

# Processing Guide for Exempt Market Products

This guide sets out the requirements of Canadian Western Trust Company (“CWT”) for you to hold exempt market products (“Exempt Market Products”) in your registered account administered by CWT.

## Contents

<b>1.</b>	<b>Investment Decisions .....</b>	<b>1</b>
<b>2.</b>	<b>Qualifications .....</b>	<b>1</b>
<b>3.</b>	<b>Canadian Western Trust Purchase Requirements .....</b>	<b>1</b>
<b>4.</b>	<b>Exempt Market Products Fees .....</b>	<b>3</b>
<b>5.</b>	<b>Planholder’s Responsibilities .....</b>	<b>3</b>
<b>6.</b>	<b>Forms .....</b>	<b>3</b>

### 1. Investment Decisions

---

It is your responsibility to deal with all matters relating to your investment decision including, without limitation, the value, terms and conditions of the Exempt Market Products, the creditworthiness of the issuer of such securities (the “Issuer”), the nature and prospects of the Issuer’s business, the quality of the Issuer’s management and all other matters relevant to your decision to invest in the Exempt Market Products. CWT is not in the business of providing investment advice, and accordingly will not provide any advice to you regarding, and will not be in any way responsible for, your decision whether to invest in the Exempt Market Products.

### 2. Qualifications

---

Under Canadian tax rules, only certain Exempt Market Products may be a “qualified investment” for your registered account. “Qualified investment” status depends on compliance with many rules relating to the Issuer and its business, and your relationship to the Issuer.

You are solely responsible for determining whether any Exempt Market Products that you would like to hold in your registered plan are a qualified investment. While CWT will require evidence from you that the Exempt Market Products are a qualified investment, CWT does not independently review any Exempt Market Products to determine whether they are a qualified investment, nor does it provide any advice to you regarding the status of any Exempt Market Products as a qualified investment, and it accepts no responsibility therefore.

### 3. Canadian Western Trust Requirements

---

You are required to have a self-directed registered account with CWT and to have sufficient cash or assets, as applicable, on hand in the account to fund the account’s purchase/acquisition of the Exempt Market Products. For purchases, if your account’s assets are in investments other than cash (e.g., term deposits, bonds, mutual funds, shares, etc.), you will have to cash them in prior to the anticipated transaction date. Upon receipt of all required documentation duly completed, and on a reasonable efforts basis, CWT will release the requested funds (in the case of purchases) and/or assets (in the case of redemptions), as applicable, from your account.

## Processing Guide for Exempt Market Products

**Exempt Market Products will not be funded from a locked-in registered account.**

CWT will require you to provide certain documentation in connection with your plan's acquisition of Exempt Market Products. The documents required may vary depending on the type of security involved, but in general will include some or all of the following:

- A signed copy of CWT's "Investment Instructions for Exempt Market Products" form. Complete the Addendum on page 4 of this form, now required for all account types;
- A copy of the Issuer's certificate of incorporation, certificate of limited partnership, or other applicable evidence of the Issuer's existence;
- A current legal opinion, addressed to CWT as administrator of your registered account, from a qualified solicitor and in form satisfactory to CWT: that the Exempt Market Products are a qualified investment for your Plan and, if your Plan is a TFSA, are not a "prohibited investment" for it as those terms are defined in the *Income Tax Act (Canada)* and the *Income Tax Regulations (Canada)*, the issue of the Exempt Market Products has been duly authorized, the Exempt Market Products when acquired by your Plan will be validly issued, fully paid and non-assessable; and your Plan's acquisition of the Exempt Market Products will be in compliance with all applicable securities laws and regulations;
- A current opinion addressed to CWT, providing a written confirmation of value, preferably in the form of a statutory declaration if possible, but otherwise at least in the form of a certificate, from a knowledgeable person. That person could be a CA, a business valuator, a senior officer or director - anyone who by virtue of his or her knowledge of the affairs of the company and position could reasonably be expected to provide an honest, informed estimate of value and deals at arm's length with you;
- Within 30 days after funding, the security certificate(s) showing registration of the Exempt Market Products in CWT's name as administrator of your plan. If the required certificate(s) is not delivered to CWT within 30 days the Exempt Market Products will be deemed to be "non-qualified" and must be removed from the Plan. This could have adverse tax consequences, for which you assume full responsibility.

**PLEASE NOTE THE FOLLOWING:**

- **CWT reserves the right to have any investment in Exempt Market Products reviewed by CWT's solicitors, the costs of such review to be paid by you or your Plan.**
  - **On a reasonable efforts basis, and upon receipt of all required documentation, we will release the requested funds or assets from your Plan, as applicable, for the transaction.**
  - **CWT further reserves the right to refuse to accept any particular Exempt Market Products in your Plan, even if all required documentation is provided.**
- Once the Exempt Market Products have been accepted into your Plan, when you wish to initiate a transaction with respect to the Exempt Market Products or change the stated value thereof, CWT may require updated and current evidence of value as outlined herein or other independent evidence of value satisfactory to CWT prior to CWT taking any steps to proceed with the transaction.**

## Processing Guide for Exempt Market Products

### 4. Exempt Market Products Fees

---

For a listing of CWT's applicable fees and charges in effect, please see CWT's current fee schedule.

### 5. Planholder's Responsibilities

---

CWT is not in the business of providing investment advice or direction with respect to the purchase of any asset by your registered account. Accordingly, while we require evidence of qualification of the Exempt Market Products to be held in your registered account, CWT will not undertake any due diligence nor make any determination whatsoever as to whether any proposed investment is a qualified investment for your registered account under applicable Canadian income tax rules, or is a suitable investment for you.

THESE MATTERS ARE SOLELY YOUR RESPONSIBILITY, AND CWT URGES YOU TO OBTAIN APPROPRIATE PROFESSIONAL ADVICE REGARDING THEM BEFORE YOU DECIDE WHETHER TO INVEST.

### 6. Forms

---

Required forms and checklist for planholders purchasing approved Non Marketable Securities are available on CWT's website at:

[http://www.cwt.ca/iris/private\\_securities/default.htm](http://www.cwt.ca/iris/private_securities/default.htm)

Required documentation includes:

- ✓ Account application for Registered or TFSA account, if the planholder does not have an existing account with CWT.  
**Please note:** For the security to be held in a **TFSA**, the application must be accompanied by a clear and legible copy of the planholders photo ID.
- ✓ Sufficient cash in the CWT Registered or TFSA account to cover the purchase request. This can be done by:
  - A transfer of funds to the CWT account from another institution using a T2033 (Transfer Authorization for Registered Investments).
  - A cash contribution to the CWT RRSP or TFSA.
- ✓ A completed CWT Investment Instructions for Securities of Private Issuer form.  
**Please note:** For the security to be held in any CWT account, the Addendum on page 4 of this form must also be completed for each purchase request.
- ✓ A cheque to cover the transaction fee for the request. Refer to the CWT fee schedule for the applicable fee.