

APPENDIX A

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROVISIONS FOR AGENCY AGREEMENTS IN CONNECTION WITH PROPOSED BY-LAW 39.4

1. Definitions

- (a) "**Agent**" means [●].
- (b) "**Applicable Laws**" means all laws, legislation and regulations of any governmental entity that are applicable to the Member and all by-laws, rulings, policies, rules, regulations, orders and directions of any self-regulatory organization or similar authority that are applicable to the Member, including, without limitation, the IDA Rules.
- (c) "**Client**" means a person who has engaged the services of the Member through the Agent.
- (d) "**IDA**" means the Investment Dealers Association of Canada.
- (e) "**IDA Rules**" means the By-laws, Regulations, Policies and Forms of the IDA as each may be amended, supplemented, restated or replaced from time to time.
- (f) "**Member**" means [●], together with its successors and permitted assigns.
- (g) "**Member Business**" means any business activity of the Agent conducted on behalf of the Member.
- (h) "**Non-Member Business**" means any business activity of the Agent that is not Member Business.
- (i) "**Records**" means books, records, client files, client information and all other documentation of the Agent relating in any way to Member Business, whether in written or electronic form.
- (j) "**Securities Related Business**" has the meaning specified in IDA By-law 39.2.

2. Confirmation of Supremacy of IDA By-law 39.4

- (a) The Agent and the Member acknowledge and confirm that this Agreement is intended to be made and be effective in compliance with the IDA Rules, including

without limitation IDA By-law 39.4. In the event of any inconsistency between the terms of this Agreement and the terms of IDA By-law 39.4, the terms of IDA By-law 39.4 shall prevail. Any such inconsistent terms of this Agreement shall be deemed to be severable and deleted with the intent that this Agreement shall be construed, complied with by the Agent and the Member and enforced in a manner that gives full effect to the terms of IDA By-law 39.4.

3. Compliance by the Agent with Applicable Laws

- (a) The Agent represents and warrants to the Member that (i) it is registered or licensed in the manner necessary under all Applicable Laws; (ii) it is in good standing under all Applicable Laws; and (iii) it is in compliance with all Applicable Laws.
- (b) The Agent shall (i) maintain any registrations or licenses in the manner necessary under all Applicable Laws; (ii) remain in good standing under all Applicable Laws; and (iii) comply with all Applicable Laws.

4. Conduct of the Agent's Business

- (a) Subject to IDA By-law 29.7A, the Agent shall conduct all Member Business in the name of the Member.
- (b) The Agent shall not conduct any Securities Related Business with, in respect of or on behalf of any person other than the Member. The Agent shall not conduct any Non-Member Business except as disclosed in writing to the Member and as consented to in writing by the Member.

5. Supervision of the Agent by the Member

- (a) The Member shall be responsible for the conduct of the Agent, and shall supervise the conduct of the Agent in respect of Member Business, including, without limitation, compliance by the Agent with all Applicable Laws and with the terms of this Agreement.
- (b) If the Agent is engaged in or carrying on Non-Member Business, the Member shall monitor and enforce compliance with the terms of this Agreement directly, and not by or through any other person.
- (c) The Agent shall ensure that the terms or basis on which it is engaged in or carries on Non-Member Business comply with the terms of this Agreement and the IDA Rules and do not prevent or impair the ability of the Member or the IDA from monitoring and enforcing compliance by the Agent with the terms of this Agreement and the IDA Rules.
- (d) Where the Member and Agent agree that the Agent shall make written disclosure to Clients advising Clients of the business activity included in or excluded from

the Securities Related Business that the Member conducts and that any other business activity conducted by the Agent is not the responsibility of the Member but the responsibility of the Agent alone, the Member shall be responsible for ensuring that the Agent provides the disclosure directly to Clients.

- (e) The Member shall be liable to clients (and other third parties) for the acts and omissions of the Agent relating to Member Business as if the Agent were an employee of the Member, subject to any defence available to the Member under Applicable Laws.
- (f) In the event that:
 - (i) the IDA, a securities commission or any other regulatory authority having jurisdiction has advised the Member to the effect that, or has commenced an investigation or any proceeding on the basis that, or
 - (ii) the Member has reasonable grounds to believe that,

the conduct by the Agent of any business in respect of any Client or Clients is not in compliance with any Applicable Laws, the Member may immediately and without notice to the Agent assume responsibility for and control of all or any dealings and communications with such Client or Clients, and the Agent shall not engage in any such dealings or communications with the Client or Clients for as long as and to the extent that the Member has assumed such responsibility. During the period that the Member has assumed responsibility for the Client or Clients in the manner above, the Member may designate another employee or agent of the Member who is qualified to provide such services to the Client or Clients as may be necessary or desirable in connection with its Member Business, and all or any portion of the remuneration otherwise payable to the Agent in respect of such services or business may be directed or paid to such other employee or agent.

6. Records and Insurance

- (a) The Agent shall prepare all Records in accordance with IDA By-law 17, IDA Regulation 200 and all other Applicable Laws.
- (b) The Agent's Records are the property of the Member. Upon the request of the Member for any reason, including, without limitation, the termination of this Agreement, the Agent shall forthwith deliver the Records to the Member.
- (c) The Member shall maintain, in accordance with IDA By-law 17 and IDA Regulation 400, financial institution bond and insurance policies that cover and relate to the conduct of the Agent.

7. Access by the Member

- (a) The Agent shall make the Records available for review by the Member at the premises where the Agent conducts securities related business on behalf of the Member and at any other place the Records are located. The Member has the right to inspect the Records at any time, immediately upon demand by the Member.
- (b) The Member has the right to access any place of business of the Agent at any and all times. The Member may exercise such right to access at any time, immediately upon demand by the Member.