<br>(i.e. purchase price plus previously accrued notional interest) | ACCRUED NOTIONAL INTEREST FOR YEAR<br>(i.e. 5.5% of the base for interest compounding except in the first year) | TAX LIABILITY AT 45% |
|------|--|---|----------------------|
| 2002 | \$3,742.96   | \$82.71*  | \$37.22              |
| 2003 | 3,825.67   | 210.41  | 94.68                |
| 2004 | 4,036.08   | 221.98  | 99.89                |
| 2005 | 4,258.06   | 234.20  | 105.39               |
| 2006 | 4,492.26   | 247.07  | 111.18               |
| 2007 | 4,739.33   | <u>260.67</u>   | 117.30               |
|      |  | 1,257.04  |                      |

\*  $[(1.055)^{149/365} \times \$3,742.96] - \$3,742.96$ . February 21, 2002 to June 30, 2002 = 149 days because the investor is not credited with interest for the day of purchase.

The table above sets out the income tax treatment of a taxable individual investor resident in Canada who purchases a \$500 strip bond on February 1, 2002 at a total purchase price of \$3,742.96. The anniversary date of the issuance of the Underlying Bond is June 30. The strip bond is due on June 30, 2007 (i.e. five years and 149 days later) and the investor holds it to maturity. Thus, the effective annual interest rate on the strip bond for purposes of the interest accrual rules will be 5.5%. The investor's marginal tax rate (determined after taking into account applicable provincial or territorial taxation laws) is assumed for illustrative purposes only to be 45%. Investors should determine their actual marginal tax rate after discussion with a professional tax advisor.

In some circumstances the anniversary date of the issuance of 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 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.

**TABLE 3: INCOME TAX TREATMENT 2**

|  |               |                 |
|--|---------------|-----------------|
| Proceeds of disposition                      |               | \$4,361.31      |
| Base for calculation of capital gain         |               |                 |
| Initial Purchase Price                       | \$3,742.96    |                 |
| Accrued Income for 2002 (see previous table) | 82.71         |                 |
| Accrued Income for 2003 (see previous table) | 210.41        |                 |
| Accrued Income for 2004                      |               |                 |
| To Anniversary Date (see previous table)     | 221.98        |                 |
| To September 30                              | <u>57.85*</u> | <u>4,315.91</u> |
| Capital Gain                                 |               | 45.40           |
| Taxable Capital Gain (1/2 of Capital Gain)   |               | 22.70           |

\*  $[(1.055)^{92/365} \times \$4,258.06] - \$4,258.06$

final payment date. The use of this method may in some circumstances result in a marginally less favourable income tax result to an individual purchaser than the calculation of an annual notional interest inclusion in respect of each separate strip bond comprising the strip bond package.

Upon the disposition of a strip bond package prior to maturity, purchasers will be required to include in their income for the year of disposition notional interest to the date of disposition. If the amount received on such a disposition exceeds the sum of the total 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 sum of the total purchase price and the amount of all notional interest accrued and included in income, the difference will be treated as a capital loss. As of the date of the Information Statement, a taxpayer was required to take into account one half of the capital gain or loss in determining taxable income.

#### Non-Residents of Canada

Non-residents of Canada for the purposes of the Tax Act who purchase strip bonds or strip bond packages relating to Underlying Bonds issued or guaranteed by the Government of Canada or issued by a province or territory of Canada and which were issued after April 15, 1966 will not be liable for income tax in Canada (including withholding tax) on any amounts paid or credited with respect to the strip bonds or strip bond packages if such purchasers do not use or hold the strip bonds or strip bond

packages in carrying on business in Canada and their sole connection with Canada is the acquisition and ownership of the strip bonds or strip bond packages.

#### Impact on Yield-to-Maturity of Dealer Mark-ups or Commissions Paid on Strip Bonds

Dealer mark-ups or commissions on strip bonds are quoted as a fixed amount per \$100 of maturity amount of the strip bond

purchased. The commission charged is generally not affected by the purchase price of the strip bond. Thus, the commission remains the same for strip bonds with a longer term to maturity and lower purchase price. The commissions quoted by investment dealers for strip bonds generally range between 25 cents per \$100 of maturity amount to \$1.50 per \$100 of maturity amount. Commissions are typically at the higher end of this range for small transaction amounts, reflecting the higher costs of processing a small trade. The commissions generally decline for larger transactions.

The table below illustrates the after-commission yield to an investor in strip bonds with different before-commission yields and with different term to maturity. All of the yield numbers are semi-annual. For example, a strip bond with a term to maturity of one year, a before-commission yield of 4.5% and a commission of 25 cents per \$100 of maturity has an after-commission yield of 4.234%. The before-commission cost of this particular strip bond will be \$94.72 per \$100 of maturity while the after-commission cost will be \$94.97 per \$100 of maturity amount. Similarly, a strip bond with a term to maturity of 25 years, a before-commission yield of 6.5% and a commission of \$1.50 per \$100 of maturity amount has an after-commission yield of 6.204%. The before-commission cost of this particular strip bond will be \$20.21 per \$100 of maturity while the after-commission cost will be \$21.71 per \$100 of maturity amount.

| <b>TABLE 4: AFTER-COMMISSION YIELD</b>  |   |  |        |        |        |        |        |
|---|---|--|--------|--------|--------|--------|--------|
| Commission or Dealer Mark-Up  | Yield Before Commission or Dealer Mark-Up | Term to Maturity in Years and Yield After Commission or Dealer Mark-Up |        |        |        |        |        |
|   |   | 1  | 2      | 5      | 10     | 15     | 20     |
| \$0.25  | 4.5%                                      | 4.234%   | 4.361% | 4.436% | 4.460% | 4.467% | 4.469% |
|   | 5.5                                       | 5.229  | 5.357  | 5.433  | 5.456  | 5.462  | 5.460  |
|   | 6.5                                       | 6.225  | 6.354  | 6.429  | 6.451  | 6.455  | 6.449  |
| \$0.75  | 4.5                                       | 3.703  | 4.083  | 4.309  | 4.381  | 4.401  | 4.408  |
|   | 5.5                                       | 4.691  | 5.073  | 5.299  | 5.368  | 5.385  | 5.382  |
|   | 6.5                                       | 5.679  | 6.062  | 6.288  | 6.354  | 6.367  | 6.349  |
| \$1.50  | 4.5                                       | 2.915  | 3.670  | 4.121  | 4.263  | 4.304  | 4.318  |
|   | 5.5                                       | 3.892  | 4.650  | 5.100  | 5.238  | 5.272  | 5.267  |
|   | 6.5                                       | 4.868  | 5.629  | 6.078  | 6.211  | 6.236  | 6.204  |
| The approximate reduction in annual percentage yield associated with the payment of a specific amount of commission or dealer mark-up may generally be calculated as follows:   |   |  |        |        |        |        |        |
| $\left( \left( \frac{VA}{PA-CC} \right)^{\frac{365}{n}} - \left( \frac{VA}{PA} \right)^{\frac{365}{n}} \right) \times 100$  |   |  |        |        |        |        |        |
| Where:  |   |  |        |        |        |        |        |
| <ul style="list-style-type: none"> <li>MA is the maturity value of the strip bond</li> <li>PP is the purchase price of the strip bond including the amount of any commission or dealer mark-up required to be paid in order to acquire the strip bond</li> <li>CA is the amount of the commission or dealer mark-up required to be paid to the selling dealer at the time of purchase of the strip bond</li> <li>n is the number of days from the time of purchase of the strip bond to the time of maturity of the strip bond (determined excluding the day of purchase but including the maturity day and ignoring leap years)</li> </ul> |   |  |        |        |        |        |        |

A prospective purchaser or seller of a strip bond is invited to compare the yield to maturity of the strip bond, calculated after giving effect to any applicable dealer mark-up or commission, against the similarly calculated yield to maturity of a conventional interest bearing debt security. Prospective purchasers or sellers are invited to inquire about the dealer's bid and ask prices for the subject strip bond. (June 2003)