

EXAMPLE REPO TRANSACTIONS

Example of a Trial Balance
as at February 29, 1992
dr (cr)

	<u>Trade Date Basis</u>
Securities purchased under agreements to resell	78,276
Securities owned, at market	109,836
Securities sold under repurchase agreements	(109,629)
Securities sold, at market	(26,042)
Payable to counterparty	(52,138)
Trading profit and loss	(304)
Long coupon income	(208)
Short coupon expense	140
Reverse repo interest income	(111)
Repo interest expense	180
Trial Balance	<u><u>0</u></u>

February 14th transactions:

- a. Buy 100M GOC 9.5% 10/1/98 @ 105.571 (109.449 with accrued cpn interest of 3,878), s/d 2/21.
Month-end market @ 105.75.
- b. Sell 75M GOC 8.5% 4/01/02 @ 100.750 (104.220 with accrued cpn interest of 2,603), s/d 2/21.
Month-end market @ 100.55.

February 21st transactions:

- c. Repo out 100M 9.5% 10/01/98 for proceeds of original trade (109.449)
at a repo rate of 7.5% for **60 day term**. Executed with an Acceptable Counterparty (AC).
- d. Reverse in 75M 8.5% 4/01/02 for proceeds of original trade (104.22)
at reverse rate of 6.5%. Roll overnight through month-end. Executed with a Regulated Entity.

February 25th transactions:

- e. Buy 50M GOC 8.5% 4/01/02 @ 100.60 (104.276 with cpn), s/d 3/3.
Month-end market @ 100.55. (Trade date cover of short, 25M position.)

Month-end accruals and Mark to Market:

f.	Realized and Unrealized Trading profits.	Proceeds (Cost)	Market	Trade date p&l
	GOC 9.5% 10/01/98	(105,571)	105,750	179
	GOC 8.5% 04/01/02	75,563	(75,413)	150
		<u>(50,300)</u>	<u>50,275</u>	<u>(25)</u>
		(80,308)	80,612	304
g.	Long coupon accrual. 100M 9.5% 10/1/98 settled for 8 days. 100,000 x 9.5% x 8/365 =	208		
h.	Short coupon accrual. 75M 8.5% 4/01/02 settled for 8 days. 75,000 x 8.5% x 8/365 =	140		
i.	Reverse repo interest income. Outstanding for 8 days. 78,165 x 6.5% x 8/365 =	111		
	Reverse plus accrued =	78,276		
j.	Repo interest expense. Outstanding for 8 days. 109,449 x 7.5% x 8/365 =	180		
	Repo plus accrued =	109,629		

**SUMMARY T-ACCOUNT TRANSACTIONS
AND MONTH-END BALANCES
FEBRUARY 29, 1992**

Securities Purchased Under Agreement to Resell		
d	78,165	0
i	111	0
	0	0
	0	0
	0	0
	78,276	0

Securities Sold Under Agreement To Repurchase		
	0	109,449 c
	0	180 j
	0	0
	0	0
	0	0
	0	109,629

Payable to Counterparties		
	0	50,300 e
	0	1,838 e
	0	0
	0	0
	0	0
	0	52,138

Long Inventory Trade Date		
a	105,571	0
a	3,878	0
f	179	0
g	208	0
	0	0
	109,836	0

Short Inventory Trade Date		
e	50,300	75,563 b
e	1,838	2,602 b
f	150	25 f
	0	140 h
	0	26,042

Reverse Repo Interest Income		
	0	111 i
	0	0
	0	0
	0	0
	0	0
	0	111

Repo Interest Expense		
j	180	0
	0	0
	0	0
	0	0
	0	0
	180	0

Long Coupon Interest Income		
	0	208 g
	0	0
	0	0
	0	0
	0	0
	0	208

Short Coupon Interest Expense		
h	140	0
	0	0
	0	0
	0	0
	0	0
	140	0

Bank Account		
b	78,165	109,449 a
c	109,449	78,165 d
	0	0
	0	0
	0	0
	0	0

Trading Profit and Loss		
f	25	179 f
	0	150 f
	0	0
	0	0
	0	0
	0	304

REPO MARGIN CALCULATIONS

I. Inventory Margin (trade date)

	GOC 9.5% 10/01/98	GOC 8.5% 04/01/02	
Position	100,000	(25,000)	
Market Price	<u>105.75</u>	<u>100.55</u>	
	105,750	(25,138)	
Margin Rate	<u>2%</u>	<u>4%</u>	Total
Margin	<u><u>2,115</u></u>	<u><u>1,006</u></u>	<u><u>3,121</u></u>

II. Term Risk Margin

Term repo for 60 days

Pro-rate 52 days remaining at month-end to end of financing term/365 x repo balance liability x applicable margin rate

$109,629 \times 1\% \times 52/365 = 1.56$

Net margin offset is available to the extent the firm is **short** other government debt with a maturity less than one year.

III.1 Counterparty Margin (assuming written repo agreement)

	<u>Repo</u>	<u>Reverse Repo</u>
Counterparty	Acceptable Counterparty	Regulated Entity
Repo balance payable	109,629	N/A
Market value plus coupon accrual of security received [75,000 x 100.55% + (2,603 + 140)]	N/A	78,156
VERSUS:		
Market value plus coupon accrual of security delivered	109,836	N/A
Reverse repo balance receivable	<u>N/A</u>	<u>78,276</u>
Required margin	<u>207</u>	<u>120</u>

III.2 Counterparty Margin (assuming NO written repo agreement - apply extended settlement date margin rule)

	<u>Repo</u>	<u>Reverse Repo</u>
Counterparty	Acceptable Counterparty term > 30 days (margin)	Regulated Entity term < 30 days (market deficiency)
Repo balance payable	109,629	N/A
Market value plus coupon accrual of security received [75,000 x 105.55% + (2,603 + 140)]	N/A	78,156
VERSUS:		
Market value plus coupon accrual of security delivered + Extended Settlement Margin (109,836 x 2%)	109,836 2,197	N/A
Reverse repo balance receivable	<u>N/A</u>	<u>78,276</u>
Required margin	<u><u>2,404</u></u>	<u><u>120</u></u>

REPURCHASE/REVERSE REPURCHASE TRANSACTION AGREEMENT
(Principal Arrangement)

THIS REPURCHASE/REVERSE REPURCHASE TRANSACTION AGREEMENT (the "Agreement") made as of this _____ day of _____, 199__

BETWEEN:

■

and

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WHEREAS from time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or financial instruments ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand against the transfer of funds by Seller; and

WHEREAS each such transaction (hereinafter referred to as a "Transaction") shall be governed by this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereafter set out, the parties hereto agree as follows:

1. DEFINITIONS

1.1 For the purposes hereof:

- (a) "Act of Insolvency" means, with respect to any party, (i) the commencement by or against such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or the application for an appointment of or the actual appointment of a receiver, trustee, custodian or similar official for such party or any substantial part of its property, (ii) the making by such party of a general assignment for the benefit of creditors, or (iii) the admission in writing by such party of its inability to pay its debts as they become due;
- (b) "Additional Purchased Securities" means, Securities provided by Seller to Buyer pursuant to Section 3.1 hereof;

- (c) "Business Day" in respect of any Transaction means a day on which regular trading occurs in the principal market in Canada for the Purchased Securities or, if there is no Canadian market, in the principal market elsewhere.
- (d) "Buyer's Margin Amount" means, with respect to any Transaction as of any date, the amount obtained by the application of a percentage (which may be equal to the percentage that is agreed to as the Seller's Margin Amount), agreed to by Buyer and Seller prior to entering into the Transaction, to the Repurchase Price for such Transaction as of such date;
- (e) "Confirmation" has the meaning specified in Section 2.2 hereof;
- (f) "Income" means with respect to any Security at any time, any principal and return of capital thereof then payable and all interest, dividends or other distributions thereon;
- (g) "Margin Deficit" has the meaning specified in Section 3.1 hereof;
- (h) "Margin Excess" has the meaning specified in Section 3.2 hereof;
- (i) "Market Value" means, with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Section 4 hereof) as of such date (unless contrary to market practice for such Securities);
- (j) "Price Differential" means, with respect to any Transaction hereunder as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360 day per year basis for Transactions in currency of the United States of America and on a 365 day per year basis for Transactions in Canadian currency, in each case for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);
- (k) "Pricing Rate" means, the per annum percentage rate for determination of the Price Differential;

- (l) "Prime Rate" means:
 - (i) with respect to any Transaction conducted in currency of the United States of America, the prime rate of United States money centre commercial banks as published in The Wall Street Journal Midwest Edition; and
 - (ii) with respect to any Transaction conducted in Canadian currency the arithmetic average of the prime rates quoted by the Bank of Montreal, The Royal Bank of Canada, the Canadian Imperial Bank of Commerce, the Bank of Nova Scotia and The Toronto-Dominion Bank.
- (m) "Purchase Date" means, the date on which Purchased Securities are transferred by Seller to Buyer;
- (n) "Purchase Price" means:
 - (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer; and
 - (ii) thereafter, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Section 3.2 hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Section 3.1 hereof or applied to reduce Seller's obligations under clause (ii) Section 4.1 hereof;
- (o) "Purchased Securities" means, the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Section 8 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Section 3.1 hereof and shall exclude Securities returned pursuant to Section 3.2 hereof;
- (p) "Repurchase Date" means, the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Sections 2.3 or 10 hereof;
- (q) "Repurchase Price" means, the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination, increased by any amount determined by the application of the provisions of Section 10 hereof;

- (r) "Seller's Margin Amount" means, with respect to any Transaction as of any date, the amount obtained by application of a percentage (which may be equal to the percentage that is agreed to as the Buyer's Margin Amount), agreed to by Buyer and Seller prior to entering into the Transaction, to the Repurchase Price for such Transaction as of such date.

2. INITIATION, CONFIRMATION, TERMINATION

- 2.1 An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the concurrent transfer of the Purchase Price to an account of Seller.
- 2.2 Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.
- 2.3 In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than 11:30 a.m. (local time of the recipient), by telephone or otherwise on or prior to the Business Day on which such termination will be effective. On the date specified in such demand, which shall be no earlier than the regular settlement date for trading in the Purchased Securities in the principal market in Canada or, if there is no Canadian market, in the principal market elsewhere, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Section 4 hereof) against the concurrent transfer of the Repurchase Price to an account of Buyer.

3. MARGIN MAINTENANCE

- 3.1 If on any day the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the

aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller before 11:30 a.m. of such day require Seller in such Transactions to transfer before 3:30 p.m. on that day to Buyer cash or additional Securities acceptable to Buyer acting reasonably ("Additional Purchased Securities"), at Seller's option, so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed the aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

- 3.2 If on any day the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer before 11:30 a.m. of such day require Buyer in such Transactions to transfer before 3:30 p.m. on that day to Seller cash or Purchased Securities, at Buyer's option, so that the cash and aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed the aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).
- 3.3 Any cash transferred pursuant to Section 3 shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.
- 3.4 Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under Section 3.1 and 3.2 to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).
- 3.5 Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under Section 3.1 and Section 3.2 may be exercised only where a Margin Deficit or Margin Excess exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

4. INCOME PAYMENTS

- 4.1 Where a particular Transaction's term extends over an Income payment date on the Securities subject to that Transaction, Buyer shall, as the parties may agree with respect to such Transaction (or, in the absence of any agreement, as Buyer shall reasonably

determine in its discretion), on the date such Income is paid by or on behalf of the Issuer of the Purchased Securities either (i) transfer to or credit to the account of Seller an amount equal to such Income payment or payments with respect to any Purchased Securities subject to such Transaction or (ii) apply the Income payment or payments to reduce the amount to be transferred to Buyer by Seller upon termination of the Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit.

5. SECURITY INTEREST

- 5.1 Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in all of the Purchased Securities with respect to all Transactions hereunder and all proceeds thereof including, without limitation, any Income therefrom, unless Seller is statutorily prohibited by law from granting such a security interest.

6. PAYMENT AND TRANSFER

- 6.1 Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party effected by (i) a delivery of certificates representing the Securities together with duly executed stock or bond transfer powers, as the case may be, with signatures guaranteed by a bank, trust company or a member firm of the Investment Dealers Association of Canada, in which event the transferor shall list the Securities on a schedule and receipt, which the transferee shall execute and return upon receipt of the Securities; or (ii) causing the Securities to be credited to the transferee's account and debited to the transferor's account at an agreed upon clearing organization (which shall include The Canadian Depository for Securities Limited) and such crediting and debiting shall result in receipt by transferee and the transferor of a notice or report, from such clearing organization of such crediting and debiting or reflecting such crediting and debiting; or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer; and in each case transfer of such Securities shall be effected before 3:30 p.m. on the day of the transfer.

7. SEGREGATION OF PURCHASED SECURITIES

- 7.1 All Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records

of the holder, including a financial intermediary or a clearing corporation as prescribed in the applicable rules, requirements or laws of any appropriate governmental body, agency, stock exchange, clearing corporation, regulatory body or self-regulatory body. Title to all Purchased Securities shall pass to Buyer and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise pledging, hypothecating, transferring or otherwise dealing with the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Sections 2, 3, or 10 hereof, or of Buyer's obligations to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Section 4 hereof.

8. SUBSTITUTION

- 8.1 Seller may, with the consent of Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to the Buyer of such other Securities against simultaneous transfer to the Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

9. REPRESENTATIONS

- 9.1 Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body, agency, stock exchange, clearing corporation, regulatory body or self-regulatory body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, unanimous shareholder agreement, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date and Repurchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

10. EVENTS OF DEFAULT

10.1 In the event that (i) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (ii) Seller or Buyer fails, after one Business Day's notice, to comply with Section 3 hereof, (iii) Buyer fails to comply with Section 4 hereof, (iv) an Act of Insolvency occurs with respect to Seller or Buyer, (v) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vi) Seller or Buyer shall admit to its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

- (a) At the option of the non-defaulting party, exercised by written notice to the defaulting party (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Act of Insolvency), the Repurchase Date for each Transaction hereunder shall be deemed immediately to occur.
- (b) In all Transactions in which the defaulting party is acting as Seller, if the non-defaulting party exercises or is deemed to have exercised the option referred to in Section 10.1(a), (i) the defaulting party's obligations hereunder to repurchase all Purchased Securities in such Transactions shall thereupon become immediately due and payable, (ii) to the extent permitted by applicable law, the Repurchase Price with respect to each such Transaction shall be increased by the aggregate amount obtained by daily application of (A) the greater of the Pricing Rate for such Transaction or the Prime Rate to (B) the Repurchase Price for such Transaction as of the Repurchase Date as determined pursuant to Section 10.1(a) (decreased as of any day by (A) any amounts retained by the non-defaulting party with respect to such Repurchase Price pursuant to clause (iii) of Section 10.1(b), (B) any proceeds from the sale of Purchased Securities pursuant to Section 10.1(d)(i), and (C) any amounts credited to the account of the defaulting party pursuant to Section 10.1(e)) on a 360 day per year basis for Transactions in currency of the United States of America and on a 365 day per year basis for Transactions in Canadian currency, in each case for the actual number of days during the period from the date of the Event of Default giving rise to such option to the date of payment of the Repurchase Price as so increased, (iii) all Income paid after such exercise of deemed exercise shall be retained by the non-defaulting party and applied to the aggregate unpaid Repurchase Prices owed by the defaulting party, and (iv) the defaulting party shall immediately deliver to the non-defaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession.

- (c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the non-defaulting Party of payment of the aggregate of the Repurchase Prices for all such Transactions, the defaulting party's right, title and interest in all Purchased Securities subject to such Transactions shall be deemed transferred to the non-defaulting party, and the defaulting party shall deliver all such Purchased Securities to the non-defaulting party.
- (d) After one Business Day's notice to the defaulting party (which notice need not be given if an Act of Insolvency shall have occurred, and which may be the notice given under Section 10.1(a) or the notice referred to in clause (ii) of Section 10.1), the non-defaulting party may:
 - (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market at such price or prices as the non-defaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and
 - (ii) as to Transactions in which the defaulting party is acting as Buyer, (A) purchase securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source.
- (e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the non-defaulting party (i) with respect to Purchased Securities (other than Additional Purchased Securities), for any excess of the price paid (or deemed paid) by the non-defaulting party for Replacement Securities therefor over the Repurchase Price for such Purchased Securities and (ii) with respect to Additional Purchased Securities, for the price paid (or deemed paid) by the non-defaulting party for the Replacement Securities therefor. In addition, the defaulting party shall be liable to the non-defaulting party for interest on such

remaining liability with respect to each such purchase (or deemed purchase) of Replacement Securities from the date of such purchase (or deemed purchase) until paid in full by Buyer. Such interest shall be at a rate equal to the greater of the Pricing Rate for such Transaction or the Prime Rate.

- (f) For the purposes of this Section, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the non-defaulting party of its option under Section 10.1(a).
- (g) Each party acknowledges that the Purchased Securities are assets which could decline speedily in value and, upon default, the non-defaulting party shall be entitled to dispose of the Purchased Securities without having to give any notice or grace periods to the defaulting party.
- (h) The defaulting party shall be liable to the non-defaulting party for the amount of all reasonable legal or other expenses incurred by the non-defaulting party in connection with or as a consequence of an Event of Default, together with interest thereon at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.
- (i) The non-defaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

11. SINGLE AGREEMENT

- 11.1 Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

12. NOTICES AND OTHER COMMUNICATIONS

- 12.1 Unless another address is specified in writing by the respective party to whom any notice or other communication is to be given hereunder, all such notices or communications shall be in writing or confirmed in writing and delivered at the respective addresses set forth in Appendix A which may be changed from time to time.

13. ENTIRE AGREEMENT; SEVERABILITY

- 13.1 This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

14. NON-ASSIGNABILITY; TERMINATION

- 14.1 The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement may be cancelled by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

15. GOVERNING LAW

- 15.1 This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

16. WAIVERS

- 16.1 No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Sections 3.1 or 3.2 hereof will not constitute a waiver of any right to do so at a later date.

17. INTEREST ACT

- 17.1 For the purposes of this Agreement and any Confirmation given pursuant hereto, whenever interest is calculated on the basis of a year less than the actual number of days in a calendar year, each rate of interest determined pursuant to such calculation expressed as an annual rate for the purposes of the *Interest Act (Canada)* is equivalent to such rate as so determined multiplied by the actual number of the days in the calendar year in which the same is to be ascertained and divided by the number of days used as the basis of such calculation.

18. RECORDINGS

- 18.1 Either party may record any or all telephone conversations between the parties pursuant to or concerning this Agreement.

EXECUTED as of the day and year first above written.

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

APPENDIX A

to

**Repurchase/Reverse Repurchase Agreement
Notices and Other Communications (Section 12)**

Notices and Other Communications

Attention:

Address for Delivery or Redelivery

Attention:

May 1995