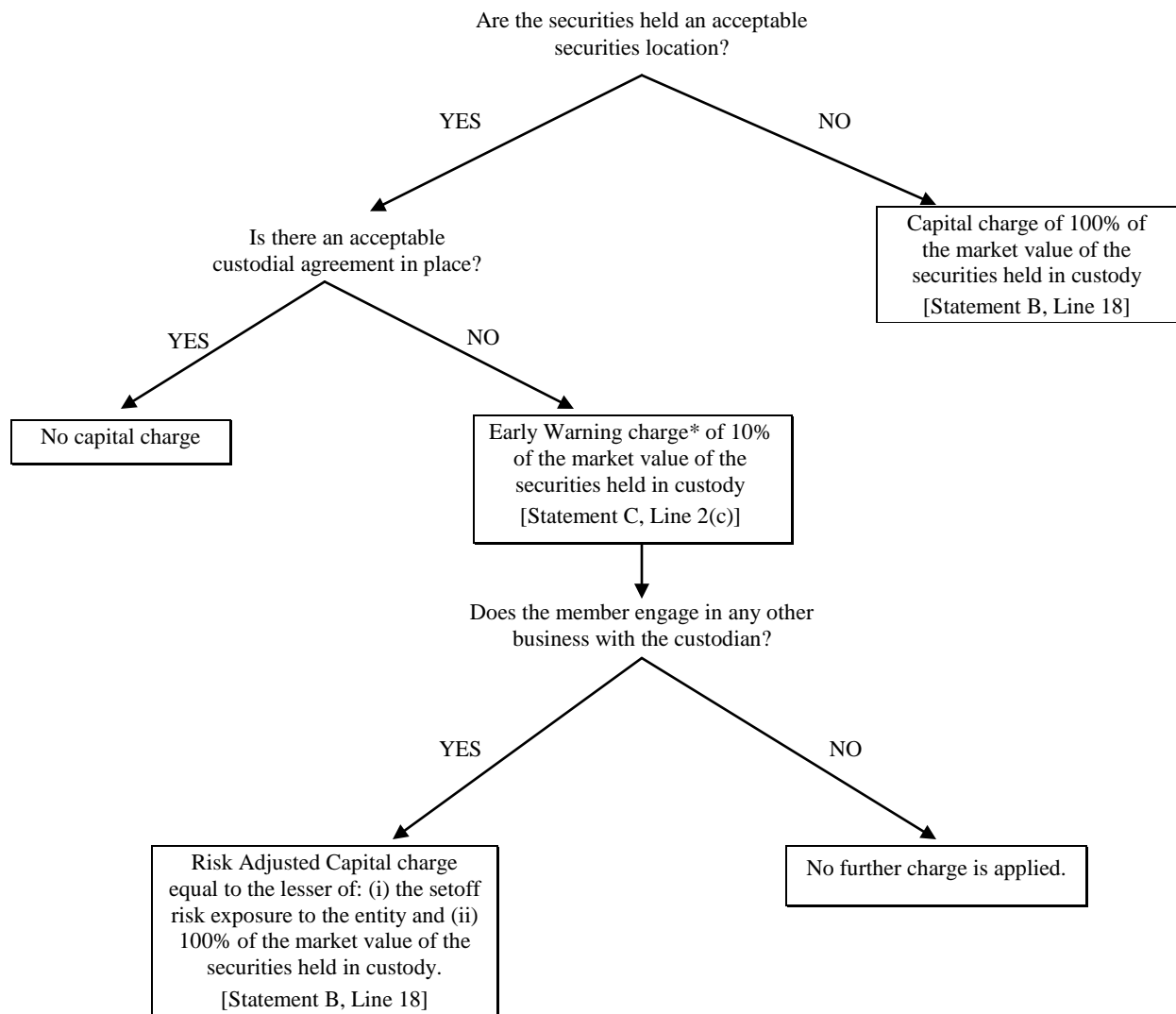


## Chart 1: Custodial Agreement Decision Tree

This decision tree details the considerations in determining whether, for a particular custodial arrangement, a capital charge needs to be calculated and provided for on either Line 18 of Statement B of Form 1, or Line 2(c) of Statement C of Form 1, or both lines. Members are reminded that a separate capital charge would apply where an unresolved difference is identified. In the case of unresolved differences, a capital charge would be calculated and provided on Line 20 of Statement B of Form 1 whether or not a valid custodial agreement has been entered into with the custodian.



The combined Risk Adjusted Capital and Early Warnings charges shall be no greater than 100% of market value of the securities held in custody. Where the combined charges initially calculated are greater than 100%, the Early Warning charge\* shall be reduced accordingly.