

**THIS UNIFORM TYPE 1 INTRODUCER/CARRIER BROKER AGREEMENT**

made this     day of             , 20   .

**B E T W E E N:**

[                     ]

(hereinafter called the "Type 1 Carrying Broker", or the "T1CB")

OF THE FIRST PART,

- and -

[                     ]

(hereinafter called the "Type 1 Introducing Broker", or the "T1IB")

OF THE SECOND PART.

**WHEREAS:**

The T1IB has requested that the T1CB perform certain services including clearing and record-keeping activities for the T1IB in respect of the T1IB and in respect of clients ("Clients") introduced to the T1CB by the T1IB, all as more fully described in section 4 and Schedule "A" hereto;

The T1CB has agreed to perform such services;

The T1IB is a member in good standing of the [stock exchange, futures exchange, IIROC];

The T1CB is a member in good standing of the [stock exchange, futures exchange, IIROC];

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for valuable consideration, including the mutual promises and the other terms and provisions contained herein, and the sum of One (\$1.00) Dollar now paid by each of the parties hereto to the other the receipt of which is hereby acknowledged by the parties, the parties agree as follows:

**1. Definitions**

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

1.1 "*applicable law*" means all laws including securities laws, regulations, rules and policies applicable to the Services, of each province of Canada in which each of the T1CB and T1IB carry on business, as the same may be enforced from time to time during the term of this Agreement;

1.2 "*Applicable SROs*" means the SROs that have prescribed SRO Requirements which apply to each of the parties in connection with the Services and other matters and proceedings contemplated by this Agreement;

1.3 "*Client*" means a client of the T1IB who is introduced by the T1IB to the T1CB and for whom the T1CB opens an account;

1.4 "*Deposit*" means the deposit of cash and/or securities, made by the T1IB to the T1CB, described in section 10 of, and as set out in Schedule "D" to, this Agreement;

1.5 "*margin account*" means a margin account opened by the T1CB for a Client for trades in securities which is subject to the requirements in section 9.10 of this Agreement;

1.6 "SRO" means the Investment Industry Regulatory Organization of Canada for so long as it is a participating institution of the Canadian Investor Protection Fund;

1.7 "*SRO Requirements*" includes the by-laws, rules, regulations, rulings, instructions, decisions, directions, notices and policies of each SRO as the same may be in force from time to time during the term of this Agreement which apply to each of the parties in connection with the Services and other matters and proceedings contemplated by this Agreement. For greater certainty, where there is a conflict between SRO Requirements, the parties shall comply with the most stringent SRO Requirements;

1.8 "*securities*" includes securities, commodities, commodity futures contracts and commodity futures options as defined in any applicable law or SRO Requirement;

1.9 "*Services*" means the services provided by the T1CB to the T1IB in respect of the T1IB's principal business and in respect of Clients pursuant to this Agreement, as set out in section 4 of, and Schedule "A" to, this Agreement; and

1.10 "*trade*" means a trade as defined in any applicable law or SRO Requirements.

Any term not defined herein shall have the same meaning as it has in the SRO Requirements of the Applicable SROs.

## **2 Retainer of Services**

The T1IB retains the T1CB for the term of this Agreement to provide the Services and the T1CB agrees that it will provide such Services in the manner and on the terms provided in this Agreement.

## **3 Compliance with Applicable Law and SRO Requirements**

3.1 To the extent that the provisions of this Agreement do not provide for dealings between the T1CB and the T1IB, normal brokerage practices, subject to SRO Requirements, shall apply.

3.2 The T1CB and the T1IB each undertake to remain a member of an SRO during the term of this Agreement.

3.3 [With respect to Services, matters and proceedings contemplated by this Agreement that are governed by SRO Requirements, the T1IB and the T1CB irrevocably agree that they shall submit all disputes arising from or relating to this Agreement to binding arbitration, which shall be conducted in accordance with the UNCITRAL Model Law on International Commercial Arbitration. Any arbitration hereunder shall take place in the English language, in [place of hearing]. The arbitral tribunal shall apply the substantive laws of the [Province of ], save and except its conflicts of laws rules. Any adjudicator so appointed shall be satisfactory to the T1IB, the T1CB and the Applicable SROs.]

## **4 Services to be Provided by the T1CB**

The T1CB agrees to provide the following Services:

### **A. Trading Services**

4.1 The T1CB shall trade securities for Clients and for the T1IB's principal business on the exchanges and in the over-the-counter markets as agreed to in Schedule "C" hereof in accordance with SRO Requirements and applicable law.

### **B. Clearing Services**

4.2 The T1CB shall make deliveries and settlements of cash and securities in connection with trades made for Clients and for the T1IB;

4.3 The T1CB shall use its reasonable best efforts to clear all trades effected on the exchanges and markets set out in Schedule "C" hereto in respect of the T1IB's Clients' accounts and principal business. However, the T1CB reserves the right, in its sole discretion, and on advice to the T1IB, to refuse to open or clear any account or any order, and to liquidate and close

any account if in its opinion such account or order represents an unreasonable credit risk or could give rise to a breach of applicable law or SRO Requirements.

**C. Segregation/Safekeeping Services**

4.4 The T1CB shall hold securities and/or cash of Clients and of the T1IB in segregation or safekeeping, as the case may be, as and when required by applicable law or SRO Requirements, and the parties hereto acknowledge that the T1CB can make use of such securities and/or cash in the same manner as it is permitted to use the securities and/or cash of clients not introduced to it by the T1IB. In particular, and without limiting the generality of the foregoing, no securities, cash, credit balances or other property in the account of a Client of the T1IB held by the T1CB shall be used or applied in any way to secure or satisfy the indebtedness of either (a) another Client, or (b) the T1IB or the T1CB, except to the extent that such Client has guaranteed the payment of the indebtedness of such other Client or the Client is otherwise indebted to the T1IB or to the T1CB. Notwithstanding any other term of this Agreement, the T1CB shall not have recourse to any securities, cash or other property required to be held in segregation or safekeeping for Clients introduced by the T1IB in order to settle any indebtedness or accounts owing to the T1CB from the T1IB arising under this Agreement.

**D. Recordkeeping/Information Services**

4.5 The T1CB shall prepare, print and issue by ordinary mail or otherwise deliver directly to Clients, with respect to the trades cleared by the T1CB referred to in section 4.2, documents as required by applicable law and SRO Requirements including, without limitation:

- (a) confirmations of trades;
- (b) monthly statements summarizing transactions for the preceding month and closing positions, if any;
- (c) for inactive accounts, statements of securities and money balances held by the T1CB for Clients in accordance with applicable SRO Requirements,

in the names of the T1CB and the T1IB, under account numbers provided by the T1CB. The roles of each of the T1CB and the T1IB shall be disclosed on each such document. A copy of all such documents shall be mailed or delivered to the T1IB at the same time and in the same manner as those documents are sent to Clients.

4.6 The T1CB shall maintain and keep current and proper all records and accounts in respect of Client accounts and T1IB principal business as prescribed by applicable law and SRO Requirements, including records and accounts of trades, of securities segregated and/or held in safekeeping on behalf of, and cash balances accruing to the credit of, Clients and the T1IB.

4.7 The T1CB shall provide the T1IB and the Applicable SROs with such information, including by way of access to electronic databases, in respect of the accounts of Clients and of the T1IB as the T1IB and the Applicable SROs may reasonably require in order to be fully informed with respect to the Clients' accounts, and the T1IB's principal business. Such information shall include the information described in Schedule "B" hereto.

## **5 Undertakings of the T1CB**

### **A. Use of Information**

5.1 The T1CB shall refrain, without the consent of the T1IB, from using any information obtained from the T1IB pursuant to, or arising out of, this Agreement for the purpose of soliciting business from Clients or for any other purpose inconsistent with its rights and obligations under this Agreement and under applicable SRO Requirements. Nothing herein contained shall prevent the T1CB from accepting for its own account unsolicited business from any party who was or is a Client introduced by the T1IB.

### **B. Treatment of Accounts**

5.2 The T1CB shall act:

- (a) on behalf of the T1IB in relation to Clients; and
- (b) in connection with the principal business of the T1IB,

in every respect as it would act in relation to its own clients.

5.3 The T1CB shall administer the accounts of Clients and the principal business of the T1IB in compliance with applicable law and SRO Requirements.

### **C. Applicable Law and SRO Requirements**

5.4 The T1CB shall comply with all applicable law and SRO Requirements as the same relate to the Services and to all other matters and proceedings to be provided or contemplated to be provided by it in Parts 9, 10 and 11 of this Agreement.

## **6 Undertakings of the T1IB**

### **A. Trading**

6.1 The T1IB shall trade or otherwise deal in securities only where the T1IB is properly registered or licensed to do so in accordance with applicable law and SRO Requirements.

6.2 The T1IB shall cause all trades or other dealings for Clients and for the T1IB's principal business in securities [made] on the exchanges and in the over-the-counter markets as agreed to in Schedule "C" hereof to be [made and] cleared by the T1CB in accordance with this Agreement.

6.3 [The T1IB shall place all orders to be executed by the T1CB through the T1CB's order management system or the T1CB's order desk in [City].]

### **B. Facilitating Cash Transactions**

6.4 The T1IB shall execute cash transactions including, without limitation, the deposit of cash on behalf of, or the withdrawal of cash for, Clients whose accounts are carried by the T1CB only with the prior approval of the T1CB and through the use of an account in the name of the T1CB.

### **C. Client Accounts**

6.5 The T1IB shall, at the time of the opening of a Client account, advise the Client of its relationship to the T1CB and of the relationship between the T1CB and the Client.

6.6 The T1IB shall cause all payments and deliveries of cash and securities in connection with Client accounts to be made directly to the T1CB on or as of the day received by the T1IB.

### **D. Information**

6.7 The T1IB shall provide, as and when required by the T1CB, in a timely manner, such information as may reasonably be required by the T1CB to carry out its obligations under this Agreement and to determine whether it wishes to accept any particular order or account. The T1IB shall keep such information up-to-date in a timely manner but nothing herein contained shall relieve the T1IB from compliance with all SRO Requirements.

### **E. Applicable Law and SRO Requirements**

6.8 Except for those services and other matters and proceedings contemplated by Parts 9, 10 and 11 of this Agreement to be performed by the T1CB, the T1IB shall be and remain

responsible for its business conduct and for compliance with applicable law and SRO Requirements prescribed with respect to Parts 9, 10 and 11 of this Agreement.

## **7 Joint Undertakings of the T1CB and the T1IB**

7.1 Except as otherwise provided herein in Parts 9, 10 and 11, the T1CB and the T1IB shall be jointly and severally responsible for compliance with all SRO Requirements contemplated by this Agreement for each account introduced to the T1CB by the T1IB.

7.2 In particular, the T1CB and the T1IB shall be jointly and severally responsible for account supervision, including, without limiting the generality of section 7.1:

- (a) obtaining account opening documentation from Clients; and
- (b) the application of applicable law and SRO Requirements with respect to:
  - (i) "know your client" rules; and
  - (ii) determining the suitability of:

- A. trading activity;
  - B. the nature of securities purchased; and
  - C. the review for accuracy of records and reports provided to or prepared for the T1IB by the T1CB as set out in Schedule "B" hereof in connection with the Services under, and matters and proceedings contemplated by, this Agreement, and to report to one another any discrepancies therein.

7.3 The T1CB and the T1IB shall be jointly responsible to ensure that all contracts entered into with Clients and all statements, contracts and other account or trading related correspondence and documentation sent to Clients shall display the names and the roles of the T1IB and of the T1CB.

## **8 Insurance Coverage**

8.1 The T1IB and the T1CB shall each be responsible for maintaining insurance coverage as required under applicable law and SRO Requirements.

8.2 In particular, but without limiting the generality of section 8.1, both the T1IB and the T1CB shall maintain:

- (a) Financial Institution Bond coverage for fidelity insurance; and
- (b) insurance coverage for registered mail.

8.3 The T1CB shall include all accounts introduced to it by the T1IB in its calculation of asset measurement for the purposes of ascertaining minimum Financial Institution Bond coverage pursuant to SRO Requirements.

## **9 Capital and Margin**

### **A. Undertakings of the T1CB**

#### **1. Client Accounts**

9.1 The T1CB shall maintain sufficient financial resources for the operation of each Client account as required pursuant to SRO Requirements.

9.2 The T1CB shall be responsible for ensuring that all Client cash accounts are operated in compliance with applicable law and SRO Requirements, including, without limitation, the ongoing calculation and provision of margin for such accounts in accordance with applicable law and SRO Requirements.

9.3 The T1CB shall open margin accounts for Clients wishing to maintain such accounts, and be responsible for ensuring that all Client margin accounts are operated in compliance with applicable law and SRO Requirements, including, without limitation, the ongoing calculation and provision of margin for such accounts in accordance with applicable law and SRO Requirements.

#### **2. T1IB Principal Business**

9.4 For the purposes of preparing its reports pursuant to SRO Requirements, the T1CB shall treat the T1IB's account which contains the T1IB's principal business carried by the T1CB as an account of an SRO member for margin calculations.

9.5 The T1CB shall provide for margin for principal business which it carries for the T1IB to the extent of any equity deficiency therein.

#### **3. Recordkeeping and Reporting**

9.6 The T1CB shall:

(a) compute capital requirements and charges for and report all accounts of Clients on a monthly basis,

(b) include all Client positions in concentration calculations made,



(c) report principal business of the T1IB as a client account in reports made, including in the Form 1 or Monthly Financial Report, and

(d) comply with the free credit segregation rules in connection with Client accounts as required by the Form 1 made,

in accordance with applicable law and SRO Requirements. Copies of such reports and calculations shall be delivered to the Applicable SROs.

**B. Undertakings of the T1IB**

**1. Minimum Capital**

9.7 The T1IB shall maintain at least the minimum capital as prescribed under SRO Requirements.

**2. Principal Business**

9.8 The T1IB shall calculate and provide margin for principal business carried for it by the T1CB in accordance with applicable law and SRO Requirements.

**3. Reporting**

9.9 The T1IB shall report all principal positions introduced to the T1CB by the T1IB according to SRO Requirements.

**C. Margin Agreements and Guarantee Documentation**

9.10 Both the T1CB and the T1IB shall be parties to any margin agreement and guarantee documentation with Clients. All such agreements and documentation shall be made in the names of the T1IB and the T1CB and the roles of the T1IB and the T1CB shall be disclosed thereon.

**10 Deposit**

10.1 The T1IB may provide to the T1CB a Deposit as described in Schedule "D" hereof, and in order to secure the payment and performance of all obligations of the T1IB and Clients to the T1CB from time to time the T1IB hereby pledges and grants to the T1CB a first priority security interest in the Deposit including, without limitation, in all property and assets forming a part thereof, as constituted from time to time in favour of the T1CB.

10.2 If the Deposit is provided, the T1CB shall segregate the Deposit in accordance with SRO Requirements.

10.3 If the Deposit is provided, the T1IB shall report the Deposit in the manner prescribed by SRO Requirements.

10.4 The T1CB may, in accordance with section 10.6 below, offset against the Deposit any margin required to be provided as referred to in sections 9.2, 9.3 and 9.5 hereof and determined in accordance with SRO Requirements.

10.5 The T1IB agrees to comply with the guidelines, policies and requirements regarding the Deposit as contained in Schedule "D" to this Agreement which may be modified from time to time on written notification to the T1IB from the T1CB.

**A. Offsets Against the Deposit**

10.6 The T1CB may, upon notice to the T1IB pursuant to section 14.7 hereof, offset against the Deposit as provided in sections 10.1 and 10.4 hereof:

(a) any unsecured receivables or margin deficiencies in the accounts of Clients; and

(b) any unsecured receivables in the accounts of the T1IB,

as required to be posted pursuant to clauses 9.2, 9.3 and 9.5 of this Agreement, and

(c) any secured receivables that the T1CB, in its sole discretion, determines represent an unreasonable credit risk,

all in the manner and to the extent permitted by SRO Requirements. The T1CB shall offset against the Deposit, firstly, receivables and margin deficiencies in the accounts of Clients and, secondly, receivables in the account of the T1IB.

10.7 Upon receipt pursuant to section 14.7 of this Agreement of a notification described in section 10.6, the T1IB shall reclassify the Deposit or the portion thereof relating to the offset on its financial reports as prescribed by SRO Requirements.

10.8 Upon termination of this Agreement, the T1IB agrees that the T1CB may offset against the Deposit amounts owed by the T1IB or the Clients to the T1CB in the manner and to the extent that offsets are permitted by SRO Requirements. Such offset shall be made in the order prescribed in section 10.6. The balance of the Deposit reverts to the T1IB upon termination of this Agreement.

## **11 Indemnities**

11.1 The T1CB shall indemnify and save harmless the T1IB with respect to any loss, liability, damages, costs or expenses which the T1IB may incur arising out of errors or omissions committed by the T1CB in carrying out instructions given to it by the T1IB.

11.2 The T1CB shall indemnify and save harmless each Client, except where such loss or damage is as a result of the negligence of the T1IB, from all claims, actions, causes of action, demands, losses, damages, costs or expenses or any other liability whatsoever suffered or incurred by such Client resulting from any errors or negligence on the part of the T1CB in the performance of its obligations under this Agreement.

11.3 The T1IB acknowledges that all obligations to pay for securities purchased and to deliver securities sold by Clients rest with the Clients and the T1IB and not the T1CB. Should the Deposit be insufficient to cover the receivables or deficiencies described in section 10.06, the T1IB will, upon notice from the T1CB, pay to the T1CB an amount, up to the amount of excess Risk Adjusted Capital of the T1IB as determined by the T1IB on its most recent Joint Regulatory and Financial Questionnaire and Report (the "Indemnity Amount"), required to satisfy the obligations described therein. If the first Indemnity Amount paid is insufficient to satisfy the obligations of the T1IB to the T1CB, then the T1IB acknowledges that its obligation to deliver further Indemnity Amounts continues until such time as the T1IB has delivered such further Indemnity Amounts to the T1CB as are required to satisfy said obligation. Without limiting the generality of the foregoing, the T1IB:

(a) agrees to indemnify and save harmless the T1CB from any loss, liability, damages, costs or expenses which the T1CB may suffer or incur by reason of the failure of the T1IB or any of the Clients to make any payment of money or delivery of securities to the T1CB as and when required by it including, without limitation, payment of all commissions, margin and interest charges on late payments charged by the T1CB up to the Indemnity Amount and such further Indemnity Amounts as are necessary to be paid to satisfy the obligation hereunder; and

(b) agrees to indemnify and save harmless the T1CB from any loss, liability, damages, costs or expenses, suffered or incurred by it arising out of any act or failure to act on the part of the T1CB in the course of it in good faith carrying out its obligations or exercising its discretion hereunder, up to the Indemnity Amount and such further Indemnity Amounts as are necessary to be paid to satisfy the obligation hereunder, except where such loss, liability, damages, costs or expenses are suffered or incurred as a result of the negligence of the T1CB.

## **12 Fees**

The T1IB shall remunerate the T1CB for its Services hereunder in accordance with the rates set out at Schedule "E". The fees so set out may be amended by mutual written consent during the term of this Agreement.

### **13 Term and Termination**

13.1 Subject to termination as prescribed in this section 13, this Agreement shall be effective for a period of • years from the date first above written. Subject to receipt of written approval of the Applicable SROs, this Agreement may be terminated by the T1IB or the T1CB or by the Applicable SROs or any of them on the [first (1st)] day of any calendar month upon [thirty (30) days] prior written notice of termination. A copy of any such notice given or received shall be promptly delivered to the Applicable SROs by the T1IB. No such termination shall be effective until the Applicable SROs have consented to the termination. Upon any termination notice being given hereunder, the parties shall cooperate to provide for an orderly unwinding of any outstanding transactions and for the orderly transfer of account monies and securities. All indebtedness of the parties to each other will be discharged in full on or before the date of termination.

13.2 In the event that either party to this Agreement ceases to be a member of an SRO, this Agreement shall, subject to the consent of the Applicable SROs, be terminated on a date fixed by the Applicable SROs and the parties shall cooperate to provide for an orderly unwinding of any outstanding transactions and for the orderly transfer of account monies and securities. All indebtedness of the parties to each other will be discharged in full on or before the date of termination.

13.3 Notwithstanding any termination of this Agreement pursuant to this section 13, this Agreement shall remain in full force and effect insofar as sections 5.1, 11.1, 11.2 and 11.3 and section 12 hereof are concerned.

### **14 Other**

14.1 **Assignment** - This Agreement shall not be assignable without written consent of the T1IB, the T1CB and the Applicable SROs.

14.2 **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of [ ] and the laws of Canada applicable therein. The parties hereto hereby agree that any disputes arising under this Agreement shall be tried in the courts having jurisdiction in and for the Province of [ ] and for such purpose hereby irrevocably attorn to the exclusive jurisdiction of such courts.

14.3 **Entire Agreement** - Subject to section 3.1 hereof, the parties acknowledge and agree that this Agreement and the Schedules hereto contain the entire agreement between the parties concerning the relationship between the T1CB and the T1IB. No amendment to this Agreement (including the Schedules) shall be effective unless it is in writing, executed by the parties hereto, and receives the subsequent written approval of the Applicable SROs.

14.4 **Headings** - The division of this Agreement into sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

14.5 **Breach** - The T1CB and the T1IB agree that their obligations and commitments to each other under this Agreement are enforceable not only by each of them against the other but also by the Applicable SROs. The acquiescence by any party to any breach of this Agreement shall not constitute an amendment hereto or a waiver by such party of its rights in respect of any succeeding breach of this Agreement or of its right to insist upon strict compliance with the provisions of this Agreement.

14.6 **Default** - If either of the T1CB or the T1IB is in default of applicable law or SRO Requirements in the exercise of its rights or the performance of its obligations hereunder, the Applicable SROs or any of them may give notice of such default to the T1CB or the T1IB, with a copy to any other Applicable SRO, whereupon the parties shall have [90] days within which to cure, or to take steps which may be reasonably expected to cure, such default, failing which the Applicable SRO that gave notice may forthwith terminate this Agreement. A copy of any notice given under this clause shall be given to both the T1CB and the T1IB. Nothing in this section 14.06 shall limit the rights of the Applicable SROs under section 13 hereof.

14.7 **Notice** - Any notice required by this Agreement shall be in writing and shall be given either by regular first class mail, by prepaid registered post, or by personal delivery addressed to each party as follows:

to T1IB:

Attention: \_\_\_\_\_

and to T1CB:

Attention: \_\_\_\_\_

Any such notice shall be deemed to have been received on and be effective from the third day after the date of mailing, if mailed, or on the day of delivery, if delivered. If the day of delivery is not a business day, the notice shall be deemed to have been received on the next following business day. In the event that the postal service is not fully operative by reason of labour disputes or otherwise at the time any notice is to be given hereunder, such notice shall be given by personal delivery. Either party may change its address for the purposes hereof by notice

to the other. A copy of any notice given or received hereunder shall be delivered promptly to the Applicable SROs.

14.8 **Time** - Time shall be of the essence of this Agreement.

14.9 **Language** - The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressément demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

14.10 **Currency** - All dollar amounts referred to in this Agreement are in Canadian funds.

14.11 **Effective Date** - This Agreement shall be effective as of the date first above written subject to written confirmation by the Applicable SROs of the acceptability to them of this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement, and by their signatures attest that they have made no Changes to this Uniform Type 1 Introducer/Carrier Broker Agreement. "Changes" means changes to provisions or words of this Agreement other than those provisions or words in square brackets.

[ T1CB ]

By: \_\_\_\_\_

By: \_\_\_\_\_

[ T1IB ]

By: \_\_\_\_\_

By: \_\_\_\_\_

- 15 -

**SCHEDULE "A"**

**SERVICES**

**SCHEDULE "B"**

The information to be provided by the T1CB to the T1IB and to the Applicable SROs consists of the information checked off below:

- account status reports;
- commission summaries;
- confirmation statements;
- daily trade blotters;
- delinquent account reports;
- daily DAS files;
- daily stock record files;
- daily trade calculation files;
- daily bookkeeping files;
- daily name/address update files;
- month-end trade calculation files;
- month-end bookkeeping files;
- full name/address files (on request);
- capital requirements calculations and records of charges for Client

accounts;

- concentration calculations;
- principal positions of the T1IB.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**SCHEDULE "C"**

The T1IB shall effect all of its trades or other dealings for Clients and the T1IB's principal business on the exchanges and in the over-the counter markets checked off below:

the Toronto Stock Exchange

the Montreal Exchange

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- 18 -

**SCHEDULE "D"**

**DEPOSIT**

- 19 -

**SCHEDULE "E"**

**FEEES**

## SCHEDULE "F"

### U.S. WITHHOLDING TAXES

#### 1. Definitions

In this Schedule, unless the context otherwise requires, the following terms shall have the following meanings:

- 1.1 "*Attachment*" means the "Attachment for Canada" that has been issued by the IRS and is attached to the QI Agreement;
- 1.2 "*Code*" means the Internal Revenue Code of the United States of America;
- 1.3 "*Convention*" means any bilateral income tax convention in force from time to time to which the United States of America is a party;
- 1.4 "*External Auditor*" means any approved auditor listed in Appendix B of the QI Agreement that the QI engages to perform the audits required by section 10 of the QI Agreement;
- 1.5 "*IRS*" means the Internal Revenue Service of the United States of America;
- 1.6 "*Overwithholding*" means the excess of the amount actually withheld under chapter 3 or §3406 of the Code over the amount required to be withheld;
- 1.7 "*QI*" means a Qualified Intermediary;
- 1.8 "*QI Agreement*" means the agreement to be entered into between the T1CB and the IRS pursuant to an application dated  $\diamond$  by the T1CB to the IRS, as such agreement may be amended from time to time;
- 1.9 "*Qualified Intermediary*" means a person described in Treas. Reg. §1.1441-1(e)(5)(ii) to the Code, that enters into a withholding agreement with the IRS to be treated as a qualified intermediary and acts in its capacity as a qualified intermediary;
- 1.10 "*Underwithholding*" means the excess of the amount required to be withheld under chapter 3 of the Code or §3406 of the Code over the amount actually withheld;
- 1.11 "*U.S. Payor*" has the same meaning as in Treas. Reg. §1.6049-5(c) to the Code; and
- 1.12 "*Withholding Agent*" means a person making a payment to a Qualified Intermediary;

#### 2. Receipt of QI Agreement

2.1 The T1IB acknowledges receipt of a copy of the QI Agreement and confirms that it is aware of the obligations of the T1CB under the QI Agreement. The T1CB will provide to the T1IB, from time to time, any amendment to the QI Agreement as soon as practicably possible after the amendment is entered into.

#### 3. Withholding Obligation

3.1 Subject to the provisions of this Agreement, of which this Schedule forms a part, and of the QI Agreement, the T1CB will agree, pursuant to the QI Agreement, to assume primary

responsibility for withholding amounts paid by a U.S. Payor to the Clients. The T1CB will withhold tax at the reduced rate provided for by a Convention only if it receives all requisite documentation in accordance with the provisions of Article 4 of this Schedule.

**4. Documentation**

4.1 The T1IB will obtain from the Client all information required by the T1CB in order to satisfy its requirements under the QI Agreement to withhold tax at a reduced rate provided for by a Convention. The T1IB will also obtain from its Clients an undertaking to provide whatever information the T1CB may at any time request in order to comply with the T1CB's obligations under the QI Agreement. The T1IB recognizes that if the information required is not provided to the T1CB, the T1CB may withhold tax at the statutory rate without the reduction provided by the Convention.

**5. Audit**

5.1 The T1IB agrees to allow the T1CB's External Auditor access to examine the documentation referred to in Article 4 above should the External Auditor require such access in carrying out an audit pursuant to the QI Agreement. The T1IB agrees to carry out in the manner and time outlined in sections 9 and 11 of the QI Agreement whatever action is requested by the External Auditor so that the T1CB is in compliance with the QI Agreement. The T1CB reserves the right to withhold at the statutory rate if the T1IB does not demonstrate to the satisfaction of the T1CB that the action requested by the External Auditor has been taken. Whether the T1IB has adequately demonstrated compliance with the requested action of the External Auditor will be determined in the sole discretion of the T1CB, acting reasonably.

**6. Overwithholding**

6.1 Where a Withholding Agent has withheld an amount in excess of the amount required to be withheld, the QI will take all reasonable steps in order to recover the excess amount withheld. Where the QI does receive a refund of an amount withheld, the QI will take all reasonable steps to forward the excess amount to the Client as soon as possible.

**7. Underwithholding**

7.1 Where the QI establishes that it should have withheld an amount from payments made to the Client and such amounts were not withheld, the QI may either withhold from future payments made to the Client or satisfy the tax from property that it holds in custody for the Client or property over which it has control. The rights of the QI pursuant to this Article 7 may be exercised only if and to the extent that there are insufficient funds in the Deposit to reimburse the T1CB or the T1CB is not entitled to access the funds in the Deposit.

**8. Indemnification**

8.1 The T1IB shall indemnify and save harmless the T1CB with respect to any loss, liability, damages, costs or expenses which the T1CB may incur as a result of carrying out its obligations

under the QI Agreement in respect of the Clients, other than any such losses, liabilities, damages, costs or expenses that arise by virtue of the negligence of the T1CB.