



Active Financial Management

A division of Retire First Ltd.

ACCOUNT TERMS AND CONDITIONS BOOKLET

*Important Information About Your
Retire First Account*

WELCOME TO RETIRE FIRST

Welcome to Retire First. 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 Retire First, we believe it is important to clearly understand our rights and obligations to you, as well as your rights and obligations as a Retire First 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 Retire First 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 Retire First Client Account Agreement. These pertain to all Retire First accounts.
- Shareholder Communication Disclosure
- Conflict of Interest Rules Statement
- Disclosure Documents on Borrowing Money to Buy Securities
- Privacy Legislation
- Self-Directed Retirement Savings Plan-Declaration of Trust
- Self-Direct Retirement Income Fund- Declaration of Trust
- Tax Free Savings Account 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 Retire First Financial Advisor is always pleased to help you.

CLIENT ACCOUNT TERMS AND CONDITIONS

Retire First Ltd. (Retire First) is an Introducing Broker and Penson Financial Services Canada is a Carrying Broker for Retire First under applicable laws in Canada. For accounting and regulatory purposes, clients of Retire First are treated as clients of Retire First's Carrying Broker. Pursuant to Retire First's Carrying Broker arrangement, Penson Financial Services Ltd. is responsible for certain trade execution services, settlement services, custody of cash and securities, the preparation of confirmations and account statements, and in some cases the financing of account positions. Retire First is responsible for determining certain trade execution services, suitability, know your client obligations and ensuring appropriate supervision is performed for all trading activity in client accounts.

For purposes of this Agreement, Penson Financial Services Canada (the "Carrying Broker") and Retire First (the "Introducing Broker") are collectively referred to as the "Brokers" or "we" or "us").

IN CONSIDERATION of the Brokers 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 the Brokers shall be governed by the following terms:

PART I: TERMS AND CONDITIONS FOR ALL ACCOUNT HOLDERS

1. Interpretation

"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 without limitation, shall include shares, share certificates, installment receipts, deposit receipts, 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.

2. Relationship

You appoint the Brokers as your agent to execute securities transactions on your behalf, whether or not on margin and whether or not as a short sale. You acknowledge that Retire First is responsible for know your client and suitability obligations and the supervision of your account; Penson Financial Services Canada is acting as Carrying Broker and you authorize Penson Financial Services Canada to clear and settle trades, maintain books and records of your transactions and to act as custodian. Penson Financial Services Canada does not control, audit or otherwise supervise the activities of Retire First or its employees or agents. When you request that a Margin Account be opened, you acknowledge that the responsibility for margin privileges and the determination of the suitability of the use of margin rests with Retire First. Upon request by the Introducing Broker, if approved by the Carrying Broker margin will be provided to you by Penson Financial Services Canada, subject to the terms and conditions set out in Part III below. You acknowledge that any calls for additional margin will be made by the Carrying Broker to the Introducing Broker, and the Introducing Broker shall be responsible for notifying you of the details of the call for margin, and for ensuring that the call for margin is satisfied by you. You acknowledge that the Carrying Broker will not transmit calls for margin directly to you.

3. Applicable Laws & Jurisdiction

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 bylaw, rules, regulations, customs and usages, in effect from time to time, of the Investment Industry Regulatory Organization of Canada (IIROC) or any market associations of brokers or dealers to which we belong. If any applicable statute or any statutory regulation, bylaw, 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.

Any disputes arising between you and either or both of the Brokers shall be exclusively within the jurisdiction of the Courts of the Province in which the principal office of the Introducing Broker is located.

4. Refusal to Take Orders

Either of the Brokers may require written instructions from you before executing any transaction for your account(s). Both of the Brokers have the right in their sole discretion to refuse to accept buy or sell instructions from you or your Agent whenever either Broker shall deem it necessary for its protection or otherwise; and you waive any and all claims against the Brokers for any loss or damage arising from or related to any such refusal or from any delay or inability to complete a transaction caused by the requirement for written instructions.

5. Accepted Orders

All orders that either of the Brokers have accepted are good until either executed or cancelled on the day of entry, unless you specify a longer period. All orders that either of the Brokers 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.

6. Agreement to Pay Commission

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 the Introducing Broker 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.

7. Indebtedness

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.

8. Delivery of Securities

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 the Carrying Broker is authorized to borrow any securities necessary to make such delivery, or to buy such securities without notice to you. You shall pay the Brokers and indemnify each and save them harmless from any loss or expense incurred as a result of such borrowing or purchase or by our inability to make such borrowing or purchase or resulting from late delivery.

9. Debt Repayment

Whenever either Broker, in its sole discretion, considers 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. Either Broker 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 the Broker in its sole discretion may determine. No demand, advertisement or other notice that either Broker gives 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.

10. Free Credit Balances

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.

11. Pledge and Lending

Whenever you are indebted to, or have a short position with us, all securities held by us or carried by the Carrying Broker in your accounts or deposited to secure same, may from time to time and without notice to you be carried in its general loans and may be pledged, re-pledged, hypothecated or re-hypothecated or loaned by the Carrying Broker, either to itself as broker or to others, separately or in common with other securities, whether for more or less than the amount you owe and without retaining in its possession or control for delivery a like amount of similar securities. The Carrying Broker may without notice to you loan such securities either separately or together with other securities, and 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.

12. Continuing Security

All securities and credit balances that either of the Brokers hold for your account (including securities held by us in safekeeping) shall stand as continuing security for any and all of your indebtedness to either of the Brokers, whether owing now or in future and howsoever arising and in whatever account appearing, whether Individual or Joint, securities without notice or advertisement to satisfy such indebtedness. Either of the Brokers, at any time without notice, whenever we carry more than one account for you, including any liability arising due to any guarantee by you of any other person, are hereby authorized to sell, buy, transfer, pledge, or re-pledge any or all such enter or money, to any of such accounts and make such adjustment between such accounts as we may, in each Broker's 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 the Carrying Broker 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 either of the Brokers have an office unless you direct otherwise by written instructions.

13. Share Certificates

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.

14. Statements, Confirmations and Notices

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.

15. Foreign Exchange Transaction and Conversion

You acknowledge that either of the Brokers performs 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 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 transaction, transactions that you and we agree on and other transactions we deem necessary. Registered Accounts may be held in Canadian Dollars. Consequently, foreign transactions held in a Canadian dollar registered account must be converted in to Canadian currency.

16. Client Information

If an individual, you represent to both of the Brokers 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 the Introducing Broker 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 the Introducing Broker 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 *Know Your Client* obligations and other regulatory obligations. In addition, you acknowledge that you have advised the Introducing Broker of any restrictions in trading applicable to you and that you will advise the Introducing Broker of any changes to such restrictions which may become applicable to you.

17. Personal Information and Credit Checks

You agree and consent to the Broker and your Financial Advisor collecting personal information about you and using such personal information for the purposes described in the Carrying Broker Privacy Policy (which is available upon request at clientrelation@penson.ca) and the Introducing Broker Privacy Policy (which is posted on their website: www.retirefirst.com) or otherwise as may be permitted or required by law. You understand that you are giving both of the Brokers and your Financial Advisor your consent and permission to collect and use your personal information for:

a) Regulatory oversight, audit and compliance purposes, which may require either of the Brokers and your Financial Advisor permitting access to or to disclose Personal Information as may be required to:

- i) Securities regulatory organization and exchanges to which the Brokers are members or are otherwise subject (SROs);
- ii) To another investment dealer or your Financial Advisor should you later transfer out your accounts; or
- iii) To auditors or other professional third party advisors of the Broker 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 organization and you consent to the use and disclosure of that information by SROs, successor firm 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 include either of the Brokers 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 the Brokers 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; and

c) Account administration and reporting purposes, which includes either of the Brokers using your personal information to process and deliver, for or on behalf of the Brokers, 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 either of the Brokers' 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.

18. No Waiver

No action taken by either broker, 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 either broker must be in writing and signed on behalf of each of us by two authorized signatories of each of our firms.

19. Limitation of Liability

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. Neither of the Brokers shall be liable for any losses, claims, damages or liabilities regarding your account, however caused, as a result of:

- a) trading in securities;
- b) delays in receiving or processing transaction instructions;
- c) delays in transferring securities or account balances to a third party;
- d) any action that either Broker took or did not take because of an error in your instructions to us or if we did not receive your instructions;
- e) a cause 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
- f) 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.

The Brokers 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, the Brokers 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 either of the Brokers or any of our employees or representatives is or becomes aware.

20. Proceeds of Crime Legislation

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* to an agency of the federal government known as FINTRAC, that is, financial transactions we reasonably suspect are related to the commission of a money laundering offence. The legislation prohibits us, our employees and representatives from informing a client that a suspicious transaction 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 Brokers to disclose confidential client information. We endeavor 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.

PART II: ADDITIONAL PROVISIONS FOR JOINT ACCOUNT HOLDERS ONLY

21. Authority

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 the Carrying Broker, and that such joint account is to be carried in both your names. Each Tenant jointly and severally agrees with both of the Brokers 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 between the Brokers, are incorporated herein by reference.

b) Each of you as Tenants, acting individually, 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 us as brokers, stock, bonds and other securities 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 anyone 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.

22. Indemnification

As Tenants you jointly and severally agree to indemnify and hold each of the Brokers 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 section 21. Without in any way limiting the authority herein granted, or requiring each of the Brokers 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.

23. Liability

As Tenants you shall be jointly and severally liable to each of the Brokers 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, each of the Brokers 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.

24. Death of a Tenant

In the event of the death of a Tenant: The surviving Tenant or Tenants will immediately give the Introducing Broker written notice of the decedent's death, delivered to the office in which the joint Account is kept. Both of the Brokers are hereby authorized, before they 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. Both of the Brokers are hereby authorized before or after they receive the written notice of the decedent's death to take such proceedings, require such 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. The estate of the decedent and each surviving Tenant shall continue to be liable to both of the Brokers 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.

25. For Joint Tenants with Right of Survivorship and not as Tenants-in-Common:

Subject to the provision of subparagraph 24 above and provided that any gratuitous transfer made to the joint account were intended as a gift to the joint tenant(s), and if you have indicated on the 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) shall 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 paragraph 24 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.

26. For Tenants-in-Common/Joint Tenants Without Right of Survivorship:

If you have indicated on the 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 either of the Brokers 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 have had actual written notice of the death of any tenant, or actual written notice of the termination of the joint account.

PART III: ADDITIONAL PROVISIONS FOR MARGIN ACCOUNTS

27. Margin Facility

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 Carrying Broker's sole discretion, grant the facility to you provided that Carrying Broker may, at any time and from time to time:

- a) Reduce or cancel any margin facility made available to you or refuse to grant any additional margin facility to you; or
- b) Require you to provide margin in addition to the margin requirements of the applicable regulatory authorities.

You agree to promptly pay any indebtedness due as a result of any reduction or cancellation of any margin facility.

28. Margin Requirements and Lien

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 the Carrying Broker 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 either of the Brokers 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 above shall apply to your margin account(s) with us.

29. Interest

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.

PART IV: GENERAL PROVISIONS FOR ALL ACCOUNTS HEADINGS

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

30. Enurement

This agreement shall ensure to the benefit of and be binding upon each of the Brokers 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 either of the Brokers, 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 incompetence or disability, whether or not executors, administrators, committees, trustees or other conservators of your estate or property have been qualified or appointed, either of the Brokers 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 redemption 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.

31. Term

This agreement shall remain in full force and effect unless either of the Brokers advises you in writing of a complete or partial change or revocation.

32. Modifications

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 section 3 of this agreement. The most current version of the terms and conditions will be posted on our Retire First website and you shall be deemed to have accepted any revised terms unless you provide us written notice to the contrary on or before the date of amendment takes effect.

33. Web Use Agreement

If you use either of the Brokers 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 website and as amended from time to time.

34. English Language

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 expressement demande que la presente convention ainsi que tout avis, etat de compte at autre document devant ou pouvant etre produit ou faire l'objet d'une entente en vertu des presentes soient rediges en langue anglaise seulement.

35. Client Copy and Effective Time

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

36. Indemnity Regarding Agents and Attorneys

If you have appointed more than one agent pursuant to Trading Authorizations over your account(s), or if you have appointed more than one attorney under one or more Powers of Attorney with authority to govern your accounts with us, then you agree to indemnify and hold each of the Brokers harmless from any and all losses, liabilities, costs and expenses (including legal fees) resulting from either of the Brokers acting in accordance with the authority granted to your agents under the Trading Authorizations or your attorneys under the Powers of Attorney. Without in any way limiting the authority granted or requiring the Brokers to take action with respect to any past, present or future circumstances arising, the Brokers are hereby authorized, in their 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 with us, including but not limited to the giving or cancellation of orders and withdrawal of monies, securities or other property.

37. Trading Authorization for Registered Plans

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 each of the Brokers 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 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.

38. Leverage Risk Disclosure

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.

39. Control and Jurisdiction

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 your obligations to us are satisfied, you hereby irrevocably consent to 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 we see fit and in any manner permitted by law to satisfy in full your obligation to us. Such authorization shall include the right to, in our sole discretion and without notification to you, sell, buy, transfer, pledge, or re-pledge any or all securities without notice or advertisement or to retain the securities in satisfaction of your obligation to us. You hereby acknowledge and consent to Penson Financial Services Canada having control of the securities and your account for the purposes set out herein. Regardless of any provision in any other agreement relating to the securities, Retire First's jurisdiction is Alberta while Penson Financial Services Canada's jurisdiction is Quebec for purposes of the Securities Transfer Act, or similar legislation in any other relevant jurisdiction.

40. Financial Advisor as Agent (IIROC By-law 39.4 Schedule B)

Your Financial Advisor may be an employee or an agent of Retire First. In either case, Retire First, 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 Retire First's business as if the Financial Advisor were an employee of Retire First. By continuing to deal with Retire First you accept Retire First's offer of indemnity.

41. Non-Securities Activity (IIROC By-law 39.4 Schedule B)

In the normal course of conducting business with your advisor, he or she may provide advice and 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 Retire First. Certain non securities related activities such as insurance and tax return preparation or planning may be conducted by your advisor either through Raymond James Financial Planning Ltd. (RJFP) or through an arm's length dealer. Your Retire First 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 at 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. Retire First will share your confidential client information between these entities with your consent. Any cash or securities relating to your securities transactions will be held by the Carrying Broker and any cash or securities relating to insurance or insurance-related products (e.g. segregated funds) will either be held by the Carrying Broker or provided to the respective insurance companies or applicable third-party custodians. RJFP is a subsidiary of Raymond James Ltd., but is not a member of the Canadian Investor Protection Fund (CIPF). Any non securities-related business carried on outside of Retire First, Penson Financial Services Canada or RJFP is not the responsibility of the Brokers, but is the responsibility of the advisor alone.

42. CIPF Coverage

You acknowledge that securities held *off-book* are not held in a Penson Financial Services Canada 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 Penson Financial Services Canada. Clients may on occasion hold certain securities off-book, meaning the securities are not shown as being held in your Penson Financial Services Canada 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 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.

43. Qualified Intermediary

You acknowledge that we 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 order 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, and we shall be entitled to do so. We will provide you with appropriate statements of any such deductions, remittances or disbursements.

44. Time

Time shall be of the essence in this Agreement.

45. Severability

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.

46. Force Majeure

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 here under and regulatory obligations) if prevented or hindered from doing so by any circumstance found to be beyond our control.

47. Further Assurances

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.

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 the name of the Carrying Broker or the name of another person or company holding your securities on its 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 them 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 security holder 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 Security holder 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 security holders. 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 security holder meeting.

In addition, reporting issuers may choose to send other security holder materials to beneficial owners, although they are not obligated to do so. Securities law permits you to decline to receive security holder 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 security holder 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 security holders 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 representative at Retire First.

CONFLICT OF INTEREST RULES STATEMENT/STATEMENT OF POLICIES

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 advisors, 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 Policy 7.1 of the Alberta Securities Act Regulations, 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

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

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

As at June 1, 2009, Retire First Ltd. had no related parties that are public companies. We will provide you with a list of related parties if any parties become related.

Connected Parties

As at June 1, 2009, Retire First Ltd. had no connected parties. We will provide you with a list of connected parties if any parties become connected.

If you have any questions or would like further information please contact the Retire First Ltd., Chief Compliance Officer, Suite 101 - 4610 49th Avenue, Red Deer, AB, T4N 6M5, telephone 403-314-5553 or 1-877-314-5553.

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 Retire First Ltd. and Penson Financial Services Canada Inc. ("Retire First", "us", "we", or "our") 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.retirefirst.com or from our offices at the contact information 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 Retire First about you and how we will be accountable to you. We encourage you to take a moment to review our 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 us. If you do not notify us otherwise, we will consider that you have consented to the collection, use and disclosure as 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 would like 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 Privacy Officers.

Most of the information we collect is required by law or necessary to offer you certain products and services as Brokers. 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 respects your choices.

Each of the Brokers has designated a Privacy Officer to oversee their respective 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 either of the Brokers about you or concerns about the collection, use or disclosure of such personal information described in our Privacy Policies you should contact: Retire First Ltd. Privacy Officer at Suite 101, 4610 49th Ave, Red Deer, Alberta. Telephone 403-314-5553, Toll Free at 1877-314-5553, and/or

Penson Financial Services Canada Chief Compliance Officer directly in writing, at 360 St. Jacques West, 11th Floor, Montreal, Quebec H2Y 1P5 or by telephone toll free at 1-888-841-9665

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

At Retire First Ltd. and at Penson Financial Services Canada Inc., your personal privacy is as important to us as it is to you, and our Privacy Policies further confirms our commitment to you.

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 Pension Financial Services Canada 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)

1. Registration

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.

2. Contributions

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 there from (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.

3. Investments

We will hold, invest and sell the Plan Assets according to your instructions. We may require any instructions to be in writing. We will pay interest on any cash balances at such rate and credited at such times 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 or constitutes *foreign property* 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.

4. Income Tax Receipts

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.

5. Your Account and Statements

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.

6. Management and Ownership

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.

7. Refund of Over-Contributions

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.

8. Purchase of Retirement Income or Transfer to a RRIF

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 you reach 69 years of age. 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) 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. 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 you reach 69 years of age, 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; 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.

9. Withdrawals

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.

10. Transfers (On Relationship Breakdown or Otherwise)

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, 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 or 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.

11. No Advantages

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.

12. Designation of Beneficiary

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.

13. Death

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.

14. Proof of Age

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.

15. Delegation

You authorize us to delegate to Penson Financial Services Canada (the *Agent*) the performance of certain of our duties, including the following:

- i. Registering the Plan with the Canada Customs and Revenue Agency
- ii. investing contributions; investing the Plan Assets in accordance with this declaration;
- iii. Holding the Plan Assets in safekeeping, in its name or in the name of its nominee or custodian;
- iv. Maintaining your account and providing you with statements and notices;
- v. Receiving and implementing your notices and instructions;
- vi. Collecting fees and expenses from you or the Plan;
- vii. Filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
- viii. Issuing tax receipts and preparing and filing tax returns or forms relating to the Plan
- ix. 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.

16. Fees and Expenses

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.

17. Trustee's Liability

We are not responsible for determining whether any investment made on your instructions is or remains a *qualified investment* for RRSPs or whether any Plan Asset is *foreign property* under the Tax Laws, and we are not liable for any tax payable by you or the Plan in respect of any nonqualified investment or foreign property.

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 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.

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 and each beneficiary under the Plan agree to and do hereby 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.

18. Replacement of Trustee

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.

19. Amendments to This Declaration of Trust

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 a 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 tax laws.

20. Notice

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.

21. Reference to Statutes

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 from time to time.

22. Binding

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.

23. Governing Law

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.

24. Access to File (Applicable in Quebec Only)

You understand 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 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



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 Pension Financial Services Canada 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 *you s* 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 6 hereof;

1. Registration

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.

2. Acceptance of Property into the Fund

We will accept into the Fund only cash and other property that is transferred in accordance with the Tax Laws, from:

- a) a RRSP or RRIF under which you are the annuitant;
- b) you, to the extent only that the property was an amount described in subparagraph 6U(1)(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 there from (the Fund Assets) in trust, to be held, invested and used according to the terms of this declaration and the Tax Laws.

3. Investments

We will hold, invest and sell the Fund Assets according to your instructions. We may require any instructions to be in writing. 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 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.

4. Your Account and Statements

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.

5. Management and Ownership

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.

6. Payments

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.

7. Transfers (On Relationship Breakdown or Otherwise)

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) a 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.

8. No Benefit or Loan

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.

9. Designation of Successor Annuitant / Beneficiary

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 to receive 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.

10. Death

In the event of your death, if you had not elected that your spouse or common-law partner becomes 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.

11. Proof of Age

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.

12. Delegation

You authorize us to delegate to Penson Financial Services Canada (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 Customs and 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.

13. Fees and Expenses

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.

14. Trustee's Liability

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, and we are not liable for any tax payable by you or the Fund in respect of any non-qualified investment.

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 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. 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 and each beneficiary under the Fund agree to and do hereby 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.

15. Replacement of Trustee

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.

16. Amendments to this Declaration of Trust

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.

17. Notice

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.

18. Reference to Statutes

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.

16. Binding

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.

17. Governing Law

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.

18. Access to File (Applicable in Quebec Only)

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 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



PENSON FINANCIAL SERVICES CANADA 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 Pension Financial Services Canada 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.

1. Registration

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.

2. Contributions

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 there from (the "Arrangement Assets") in trust, to be held, invested and used according to the terms of this declaration and the Tax Laws.

3. Investments

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, 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.

4. Your Account and Statements

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

5. Management and Ownership

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.

6. Refund of Excess or Non-Resident Contributions

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.

7. Withdrawals

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.

8. Transfers (on Relationship Breakdown or Otherwise)

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:

- a) you are the holder; or
- b) 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.

9. Using TFSA Interest as Security For Loan

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.

10. No Advantages

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.

11. Designation of Successor Holder / Beneficiary

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:

- a) 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
- b) 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.

12. Death

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.

13. Proof of Age

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.

14. Delegation

You authorize us to delegate to Person Financial Services Canada (the "Agent") the performance of certain of our duties, including the following:

- filing an election with the Minister of National Revenue to register the Arrangement as a TFSA under section 146.2 of the Act;
- receiving Contributions from you;
- investing the Arrangement Assets in accordance with this declaration;
- holding the Arrangement Assets in safekeeping, in its name or in the name of its nominee or custodian;
- maintaining your account and providing you with statements and notices
- receiving and implementing your notices and instructions;
- collecting fees and expenses from you or the Arrangement;
- filing any elections permitted under the Tax Laws as directed by you or your personal representatives;
- preparing and filing tax returns or forms relating to the Arrangement;

- 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.

15. Fees and Expenses

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.

16. Trustees Liability

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.

17. Replacement of Trustee

We may at any time resign as trustee under the Arrangement by giving you and the Agent 60 day's 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.

18. Amendments to This Declaration of Trust

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.

19. Notice

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.

20. Reference to Statutes

All references herein to any statute, regulation or any provision thereof will mean such statute, regulation or provision as the same

may be reenacted or replaced from time to time.

21. Binding

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.

22. Governing Law

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.

23. Access to File (Applicable in Quebec Only)

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 following table 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 face amount strip bonds priced to yield 6%. It will be noted that the longer the term to maturity of the bond or 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 | 78.12 | 4.99 | 70.89 | -4.73 |
| 6% 20 year Bond | 100 | 6 | 112.55 | 12.55 | 89.32 | -10.68 |
| 20 year Strip Bond | 30.66 | 6 | 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 totaled \$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 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 territories.

Custodial Arrangements

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

1. 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.
2. 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).
3. 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).
4. 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 there under. 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 hereunder (*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, RRSPs, 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.

| Year | Base for Interest Compounding | Accrued Notional Interest for Year | Tax Liability at 45% |
|------|-------------------------------|------------------------------------|----------------------|
| 2002 | \$3,742.96 | \$82.71 | 37.22 |
| 2003 | 3,825.67 | 210.41 | 94.6845 |
| 2004 | 4036.67 | 221.98 | 99.891 |
| 2005 | 4258.06 | 234.2 | 105.39 |
| 2006 | 4492.26 | 247.07 | 111.1815 |
| 2007 | 4739.33 | 260.67 | 117.3015 |
| | | 1257.04 | |

* $[(1.05)^{149/365} \times \$3742.96] - \$3742.96$. February 21, 2002 to June 30, 2002 = 149 Days

The previous table 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.

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.

Because a strip bond package consists for tax purposes, the interest inclusion rules will be satisfied if an annual notional interest 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 final payment date. The use of this method may in some circumstances result in a marginally less favorable 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.

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.

| Table 3: Income Tax Treatment 2 | | |
|---|------------|------------|
| Proceeds of Disposition | | \$4,361.31 |
| Base Calculation of Capital Gain | | |
| Initial Purchase Price | \$3,742.96 | |
| Accrued Income for 2002 (see previous) | 82.71 | |
| Accrued Income for 2003 (see previous) | 210.41 | |
| Accrued Income for 2004 | | |
| To Anniversary Date (see previous) | 221.98 | |
| To September 30th | 57.85 | 4315.91 |
| Capital Gain | | 45.4 |
| Taxable Capital Gain (1/2 of Capital Gain) | | 22.7 |
| * $[(1.055)^{92/365} \times \$4258.06] - \$4258.06$ | | |

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 commission quoted by investment dealers for strip bonds generally ranges between 25 cents per \$100 of maturity amount to \$1.50 per \$100 of maturity amount. Commission is typically at the higher end of this range for smaller transaction amounts, reflecting the higher cost of processing a small trade. The commission generally decline for a larger transaction.

The table below illustrates the after commission yield to an investor in strip bonds with different before commission yield and different term to maturity. All of the yield numbers are semi annual. For example, a strip bon with a term to maturity of one year, a before-commission yield of 4.5% and a commission yield of 4.234%. The before commission cost of this particular strip bond will be \$94.72 per \$100 of maturity will the after commission cost will be \$94.97 per \$100 of 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 will the after commission cost will be \$20.71 per \$100 of maturity amount.

| Table 4: After-Commission Yield | | | | | | | |
|--|---|-------|-------|-------|-------|-------|-------|
| Commission or Dealer Mark-Up | Yield Before Commission or Dealer Mark-Up | 1 | 2 | 5 | 10 | 15 | 20 |
| \$0.25 | 4.50% | 4.234 | 4.361 | 4.44 | 4.46 | 4.467 | 4.469 |
| | 5.5 | 5.229 | 5.433 | 5.433 | 5.456 | 5.462 | 5.46 |
| | 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 | 3.67 | 4.121 | 4.263 | 4.304 | 4.318 |
| | 5.5 | 3.892 | 4.65 | 5.1 | 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: | | | | | | | |
| Where: | | | | | | | |
| * MA is the Maturity Value of the Strip Bond | | | | | | | |
| * 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 | | | | | | | |
| * CA is the amount of commission or dealer mark-up required to be paid to the selling dealer at the time of purchase of the strip bond | | | | | | | |
| * n is the number of days from the time of purchase of the strip bond to the time of maturity of the strip bond (excluding the day of purchase but including the maturity day and ignoring leap years) | | | | | | | |

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)