

# Wealthsimple Investments Inc.

## Client Account Agreement

**This Agreement contains important information regarding the terms and conditions which apply to your account(s) with Wealthsimple Investments Inc. (the Firm, WSII, we or us), which provides accounts under multiple divisions, including (i) custody accounts for managed account services offered by its affiliate, Wealthsimple Inc. (WSI) (Managed Accounts), (ii) order execution only accounts offered by the Firm, (Self-Directed Accounts), and (iii) cash custody accounts (Custody Accounts). By submitting a request to open one or more accounts at Wealthsimple, you are agreeing that you have read, understood and agree to the terms and conditions outlined in this Agreement.**

In consideration of the Firm opening and maintaining one or more accounts (individually an Account and collectively, the Accounts) for you for the purchase or sale of, or otherwise dealing in securities, derivatives and/or precious metals bullion; for the purpose of high interest savings, and/or for the purpose of making direct deposit and pre-authorized debit transactions (each, a transaction) you hereby make and agree to the representations, warranties, covenants and agreements with the Firm, as noted below. Unless otherwise specified, all references to “Accounts” shall be references to any account at the Firm, including Managed Accounts, Self-Directed Accounts (including Canadian dollar (CAD) Accounts (each, a CAD Account), U.S. dollar (USD) Accounts (each, a USD Account) and multicurrency Accounts) and Custody Accounts, as the context requires.

### **1. PROVISIONS APPLICABLE TO ALL ACCOUNTS**

#### **a. General Account Agreement and Legal Capacity:**

By completing the applicable New Account Application Form and transacting in your Account, you agree to the terms and conditions set out in the New Account Application Form, this Agreement and any other applicable agreements, including any terms and conditions, that apply to your use of any service offered by us. This Agreement also applies if:

- your Account is temporarily closed or reopened, or we give it a different account number; and
- there is more than one accountholder or if any of the accountholders is a corporation or other entity.

Unless otherwise disclosed, you hereby represent that if you are an individual, you reside in Canada, you have reached the legal age in your province of residence, you are under no legal incapacity and you have sufficient knowledge and experience to understand the nature and risks of the products to be traded.

You are not a partner, director or employee of a member, member firm or member corporation of the Canadian Investment Regulatory Organization (CIRO, which is carrying on the regulatory functions of the former Investment Industry Regulatory Organization or IIROC) or of any stock exchange, or of a non-member investment dealer, futures commission merchant, Financial Industry Regulatory Authority (FINRA) licensed broker-dealer or derivatives dealer (each, a Securities Industry Firm), or, if you are such a partner, director or employee, you have received approval from your employer to open this Account and you will notify the Firm at the same time that you sign this Agreement. If you become a partner, director or employee of a Securities Industry Firm, you will advise the Firm in writing and complete all documents required in order that you may be our customer.

You have reached the age of majority. You are not an employee of a member of any stock exchange, CIRO, or any business registered under any securities law or regulations. However, if you are or become employed by any of these exchanges, member firms or businesses, you will notify the Firm immediately and provide written approval from your employer to open or maintain an Account with the Firm. You are not an insider, significant shareholder or reporting insider of a publicly traded company. If, however, you are or become an insider, significant shareholder or reporting insider of a publicly traded company, you will notify the Firm immediately. This requirement also applies if you or the account holder has trading authority for, control over, a financial interest in, and/or a beneficial ownership interest in, an account.

You confirm that the information you provide to us in the New Account Application Form, which forms part of this Agreement, and all other information you provide to us verbally, in writing, electronically or by any other means is true and complete. This includes your telephone number and any information related to any transaction. You agree to notify us of any change in any information provided in the New Account Application Form, including if you or your spouse acquire a controlling interest in, or otherwise become an insider of, any issuer whose securities are publicly traded on a stock exchange or other organized market that publishes the prices at which such securities are bought and sold.

If you are a corporation, you represent that you have the power and capacity to enter into this Agreement and to effect the transactions contemplated herein and that the execution and delivery of this Agreement have been duly authorized.

**b. Applicable Rules and Regulations**

All transactions made for your Account will be subject to the applicable laws and regulations (including CIRO rules and banking laws, as applicable), by-laws, regulations, rules, policies and customs governing the financial institutions,

exchanges or markets and their clearing houses (if any) where the orders are executed and to all laws, regulations and orders of any applicable governmental or regulatory authorities (collectively, Applicable Rules and Regulations).

You acknowledge that the Firm may record all telephone calls by which your orders are placed or confirmed between you and the Firm.

**c. Prohibited Uses**

You will not and will not permit others to use or access your Account in violation of any applicable law or intellectual property right, in a manner that threatens the security or functionality of your Account or the Firm, or for any purpose or in any manner not expressly permitted in this Account Agreement. You will not access or use your Account for the purpose of building a similar or competitive product or services. You will not use unauthorized computer algorithms to place trades or access your account. You will not use your Account for business activity related to the purchase or sale of illegal, controlled, or prohibited goods or services. You will not use your Account in connection with a person for whom it is prohibited by law to do so, including: (a) a person who is subject to economic or trade sanctions or is in a country that is subject to sanctions in Canada or the United States; (b) a person who is, or is alleged to be, a member of or associated with, a criminal organization or persons who are known to be associated with a criminal organization, including any terrorists, terrorists groups, or any person known, or suspected by you, to be involved in terrorist activities; or (c) a person who is listed as a politically exposed person under applicable anti-bribery laws. The Firm reserves the right to cancel or suspend your Account, block transactions or freeze your funds, immediately and without notice if we determine that your Account is associated with or is or was used in violation of this section 1.c. For greater certainty, references to a person in this paragraph shall be deemed to include any corporation, company, partnership, trust or other entity, whether incorporated or unincorporated, as well as any individual, unless the context requires otherwise.

In addition, the Firm may cancel or suspend your Account, block transactions or freeze your funds, immediately and without notice, even if you are not in default of this agreement if, in our sole discretion:

- there is unusual, improper, or suspicious activity;
- you are or appear to be the victim of fraud or identity theft in order to prevent future losses;
- we are required by law;
- there is a dispute about, or it is uncertain to us, who is entitled to holdings in the Account;

- we have reasonable grounds to believe that you did or may commit fraud, used or will use the account for any unlawful purpose, or caused or will cause us a loss;
- you operate the Account in an unsatisfactory manner or contrary to our policies or business risk appetite; or
- you violate the terms of any agreement applicable to the Account or any related service.

**d. No Suitability Determination**

You acknowledge receipt of the Firm's Relationship Disclosure Document, which describes the products and services that we will provide to you. You acknowledge that the Firm will not provide any recommendations to you and will not be responsible for making a suitability determination of trades when accepting orders from you. You alone will be responsible for your own investment decisions and the Firm will not consider your financial situation, investment knowledge, investment objectives, savings objectives and risk tolerance when accepting orders from you. You acknowledge that the Firm will not be responsible for making a determination that the products and account types offered by the Firm are appropriate for you. The Firm does not provide financial, legal, tax or investment advice or recommendations.

**e. Credit Report**

As part of the account opening process, you acknowledge receipt of notice that reports about you may be obtained by us from credit reporting agencies. You also acknowledge that there may be an impact to your credit file as a result of us obtaining a credit report.

**f. Settlement and Payment of Transaction Charges**

You must have sufficient equity in your Account at the time of placing your order. Full and timely settlement will be made for each transaction for your Account. You will pay to the Firm any charges, rates or fees, if applicable, in respect of each transaction at the Firm's prevailing rates, as established from time to time, and will pay to the Firm all other applicable transaction charges and fees, including interest, which shall be calculated daily and compounded monthly, on outstanding indebtedness at the interest rate designated from time to time by the Firm. Charges, rates and fees are set forth in the Wealthsimple Investments Inc. Fee Schedule for Self-Directed Accounts, as amended from time to time (WSII Fee Schedule). The WSII Fee Schedule is available on the Firm's Website at <https://www.wealthsimple.com/en-ca/legal/fees/trade>. You authorize the Firm to withdraw any applicable fees directly from your Account. For greater certainty, any withdrawal contemplated hereunder will be based on the aggregate value of all of your Accounts (including your USD Account, if applicable).

You will be responsible for all obligations arising out of the Account, including those authorized by any person you have appointed as your authorized agent, and all obligations under any agreement or agreement for access to services provided by third parties, including any affiliate that is controlled by, or under common control with, the Firm (each, a Wealthsimple Affiliate).

**g. Operation of Your Account**

The Firm has the right to determine at its discretion whether or not to accept and execute any order or instruction for your Account. The Firm will credit to your Account any interest, dividends or other monies received in respect of securities held in your Account and any monies (net of all charges) received as proceeds from transactions for your Account, and will debit from your Account any amounts owing, including interest, by you to the Firm pursuant to this Agreement. The Firm will maintain a record of receipts and deliveries of securities and your resulting positions in your Account.

Your Account may be subject to limits on the amounts that you may trade within a certain time period, as determined by the Firm. Such limits may vary depending on whatever factors that we determine are relevant. The Firm reserves the right to change any limits on your Account in its sole discretion.

Transactions may be executed as pooled trades. You acknowledge and understand that, in certain cases, your order to purchase securities may be placed in dollar amounts and not in a specific number of shares. You further agree that such dollar amounts will be converted into share amounts then rounded based on the weighted average price per share paid.

We may also put a hold on your Account to verify new or updated personal information regarding your Account, and we may maintain the hold until we confirm this information (which confirmation may require supporting documentation from you).

When we receive new or updated personal information concerning your Account, we may put a hold on your Account in order to verify this information. We may also request supporting documentation so that we can confirm updated or new information. We may maintain the hold on your Account until your updated or new personal information can be confirmed. We may extend the maximum hold period if we have reasonable grounds to believe there may be illegal or fraudulent activity in relation to an Account.

**h. Payment of Indebtedness**

From time to time you may incur indebtedness to the Firm in the course of your Account activity. You will promptly pay all indebtedness when due. For the purpose of this Agreement, the term “indebtedness” at any time means all of your

indebtedness to the Firm as set out in any statement of account or other communication sent by the Firm to you and includes interest on any credit extended to you and the reasonable costs of collection of payment owed to the Firm, together with legal fees associated therewith.

**i. Pledge of Security Interest**

As continuing collateral security for the payment of any indebtedness which is now or which may in the future be owing by you to the Firm or its affiliates, you hereby pledge to the Firm any and all property, including credit balances held or carried in any of your Accounts for any purpose, and including any property in which you have an interest (collectively, the Collateral), whether in your Account or in any other Account in which you have an interest and whether or not such indebtedness relates to the Collateral pledged.

So long as any indebtedness remains unpaid or if the Firm thinks it is necessary to protect itself, you authorize the Firm, without advertisement or notice to you or others and without prior tender, demand or call of any kind to you or others, to use at any time and from time to time the Collateral in the conduct of the Firm's business, including the right to: (a) combine any of the Collateral with property of the Firm or other clients or both; (b) pledge any of the Collateral which is held in the Firm's possession as security for its own indebtedness; (c) loan any of the Collateral to the Firm for its own purposes; or (d) use any of the Collateral for making delivery against a sale whether such sale is for your Account or in the Account of any other of the Firm's clients.

**j. Elimination or Reduction of Indebtedness**

If you fail to pay any indebtedness when due, if on or before any settlement date you fail to comply with any other requirement contained in this Agreement, or if the Firm thinks it is necessary to protect itself, then, in addition to any other right or remedy to which the Firm is entitled, the Firm may at any time and from time to time, without advertisement or notice to you or others and without prior tender, demand or call of any kind to you or others: (a) apply monies held to your credit in any other Account with the Firm to eliminate or reduce indebtedness; (b) sell, contract to sell or otherwise dispose of any or all of the Collateral or otherwise realize on any of the Collateral for such price and on such terms as the Firm deems best, and apply the net proceeds therefrom to eliminate or reduce indebtedness; or (c) cancel or modify any outstanding orders. Such rights may be exercised separately, successively or concurrently. The Firm will not be required to exercise any such rights, nor will it be required to exercise any right prior to exercising any other right.

For greater certainty, if on the settlement date you do not have sufficient equity in your Account to settle a trade, the Firm may sell, contract to sell or otherwise

dispose of the security subject to such trade and apply the net proceeds therefrom to eliminate or reduce indebtedness arising from such trade. You agree that the Firm is not liable to you for any increase in value attributable to the security since the time of the trade.

The failure to exercise any or all of such rights or the granting of any indulgence will not in any way limit, restrict or prevent the Firm from exercising such rights at any subsequent time and shall not limit, reduce or discharge any indebtedness or part thereof. Any sales or purchases for the Account may be made in such manner as the Firm deems advisable. If demand is made or notice given to you by the Firm, it shall not constitute a waiver of any of the Firm's rights to act hereunder without demand or notice. Any and all expenses (including any legal fees) incurred by the Firm in connection with exercising any right pursuant to this section may be charged to your Account. You shall remain liable to the Firm for any deficiency remaining following the exercise by the Firm of any or all of its rights and agree that the rights which the Firm is entitled to exercise pursuant to this section are reasonable and necessary for the Firm's protection.

**k. Pre-Authorized Debit**

You acknowledge that the Firm may give you the ability to pay fees or amounts due, and to fund your Account by pre-authorized debit. In such a case, you authorize the Firm and the financial institution designated (or any institution you may authorize at any time) to effect debits as per your instructions for regular recurring and/or one-time payments from time to time, for payment of any applicable fees arising under any of your Accounts, for any other amounts due and to fund your Account. Where pre-authorized debit is offered, the Firm will, on a monthly basis (or as otherwise determined by the Firm) debit your specified Account on the due date and in the amount indicated on the bill statement. The Firm will obtain your authorization for any other debits.

You understand and acknowledge that where a pre-authorized debit has been returned for non-sufficient funds (NSF) or dishonoured in any way, the Firm may represent a debit once more for the same amount as the original pre-authorized debit within 30 days following the return of the original pre-authorized debit. You agree to maintain balances sufficient to pay all fees, and agree that the Firm is not liable for any overdraft, insufficient funds, or charges caused or incurred by your failure to maintain funds sufficient to pay all debits presented by the Firm.

If we re-present a debit and such debit has been returned for NSF or dishonoured in any way, the Firm reserves the right to collect an amount equal to the debit pursuant to section 1.j. and take all such other actions permitted under this Agreement.

You acknowledge that the Payor Authorization for Pre-Authorized Debits available at <https://www.wealthsimple.com/en-ca/legal/PAD-authorization> applies to pre-authorized debits made pursuant to this section.

You may change or revoke this authorization at any time, provided that you provide advance notice to the Firm at least 30 days before the next debit is scheduled.

## **I. Trading Authorization for Self-Directed Accounts**

You agree that in the event that you grant trading authorization over your Self-Directed Account to any person to act as agent for you (the Agent) in order to undertake transactions for your Self-Directed Account, the Agent will be authorized to act for you in the same manner and with the same force and effect as if you had taken such action yourself. You authorize the Firm to accept the Agent's instructions regarding transactions for such Account(s) in every respect, and you will be deemed to have approved of any such transactions. Transactions will be made according to the terms and conditions of this Agreement and you will be fully liable for them. You agree to indemnify the Firm and hold the Firm harmless from and to pay the Firm promptly on demand for any losses or if there is any money due on your Account(s) resulting from the Agent's actions. You agree and acknowledge that the Firm may refuse to accept instructions from any Agent at any time at its sole discretion.

This trading authorization and your promise to pay the Firm for any losses are in addition to any rights the Firm may have under any agreements with you, including, without limitation, under this Agreement, and are not meant to limit or restrict the Firm's rights in any way.

You and the Firm acknowledge and agree that the grant of trading authorization to the Agent does not entitle the Agent to take certain actions on your behalf, including, but not limited to, the following:

- receive or transfer cash or securities, derivatives or precious metals bullion from an Account;
- receive Account correspondence;
- sign agreements on your behalf;
- open or close Accounts with the Firm on your behalf; or
- agree to changes in the terms and conditions attaching to the Account.

The Firm will not notify you if the Agent performs any of the above actions since it is your responsibility to monitor the actions of your Agent. The Firm is not required to send you any statements, notices, or demands concerning such actions.



You agree that the appointment of the Agent pursuant this section (the Appointment) is binding upon you and your heirs, executors, administrators, successors and assigns. The Firm will continue to deal with the Agent until the Appointment is terminated in the manner described below:

- Notice: you may revoke the Appointment through the Firm's mobile application or website; or
- Proof of death or incapacity: the Appointment will end when the Firm has received written proof of your death or incapacity or, in the case of a joint account, the death or incapacity of one of the Account holders (for example, when the Firm receives a copy of the death certificate or doctor's certificate). For greater certainty, if the Account is a joint Account, written proof of the death or incapacity of one of Account holders will have the effect of ending this Appointment.

The Appointment will terminate when the Firm receives the revocation or the written proof of death or incapacity described in the previous paragraph, or upon receipt by the Firm of an overriding grant of trading authority. The Firm reserves the right to refuse to act upon the instructions of the Appointment, or to terminate the Appointment, for any reason, at its discretion.

**m. Trusted Contact Person and Temporary Holds - applicable to individuals only**

You may provide the Firm with the name and contact information for a person whom you consider to be trustworthy and is familiar with your personal circumstances (Trusted Contact Person). You agree that the Firm may contact your Trusted Contact Person to protect your financial interests when the Firm has reasonable grounds to be concerned about your personal or financial well-being. This includes concerns about your mental capacity, concerns that you may be the victim of fraud, exploitation or financial abuse or if the Firm needs help locating you or your legal representative. The Firm has the option to contact the Trusted Contact Person, but the Firm is not obligated to do so. If the Firm contacts the Trusted Contact Person, the Firm will disclose personal and confidential information about you and your Account only as the Firm considers necessary or helpful to secure assistance for you or to protect you from fraud, exploitation or financial abuse regarding your Account.

You agree to notify the Firm immediately of any change in the contact information of your Trusted Contact Person. You may change your Trusted Contact Person at any time by updating your Trusted Contact Person information. The Firm will rely on the most recent Trusted Contact Person information received from you. The Firm has no obligation to confirm this information.

You acknowledge that the Firm may place a temporary hold on your Account or a particular transaction if the Firm suspects that you are being financially exploited or if the Firm has concerns about your mental capacity to make decisions involving financial matters. The Firm will notify you of such temporary hold, and will notify you again within 30 days of placing the temporary hold and within every subsequent 30 days until the temporary hold is revoked. The Firm may also contact your Trusted Contact Person and/or your legal representative(s) to discuss the circumstances around placing or lifting a temporary hold and you consent to the Firm seeking additional information from your Trusted Contact Person and/or your legal representative(s) in respect of your capacity and any circumstances that have led or may lead to a temporary hold. The Firm may consider whether temporary holds should be placed on other Account(s) that you have with the Firm and may share any information with its affiliates.

## **2. PROVISIONS APPLICABLE TO MANAGED ACCOUNTS**

### **a. Trading Authorization for Managed Accounts**

You confirm that you have entered into a Discretionary Management Agreement with WSI and agree to grant exclusive discretionary authority to WSI over your Account(s). You acknowledge and agree that the Firm acts only as an order execution service and a custodian and that WSI is solely responsible to provide you with advice with respect to your Account(s). The Firm will accept and carry out trading and other instructions from WSI without making recommendations or validating their suitability or appropriateness with respect to your personal circumstances. WSI is exclusively entitled to make all decisions relating to the securities held in your Account(s), including and without limitation, to exercise any voting, consent or conversion rights associated with such securities, and other corporate actions involving the securities in your Account(s).

You authorize that WSI will provide the Firm with shareholder communication instructions, receive shareholder communication materials, trade confirmations and statements on your behalf. You understand that you may change this arrangement at any time by sending a written notice to the Firm.

You agree that WSI has the authority to submit your funding and withdrawal instructions in relation to managing transfers between your Accounts and your bank account on record with the Firm.

You acknowledge that WSI may provide instructions to the Firm regarding the amount and timing of any fees or other charges applied to the Accounts. Further, you acknowledge and agree that: (a) you are responsible for the fees in respect of the products and services for your Account(s), (b) WSI is solely responsible for explaining to you the applicable charges for your Account(s) (which shall be

deducted from the assets held in your Account(s)) and (c) the Firm may pay directly to WSI certain fees.

You agree to indemnify and hold the Firm harmless from and against any losses and damages that may result from any actions which may occur in the Account(s) in accordance with WSI's orders and instructions, including the amount and timing of any fees paid to WSI or WSI's failure to repay fees as required. This authorization and your promise to pay the Firm for any losses are in addition to any rights the Firm may have under other agreements between the both of us. This authorization is not meant to limit or restrict the Firm's rights in any way. In no case shall the Firm be held liable to your legal representatives, heirs, executors, administrators, successors and assigns, for the execution of any transactions made in accordance with WSI's orders and instructions and you hereby ratify any and all such transactions. You acknowledge and agree that you are solely responsible for monitoring the actions of WSI in the Accounts.

You agree to waive the receipt of trade confirmations for transactions executed on your behalf by WSI pursuant to this section. You acknowledge that you will receive periodic account statements for your Managed Account reflecting transactions executed.

**b. Fees**

Any fees payable in respect of your Managed Account(s), including the currency conversion fees charged by the Firm where foreign currency is bought or sold to trade securities in your Account, will be provided for under your Discretionary Management Agreement with WSI.

**3. PROVISIONS APPLICABLE TO MANAGED ACCOUNTS AND SELF-DIRECTED ACCOUNTS**

**a. Order Routing and Best Execution**

Unless otherwise directed, the Firm will select the market/dealer to which to route your orders. For products traded at multiple markets, the Firm may seek the best market to each order through a computerized algorithm. While the Firm is subject to CRO rules for best execution of client orders, the Firm cannot guarantee execution of every order at the best posted price for a number of reasons, including: the Firm may not have access to every market/dealer, other orders may trade ahead, market centers may not honour posted prices or may re-route orders for manual handling. More details about the Firm's best execution policies are available at <https://www.wealthsimple.com/en-ca/legal/best-execution-disclosure>.

**b. Execution as Agents**

The Firm shall execute your orders as agents. The Firm will use another dealer, which may include an affiliated dealer, to execute orders. Any executing dealer has the benefit of all the Firm's rights under this Agreement. The Firm may decline any order or terminate your use of its services at any time and with immediate effect, at its own discretion. It may not be possible to cancel/modify an order after it is submitted. You are responsible for executions of orders that you send to us, notwithstanding a subsequent cancel/modify request. All transactions are subject to rules and policies of relevant markets and clearinghouses, and applicable laws and regulations.

**c. Correction of Errors**

We are entitled to correct any error in filling a market order to buy or sell an equity by filling such order at the market price in effect at the time such order should have been filled.

**d. Direct Market Access and Suitability Obligations**

Orders entered by you may be sent directly to the exchange or market without prior review by the Firm. However, we reserve the right to review any of your trades prior to entry to the exchange or market. You understand that we have the right to reject, change or remove any order entered by you or to cancel any trade resulting from an order entered by you. You acknowledge that the Firm does not give tailored investment advice or recommendations to you and does not accept any responsibility to advise you on the suitability of any of your investment decisions or transactions. You acknowledge that you are responsible for your investment decisions as well as for any profits or losses that may result.

**e. Eligible Securities**

The securities that are eligible for trading in your Account are determined by the Firm in its sole discretion. The types of securities supported by the Firm from time to time are described in the FAQ section of the Firm's Website. For greater certainty, the Firm in its sole discretion may determine that any security that it has previously determined is eligible for trading is no longer eligible for trading. If the Firm determines that a security in your Account is not eligible for trading, you will have 30 days from the date of such determination to (i) transfer the security to another financial institution, or (ii) sell the security. You acknowledge and agree that the Firm may liquidate any ineligible security that remains in your Account after this 30 day period. The Firm is not responsible for any loss from such liquidation. Additional fees may apply for certain securities, including options, warrants or mutual funds, as set out in the WSII Fee Schedule.

The Firm may determine in its sole discretion that a security is no longer eligible for fractional trading. If the Firm makes such a determination, you acknowledge

and agree that the Firm may liquidate any fractional share in your Account. The Firm is not responsible for any loss from such liquidation.

**f. Corporate Actions / Fractional Shares**

In the event of any corporate action in relation to securities held in your Self-Directed Account, the Firm will assign you to the default position, and where relevant, credit dividends or other payments into your Account or allocate securities to your Self-Directed Account. The Firm will accept your instructions to act on a corporate action against a reasonable fee as set out in the WSII Fee Schedule. You will not be able to make voluntary elections on any corporate action (including, without limitation, any tender offers, issuer bids or rights offerings) with respect to your fractional shares.

The Firm will use reasonable efforts to ensure that corporate actions are properly executed and that any changes or cancellations to such actions are communicated to you in a timely manner. However, the Firm is not liable for any losses resulting from changes or cancellations to corporate actions, and you assume the risk of any such changes or cancellations.

Where a corporate action results in a fractional entitlement to part of a share, the Firm will (i) in the case of corporate actions supported for fractional trading, issue such fractional entitlement to you or (ii) in the case of corporate actions not supported for fractional trading, credit your Self-Directed Account with the cash value in lieu of the fractional shares. Notwithstanding the foregoing and section 3.e., if a corporate action results in a fractional entitlement of less than 0.0001 shares, this fractional share will not be distributed to you nor will your Account be credited with the cash value in lieu of the fractional share. In this case, the original security that underwent the corporate action will be removed from your account.

For greater clarity:

- (i) any cash entitlement is paid to us in a currency that differs from the currency of the Account in which the underlying security is held, we will perform a currency conversion of the cash entitlement into the currency of the Account in which the underlying security is held (for example, if the cash entitlement is paid in USD and the underlying security is held in your CAD Account, the cash entitlement will be converted into CAD); and
- (ii) any securities entitlement resulting from a corporate action will be deposited to your CAD Account for securities received in CAD and to your USD Account for securities received in USD.

For the avoidance of doubt, the currency conversion referred to in (i) above will not be subject to the currency conversion fees listed in the WSII Fee Schedule.

In the event a securities entitlement resulting from a corporate action is a security that the Firm determines is not eligible for trading, you will have 30 days from the effective date of the corporate action to (i) transfer the security to another financial institution, or (ii) sell the security. You acknowledge and agree that the Firm may liquidate any ineligible security that remains in your Account after this 30 day period. The Firm is not responsible for any loss from such liquidation.

These may be taxable events and you are responsible for any taxes arising as a result of such transactions. You are encouraged to consult with a tax advisor with respect to any tax considerations that may be applicable to you.

**g. Pooled Trades**

You acknowledge and understand that trades may be executed as pooled trades. You acknowledge and understand that, in certain cases, your order to purchase securities may be placed in dollar amounts and not in a specific number of shares. You further agree that such dollar amounts will be converted into share amounts then rounded based on the weighted average price per share paid.

**h. Cross-Listed Securities**

Where an issuer's securities trade on both a Canadian stock exchange and a foreign stock exchange, you acknowledge that you will not be entitled to trade any securities of that issuer on the foreign stock exchange. Purchases of a cross-listed security will only be supported for Canadian stock exchanges, except at our discretion.

**i. Good Delivery**

The Firm will not accept orders for short sales. You may not order any sale or other disposition of any securities not owned by you or of which you will not be able to make delivery in acceptable delivery form on or before the settlement date.

**j. Market Information**

The Firm may provide real-time market information (such as price alerts) concerning the trading prices of any securities available to trade. Market information provided by the Firm may be subject to a time delay of 15 minutes or more. As such, there are risks to you in relying on market information made available by the Firm. Any market information that the Firm provides, including derivative data and charts, is provided 'as is' and 'where is' without representations or warranties of any kind, and may contain typographical errors, be incomplete, or inaccurate. While we may correct any such errors, missing information, or inaccuracies, we are under no obligation to do so.

**k. Order Delays**

Subject to section 2.a. "Trading Authorization for Managed Accounts" of this Agreement, we will act on your instructions as soon as is practicable under the circumstances. Certain circumstances, such as manual order handling, may result in a delay in our acting on your instructions. See also section 3.r. "Electronic Trading".

**l. Foreign Currency Transactions**

The Firm performs foreign currency transactions based on a direct or indirect request by you. An indirect request is where you have requested a trade in securities denominated in a currency other than the currency in your Account. The foreign currency conversion rate that appears on your trade confirmation and account statement includes the Firm's spread-based revenue (spread) for performing this function. The foreign currency conversion rate and the Firm's 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 clients for currency conversions of a similar amount, date and type. In performing foreign currency transactions, the Firm may act as agent or principal. The Firm may, at its discretion, reject a foreign currency transaction request. The Firm converts foreign currencies into CAD, USD or other currencies (if available) on the day that it carries out your transaction. The Firm may use a different day for transactions that may be agreed upon with you, or other transactions that the Firm deems necessary.

**m. Voting Rights**

You may hold securities in your Account that carry certain voting rights. However, only a whole share, and not a fractional share, will entitle you to exercise such voting rights. For greater clarity, if you hold a combination of whole shares and fractional shares in the capital of an issuer on the record date and the class of such shares carry voting rights, you will only be entitled to vote your whole shares and not your fractional shares.

**n. Dividends**

Dividends may be declared from time to time in respect of certain shares held in your Account. The applicable dividend rate will be applied to the shares you hold (including fractional shares, if applicable) on the record date, subject to any amounts required to be withheld. Dividends paid in respect of securities you hold will be automatically deposited into the Account that houses such securities.

**o. Currency Conversion of Dividends**

Where a dividend is paid to us in a currency that differs from the currency of the Account in which the underlying security is held, we will perform a currency conversion of the dividend into the currency of the Account in which the underlying security is held (for example, if the dividend is paid in USD and the underlying security is held in your CAD Account, the dividend will be converted into CAD). This currency conversion will not be subject to the currency conversion fees listed in the WSII Fee Schedule.

**p. Share Certificate**

When we register ownership of your securities or certificates in a nominee account, we do not have to deliver to you securities or certificates that we receive or are deposited with us when we buy securities for you. We may deliver the same kind of securities or certificates for the same amount to you instead.

You can choose to have certificates (subject to availability from the transfer agent) for your securities registered in your name and hold them for safekeeping in another location. If you want to sell any of these securities, you must sign the certificates and deliver them to us, in negotiable (transferable by endorsement or delivery) form, on or before the trade request date.

If you do not deliver the certificates on time, or do not properly sign the certificates, we may try to borrow or buy a similar kind and amount of securities and deliver them to the buyer instead. You must pay any loss or expense we incur in doing so.

**q. Worthless Security**

A “worthless security” means a security of an issuer which:

- (i) has been delisted, provided one year has passed since delisting;
- (ii) is bankrupt, in receivership or in liquidation and its securities have no (or nominal) value on any exchange, listing or unregulated exchange;
- (iii) has been wound up into a parent company and security holders of the wound-up issuer have received neither payment nor securities in the parent company;
- (iv) exists but is no longer in business and its securities have no (or nominal) value on any exchange, listing or unregulated exchange or otherwise cannot reasonably be demonstrated to have any value; or
- (v) has significant legal troubles which are reasonably believed by the Firm to render the securities of the issuer to have no or nominal value (a “worthless security”), including a security subject to one or more of the following: a cease trade, trade halt or trade suspension order.



Additionally, you acknowledge and agree that the Firm shall be entitled to deem, in its sole discretion, any security to be a worthless security; such discretion to be exercised in a reasonable manner.

If the Firm determines that your Account holds a worthless security, you acknowledge and agree that the Firm may, without notice to you, remove the worthless security from your Account at zero or nominal value and the removal will be treated as a disposition of the security to the Firm for tax purposes. In accordance with the foregoing, you agree that we will not be liable to you for any future value attributable to the worthless security or for distributions in cash or in kind. Upon the permanent removal of the worthless security from the Account, if no other assets are held other than a nominal cash balance, we may terminate this Agreement and close your Account in accordance with section 6.x. of this Agreement.

Where a security held in your Account may be deemed to be a worthless security, you will have the right but not the obligation to request that the Firm deem the security a worthless security and remove the security from your Account in accordance with the removal process described in the previous paragraph. For more information on the process for requesting that a security be deemed a worthless security and removed from your Account, please contact us. For information on claiming a loss on a worthless security, if applicable, please speak to your independent tax advisor or accountant.

**r. Electronic Trading**

By undertaking transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result may be that your order is not executed according to your instructions or not executed at all. Your ability to recover losses attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

**s. Investment Tools**

“Investment Tool” means any tool, service or activity that we provide, now or in the future, that allows you to enter or pre-enter an order or transaction, including but not limited to dividend reinvestment tools, recurring investment tools, portfolio rebalancing tools and portfolio construction tools. Investment Tool includes the investing, dividend reinvesting and rebalancing automations provided in a Wealthsimple Portfolios Account.

You understand that the Investment Tools we provide are not designed to provide you with tax, accounting, legal or investment advice or recommendations

regarding the suitability or profitability of any security, transaction, investment or savings. The Firm does not guarantee nor make any warranty of any kind, express or implied, regarding the performance of any security you purchase or sell, or transaction you enter into, using an Investment Tool.

You authorize the Firm to act on all instructions from you using an Investment Tool, including all orders entered or pre-entered for your Account using an Investment Tool, to buy, sell and otherwise trade in securities. You acknowledge that you are responsible for ensuring that any instructions you provide using an Investment Tool are true, accurate and complete. You agree to accept responsibility for any loss (including lost opportunity or profits) caused as a result of, or in connection with, the Firm acting on an instruction you enter using an Investment Tool.

We may modify any or all of our Investment Tools without giving notice to you. This Agreement applies to any of the tools, services or activities (or parts or features thereof) we add to an Investment Tool, and any modifications we make to an Investment Tool.

Any of our Investment Tools may periodically be unavailable because of maintenance, updates or other reasonable causes, including during periods of increased market activity or events beyond the Firm's control. The Firm and its affiliates will not be liable to you or any other person for any damages, direct, indirect, consequential or special damages, including, without limitation, all losses, costs, expenses, loss of profits, loss of opportunity, loss of business revenue or failure to realize expected savings arising from our out of (i) the functioning or malfunctioning of an Investment Tool, (ii) the unavailability of an Investment Tool, (iii) any act or omission in connection with your accessing or using an Investment Tool, or (iv) an order entered using an Investment Tool not being received by us.

**t. Non-Qualified Investments**

If your registered Account acquires a security that is a non-qualified investment (as defined under the *Income Tax Act* (Canada)) for a registered Account, or if a security held in your registered Account becomes a non-qualified investment or a prohibited investment (as defined under the *Income Tax Act* (Canada)) for a registered Account, you acknowledge and agree that the Firm has the discretion, but not the obligation, to sell, contract to sell or otherwise dispose of such security. The Firm is not responsible for any loss on the sale or disposition of such security.

**4. PROVISIONS APPLICABLE TO CUSTODY ACCOUNTS**

**a. Interest**

Interest may be paid on Custody Accounts, in connection with Wealthsimple USD Savings Accounts and Wealthsimple Chequing Accounts, at rates that vary from time to time. Interest is not paid on any other Custody Accounts. The interest rates, manner of computing interest, time of payment of interest, and manner of determining the interest rate may change. Our current rates are available on [www.wealthsimple.com](http://www.wealthsimple.com) and may be amended from time to time. You waive notice of any changes to interest rates. For information concerning interest on your Accounts, including the manner of calculation and payment of interest, refer to our interest disclosure available online.

**b. Payments Functionality**

The following terms apply to you to the extent you open a payments functionality enabled account (a Wealthsimple Chequing Account) as part of your accounts with the Firm. Your receipt of payments functionality is contingent upon your agreement to the below terms, and should you decline to accept these terms, your use of payments functionality will be suspended.

Payments functionality is offered jointly by Wealthsimple Payments Inc. (WSP) and the Firm. Direct deposit, pre-authorized debit and bill payment transactions are made to and from your Wealthsimple Chequing Account. The money in your Wealthsimple Chequing Account is not protected by CIPF. Money in your Wealthsimple Chequing Account is held in trust at a CDIC member institution. Wealthsimple Prepaid Mastercard transactions and peer-to-peer transactions are provided by WSP. The Firm will automatically transfer money from your Wealthsimple Chequing Account to your account with WSP to facilitate these transactions, and WSP will send the money to the payees of these transactions.

If you have signed up for payments functionality, you authorize the Firm to share your account balance and other transactional data with WSP.

**5. PROVISIONS APPLICABLE TO GROUP PLANS**

- a.** If you opened your Account as a participant in a group retirement savings plan, group tax-free savings account, deferred profit sharing plan or any other employer-sponsored plan (the Plan) you acknowledge that the provisions of this section form part of and are incorporated into the Agreement. If there is a discrepancy between this section or the Plan and another section of the Agreement, this section and the Plan shall govern.
- b.** You acknowledge that Canadian Western Trust Company (the Trustee) is the trustee of the Plan sponsored by your employer (the Plan Sponsor) and

that the Firm acts as agent for the Trustee. You will complete such documentation and actions as may be required by the Trustee, the Plan Sponsor, the Firm or WSI in order to give effect to the Plan.

- c. You agree to provide such additional documentation as WSI, the Trustee, the Plan Sponsor or the Firm may request from time to time.
- d. You, or your spouse or common-law partner, hereby agree and consent to the disclosure of information, including personal information, by WSI, the Firm and the Trustee to the Plan Sponsor as necessary for the purposes of administering the Plan, including administering payroll deductions, confirming continued eligibility to participate in the Plan, or any other purpose required or permitted by law.
- e. So long as you are employed by the Plan Sponsor, no withdrawal or transfer may be made from the Plan Account, except as permitted by the Plan Sponsor and the Plan.
- f. If the Plan Sponsor terminates or discontinues the sponsorship in the Plan or, if, under the rules established by the Plan Sponsor in connection with this sponsorship, you and/or your spouse or common-law partner may no longer participate in the Plan: (i) the Firm and WSI (if applicable) will cease to accept any further contributions to the Plan, (ii) you and/or your spouse or common-law partner must promptly provide the Firm and WSI (if applicable) with instructions with respect to the Plan Account and (iii) your Account assets may be forfeited in accordance with the Plan. If you and/or your spouse or common-law partner do not provide such instructions to WSI or the Firm, WSI or the Firm has the discretion, but not the obligation, to deem the instructions to be to transfer any remaining Account assets or, to liquidate the investments in the Plan account and transfer the resulting cash, to an individual Account operated by the Firm. You appoint the Firm to act as your attorney to execute documents and make elections as necessary to effect such transfer. The Trustee, the Firm and/or WSI shall not be liable for any potential loss.

## **6. GENERAL PROVISIONS APPLICABLE TO ALL ACCOUNTS**

### **a. Authorizing Wealthsimple Affiliates**

You authorize any Wealthsimple Affiliate to transfer funds to or from your Account(s) at the Firm to any Account(s) with such Wealthsimple Affiliate. You understand that you may change this arrangement at any time by sending written notice to the Firm. You represent to the Firm that any Wealthsimple Affiliate with which you have an Account is authorized to submit funding and withdrawal

requests on your behalf in order to facilitate transfers between your Account(s) at a Wealthsimple Affiliate and the Firm.

**b. Joint Account and Authority of Each Client**

If a joint Account is opened, the liabilities and obligations hereunder will be joint and several (in Quebec, solidary). By signing this Agreement each of the joint Account holders represents that the joint Account holders have full power and authority, acting individually or collectively, on behalf of all the joint Account holders, without notice to any other joint Account holder, to direct the Firm to take any action whatsoever with respect to the Account and the Firm is authorized and directed to act upon the instructions of any one of the clients with respect to the Account. The Firm may deliver, deposit, withdraw, transfer in or transfer out of the joint Account, any securities, money or other property relating to the Account. The Firm may deliver any communications of any kind, including contracts of purchase and sale, to any one of the clients without notice to any other joint Account holder.

**c. Liability of Joint Account Holders**

The joint Account holders are jointly and severally liable to the Firm for any debts, obligations or liabilities arising in connection with the Account. Each joint Account holder jointly and severally agrees to indemnify and hold the Firm harmless from, and to promptly pay the Firm on demand, any and all losses arising from the joint Account or any debit balance due thereon. As continuing collateral security for the payment of such debts, obligations or liabilities, which are now or which may in the future be owing by each joint Account holder to the Firm, each joint Account holder pledges to the Firm all of the joint Account holders' collateral, whether held in the Account or in any other Account with the Firm in which any of the joint Account holders have an interest and whether or not any amount owing relates to the collateral pledged. This security is in addition to and not in substitution for the rights and remedies the Firm otherwise would have.

**d. Joint Account with Right of Survivorship (Not applicable to residents of Quebec)**

If each joint Account holder is not a resident of Quebec or unless the joint Account holder notifies the Firm otherwise, the joint Account will be held by the joint Account holders jointly with right of survivorship and not as tenants-in-common. In the event of the death of any of either of the joint Account holders, the entire beneficial interest in the joint Account shall vest in the surviving joint Account holders on the same terms and conditions as held. The death of one of the joint Account holders will in no way affect the right of the surviving joint Account holders to withdraw all monies and to take delivery of all

securities held in the joint Account, subject to compliance with all applicable laws relating to succession duties and estate and inheritance taxes.

**e. Joint Account as Tenants-in-Common (For residents of Quebec only)**

If each joint Account holder is a resident of Quebec or if the joint Account holder notifies the Firm in writing, the joint Account will be held by the joint Account holders as tenants-in-common.

**f. Death or Departure of a Joint Account Holder**

In the event of the death to departure of a joint Account holder:

- The surviving joint Account holders will immediately give the Firm written notice thereof;
- The Firm is authorized prior to the receipt of the written notice of the decedent's death to execute orders and deal with and for the Account as though the death had not occurred;
- The Firm is authorized prior to or after the receipt of the written notice of the decedent's death, to take such proceedings, require such estate tax and succession duties, waivers and consents to be provided by the surviving joint Account holders, retain such portion of the joint Account or restrict transactions in the joint Account as the Firm may, in its sole discretion, consider advisable to protect the Firm against any tax, liability, penalty or loss under any present or future laws or otherwise; and,
- The estate of the decedent and each surviving joint Account holders will continue to be liable to the Firm, jointly and severally, for any debts, obligations, liabilities or losses in respect of the Account, including, without limitation, those resulting from the completion of transactions initiated prior to the receipt by the Firm of the written notice of the decedent's death or incurred in the liquidation of the joint Account or the adjustment of the interests of the joint Account holders.

**g. Informal Trust or Nominee Account Agreement**

If you are opening an informal trust or nominee Account in the name of a nominee, the informal trust or nominee Account and all transactions are also governed by this Agreement as well as by the following terms:

- Your liability to the Firm under this Account shall be as the beneficial owner of the Account and not as a trustee.
- The Firm has no responsibility to observe the terms of any trust, whether written, verbal, implied, or constructive that may exist between the undersigned and the nominee.
- You agree to indemnify the Firm against loss, claim, damages, liability, and expense arising from instructions given by you, the trust or nominee

including any legal costs if the nominee should make any legal claim against the Firm.

- You agree that the Firm shall receive instructions only from you or WSI to operate the Account including:
  - To receive instructions for the Account including the address for receipt of confirmations, statements and other communications;
  - To deposit any securities or monies;
  - To request payment or securities from the Account to be made or delivered to you, and to give a receipt for same;
  - To receive and acquiesce in the correctness of any and all notices of transactions, statements of Account and other records and documents;
  - To settle, compromise, adjust, and give releases with respect to any and all claims, demands, disputes or controversies; and,
  - To receive requests and demands for payments or securities due, notices of intention to sell or purchase and other notices of demands.
- For the purposes of this section of this Agreement, this Agreement is binding on the Firm, its successors and assigns and on you and the nominee's heirs, executors, administrators or legal representatives, in the event of your death, bankruptcy or mental incompetency. This Agreement shall continue to govern the Account in the event of death, bankruptcy, or mental incompetency of the nominee.

#### **h. Transfers to Other Accounts**

The Firm may at any time and from time to time take any monies or securities in the Account and any proceeds from the sale or other disposition of such securities to pay or cover any of your obligations to the Firm including your obligations in respect of any other Account with the Firm, whether such Account is a joint Account or is an Account guaranteed by you.

#### **i. Transfers of Fractional Shares**

You acknowledge that, in most cases, fractional shares cannot be transferred to or from another financial institution from or to your Account, respectively. For greater clarity, requests for transfers to or from another financial institution will only be processed for whole shares, unless the specific asset type permits transfers of fractional interests (e.g., certain mutual fund units). In respect of transfers from your Account to another financial institution involving a combination of whole shares and fractional shares, you authorize the Firm to liquidate any fractional shares in your Account as the Firm deems necessary in its sole discretion, and to transfer in-kind the whole shares. The Firm is not responsible for any loss from such liquidation.

**j. Your Securities and Deposits**

The Firm may hold your securities and/or deposits at its head office or at any other location where it is customary for the Firm to keep its securities and deposits and the Firm's responsibilities to you for holding your securities and deposits will be limited to the same degree of care exercised by the Firm in the custody of its own securities and deposits. Certificates for securities of the same issue and for the same aggregate amounts may be delivered to you in lieu of those you may have originally deposited. The Firm may at any time and without notice to you cause any securities in your Account to be registered in your name.

**k. Free Credit Balances**

Any monies held by the Firm from time to time to your credit are payable on demand, need not be segregated and may be used by the Firm in the ordinary conduct of its business. You acknowledge that the relationship between you and the Firm with respect to such monies is one of debtor and creditor only.

**l. Communications**

Communications include notices, demands, reports, statements and confirmations. Communications may be sent to you at the address given in your application as a mailing address, or at such other address as you may designate. All communications sent, whether by prepaid mail, e-mail or otherwise, will be considered delivered to you personally, whether you actually receive them or not.

You authorize and direct the Firm to accept all transactions, orders and instructions for your Account based on instructions received from you or any other person who has been properly authorized to give instructions in respect of your Account. You will be solely responsible for the accuracy of any instructions and associated communications given. All transactions, orders and instructions are subject to the Firm's prior approval. Transactions, orders and instructions will only be processed or acted upon if your Account is in good standing, and you have sufficient funds to complete the transaction. The Firm may request additional confirmation of any transaction, order or instruction before executing or acting on same. For our mutual protection, the Firm keeps records of all transactions, orders and instructions received from you.

Every report, confirmation and statement or other communication sent by the Firm to you will be considered final and will be deemed to have been acknowledged as correct, approved and consented to by you unless you (i) in the case of confirmations, object to the confirmation on the date of notification by telephone or in writing within 10 days of delivery; or (ii) in the case of statements, in writing within 30 days of delivery.



Upon receipt from the Firm of any statement, you will examine the statement immediately, and notify the Firm in writing immediately of any errors or objections to the statement.

If you do not notify the Firm of any errors or objections within 30 days from the date appearing on your statement, the information and balances shown in the statement will be accepted by you as correct. The Firm will be released from all claims by you in connection with the statement or any action taken or not taken by the Firm regarding your Account.

If you notify the Firm outside the 30-day period of (a) errors or discrepancies in any statement, or (b) any action taken or not taken by the Firm regarding your Account, and the Firm undertakes an investigation of your claim, we may charge an investigation fee designated by the Firm from time to time plus related expenses.

**m. Consent to Electronic Delivery of Documents**

You confirm that you have the technical resources (computer, mobile device, software and any other equipment) needed to receive and read materials sent by the Firm to the e-mail address indicated in the application form or posted on the mobile application.

You acknowledge that it is your sole responsibility to inform the Firm of any changes with respect to the e-mail address where the materials are sent by the Firm and to maintain up-to-date login details to the mobile application.

We do not guarantee the confidentiality of any communications made by you through your Account. We do not guarantee the security of any data you transmit over the Internet or public networks in connection with your use of our services.

You acknowledge that you are solely liable and that the Firm can in no way be held liable for any equipment failure, disruption of any electronic delivery, computer virus, disruption of internet service or any other means of electronic delivery, or any damages, loss or expenses that you or a third party may sustain or incur following instructions given by you to deliver the materials by electronic means.

**n. Consent to Electronic Retention and Destruction of Documents**

Documentation related to your Account may, at our discretion, be retained by us electronically and the original or originals destroyed. You hereby consent, pursuant to applicable electronic commerce legislation and otherwise, to such documentation being retained by us solely in electronic form and to the destruction of the original or originals. You further agree that the electronic record of your Account documentation is admissible in any legal, administrative,

regulatory, self-regulatory or other proceeding as conclusive evidence of the accuracy and completeness of its contents and your agreement to the terms and conditions contained therein in the same manner as the original or originals. In connection with the foregoing, you consent to and waive any right to object to the use, provision, acceptance, enforcement or introduction into evidence in any proceeding of any electronic copy of your Account documentation.

**o. Extraordinary Events**

The Firm and any Wealthsimple Affiliate will not be liable for any loss or damage, howsoever caused, whether directly or indirectly, from any cause over which neither the Firm nor the Wealthsimple Affiliate has control including, but not limited to government restrictions; exchange or market rulings; suspension of trading; wars; or strikes.

**p. Account Identification**

You understand that the Firm will provide you with an identification number setting out the Account number for each Account you open. This number will be used as a means of identifying you in placing instructions.

**q. Passwords**

You agree that you are solely responsible for the confidentiality and security of your login names, Account numbers, and passwords. You agree not to disclose your passwords to any person and keep them secure. You further agree that you are responsible for all instructions entered through and under your login names, passwords, and Account numbers, and any instructions received by the Firm. All instructions shall be deemed to be made at the time received by the Firm, and in the form received. You acknowledge that your passwords are unique to you and that we do not have access to them.

Wealthsimple is not responsible for unauthorized access to Accounts online or losses that occur as a result of you voluntarily disclosing login names, Account numbers or passwords, or the careless or improper handling, storing or disclosure by you of this Information. In the event of loss, theft, misuse or compromise of your login names, Account numbers or passwords, you must notify Wealthsimple as soon as reasonably possible.

**r. Limitation of Liability**

The Firm will not be liable for any act done in good faith or for the good faith omission to act in connection with the service provided to you. Furthermore, if it appears to the Firm that any client is using or contemplating the use of an Account for purchase and sale activities in a manner or with effect that, in the sole judgment and discretion of the Firm, is not in the best interests of the Firm or

its clients, then the Firm may decline to process any transaction on your behalf. You agree that the Firm cannot assure a profit or protect against a loss on the shares purchased through your Account(s) with the Firm.

You agree that the Firm and its affiliates will not be liable for any loss or damage resulting from a cause over which the Firm or its affiliates do not have direct or indirect control, including but not limited to:

- trading in securities,
- delays in receiving or processing documentation or transaction instructions,
- delays in transferring securities, funds or Account balances to or from an affiliate or third party, or between Accounts,
- the failure of computer, electronic or mechanical equipment or communication lines, the Internet, telephone or other interconnect problems, or
- unauthorized access, government restrictions, theft, operator errors, severe weather, earthquakes, suspension of trading, wars, floods and strikes or other labour problems.

The Firm will not be responsible for any loss caused, directly or indirectly, by:

- Government restrictions, exchange, securities commission or market rulings, trading suspensions or restrictions of trading
- Failure of any person to release and deliver any securities or make any payments to us for you.
- Any cause beyond our reasonable control including: any act of God, fire, act of government or state, order of any court, war, civil commotion, insurrection, embargo, industrial action, act or regulation of any governmental or supranational bodies or authorities, prevention from or hindrance in obtaining any energy or other supplies, late or mistaken delivery or payment by any financial institution or counterparty, breakdown, malfunction or failure of transmission, communication or computer facilities, the failure of any relevant broker, custodian, agent, nominee, dealer, exchange, clearing house or regulatory or self-regulatory organization, for any reason, to perform its obligations.

The Firm will not have any liability to you for any consequential, incidental, indirect or any similar damages. By agreement, you unconditionally waive any right you may have to claim or recover any such damages, even if you have informed us of the possibility or likelihood of such damages.

#### **s. Third-Party Service Providers**

You understand and agree that:

(i) we may use third-party service providers to provide or to assist us in providing services; and

(ii) other than our subsidiaries or affiliates, we are not affiliated or associated with third-party service providers.

Except as varied by the paragraph immediately below, the consents and authorizations contained in this section will not change any other consent, authorization or preference you have given or may give to us regarding the collection, use and disclosure of your information.

You authorize us to collect, use and disclose, any information required to provide or operate the services, or any information or content you may provide while using or accessing services:

You also authorize third-party service providers to use information or any content you may provide while using the services for preparing, using and distributing statistical, profiling, performance or operation reports about the services;

to share such information or content with third-party service providers for the purpose of providing or assisting us in providing services; and

to prepare the reports described immediately below.

**t. Software (if provided)**

The software, including the technology, information and related documents, we may provide for you to use or to use with the services belongs to us or our affiliate. You may use this software only for your own benefit and must take all reasonable measures to make sure that no unauthorized person has access to it. You will return it to us promptly if we ask you to, including if we end this Agreement or our services.

You agree to the terms of any software licence agreement provided to you with the software. You may not make any changes, reverse engineer, disclose, lease, loan, duplicate or otherwise reproduce the software without the consent, in writing, of an officer of the Firm.

We reserve the right to support only the most current release of any computer software or related documents we provide to you relating to the use of any of our services. If you do not accept any software upgrades we provide to you, we may cancel any or all of your services without giving you notice. Our affiliates are not liable for the use or performance of any software the Firm may provide.

If you download the software:

We grant to you a non-exclusive and non-transferable license for the software. The license authorizes you to use the software in object code format for the purpose of using our services and/or accessing any services, features, functionality, content and/or information made available by us.

We retain at all times all ownership rights, including without limitation, copyright, in the software. You agree not to copy the software and not to disclose or distribute the software to third parties. We have no obligation to provide any training, maintenance, or other assistance for the software.

**YOU ACCEPT THE SOFTWARE “AS IS” AND ASSUME THE ENTIRE RISK FOR THE PERFORMANCE OF THE SOFTWARE. WE WILL NOT BE LIABLE TO YOU FOR ANY DAMAGES RESULTING FROM YOUR USE OF THE SOFTWARE, UNDER THIS AGREEMENT OR OTHERWISE.**

We may end the terms relating to the software in this section at any time on notice to you. On the ending of these terms, you will destroy or return to us all copies of the software and all related documentation that is in your possession. The grant of the license in this section may not be assigned by you unless agreed upon in writing by us.

We may use third-party service providers to assist us in providing software. In such cases: you accept the software “as is” and assume the entire risk for the performance of the software. Any third-party service provider will not be liable to you for any damages resulting from your use of the software, under this Agreement or otherwise;

in no event will a third party service provider be liable for any loss of data, or any incidental, indirect, consequential, special, aggravated, punitive, exemplary or similar damages whatsoever, in whole or in part, (including any business interruption, loss of profits, data, information, opportunity, revenues, goodwill or any other commercial or economic loss), caused to you, regardless of the cause of action, even if such third party service provider has been advised of the possibility of such damages; and

in no event will a third-party service provider’s liability to you for all damages exceed the amount of fees paid, if any.

#### **u. Electronic Signature**

Certain documents that we may provide in connection with your Account or a transaction require your signature and will be presented to you electronically. You consent that when you agree to a document electronically, your agreement will be captured and your eSignature shall be legally binding.

You agree that you adopt the electronic information, described further below, which will constitute your signature and signature card for account opening purposes as created by you by clicking on the "Submit" button. This electronic information includes the record of your client number combined with the session identification number and date and time stamp associated with the click to submit action.

**v. Using Information**

Information provided through the services has been independently obtained from various information providers through sources believed to be reliable. Other than statements, trade confirmations and other Information we are required to provide by CISO Dealer Member Rules and applicable securities laws, the timeliness, sequence, accuracy and completeness of any market data or other information or messages that the Firm and the information providers disseminate is for your reference only and may be subject to errors. You agree to verify such information before relying upon it. Neither the Firm nor any information provider will be liable in any way to you or any other person for (a) any inaccuracy, error or delay, or omission of (i) any such data, information or message or (ii) the transmission or delivery of any such data, information or message, or (b) any loss or damage arising from or occasioned by any such inaccuracy, error, delay or omission or by reason of non-performance, or of interruption in any such data, information or message, due to any negligent act or omission by any disseminating party or due to any "force majeure" (i.e., flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labour dispute, accident, action of government, dispute, accident, communications or power failure, public health events including pandemics, equipment or software malfunctions beyond our reasonable control) or any cause beyond the reasonable control of any disseminating party except where direct losses flow from our breach of CISO Dealer Member Rules or applicable securities laws and you have taken reasonable action to mitigate those losses.

**w. Miscellaneous**

This Agreement applies to all Accounts, in which you have any interest alone or with others, which have or will be opened with the Firm. This Agreement will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The first use by you of the Account will be considered to be the time the Account is opened.

Links to other websites are for your convenience only. No endorsement of any independent third-party products, services or information is expressed or implied by any information, material or content of a third party. Any information, data,

opinions, or recommendations provided by independent third parties through links to other websites or otherwise made available are solely those of the independent third party and not of the Firm.

This Agreement is binding on your heirs, executors, administrators, successors and permitted assigns and upon our successors and assigns. You may not assign your Account, this Agreement or any right, interest, or benefit provided hereunder without the Firm's prior written approval.

This Agreement will survive and remain in effect notwithstanding any incidental, temporary or intermittent closing out, reopening or renumbering of any Account.

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability will only apply to such provision. The validity of the rest of the Agreement will not be affected. The Agreement will continue to be carried out as if such invalid or unenforceable provision were not in the Agreement.

If any Applicable Rules and Regulations are enacted, made, amended or otherwise changed with the result that any term or condition of this Agreement is, in whole or in part, invalid, then such term or condition will be deemed to be varied or superseded to the extent necessary to give effect to such Applicable Rules or Regulations.

This Agreement will be read in conjunction with any other agreements between you and the Firm in connection with your Account, provided that, to the extent necessary, the terms and provisions of this Agreement shall supersede the terms and provisions of all other agreements with the Firm, whether or not referred to herein, except that this Agreement in no way limits or restricts any other rights which the Firm may have under any other agreement with you.

No oral agreements or instructions to the contrary of this Agreement shall be recognized or enforceable. This instrument and the attachments hereto embody the entire Agreement of the parties, superseding any and all prior written and oral Agreements and there are no other terms, conditions or obligations other than those contained herein.

If you are short any security or hold a security that creates a short position, you are liable to the Firm for all consequences and expenses resulting from that position, including the expenses incurred by the Firm and by third parties for which we are responsible to buy in the security or to exercise any corporate action election.

#### **x. Amendments and Termination**

This Agreement may be amended at any time by the Firm if the Firm gives you notice of the amendment, provided that the Firm will provide you with 60 days' prior notice for any increases to the fees set out in the WSII Fee Schedule. The first transaction in your Account following notification of an amendment to this Agreement will be deemed to be your acceptance of the amendment as of the effective date set out in the notice. For greater clarity, any future changes to the WSII Fee Schedule will not affect the fees payable for your Managed Account, such fees to be governed solely by the provisions of your Discretionary Management Agreement with WSI (if applicable). This Agreement will continue in force until terminated by you as acknowledged in writing by an officer of the Firm or until written notice of termination by the Firm has been transmitted to you.

The Firm may, at its sole discretion, terminate your Account agreement(s) and (i) require that you close or transfer your Account(s) to another broker within a limited time set by the Firm, and/or (ii) without notice to you, deliver the assets to you or liquidate your Account(s), pay all outstanding payments owed to us, and Wealthsimple Affiliates and forward the net balance, if any, to you. The liquidation of your Account(s) may have significant financial consequences for you, including tax consequences, for which you will be solely liable. You agree that we are not liable to you regarding the termination, closure, transfer or liquidation of your Account(s).

In the event that your Account is inactive and has no assets, a nominal cash balance or balances owing for a period of at least one year, we may close your Account, write off any nominal cash balances and terminate your Account agreement(s) with us, without prior notice to you.

You agree that you will not assign this Agreement or the Account. We may assign the agreement or Account to another party, including a company associated or affiliated with us, after notice to you.

**y. Tax Representation**

You represent to the Firm that, for so long as you have an Account with the Firm or any affiliate, you have filed and will continue to file truthfully all necessary tax returns, forms and disclosures with respect to all of your transactions and Accounts at the Firm or its affiliates with each taxation authority having jurisdiction over your tax affairs by reason of your citizenship, residence or domicile. You acknowledge and agree that you are responsible for paying any taxes owing to any taxation authority in relation to such Accounts.

**Tax residency.** You agree to provide us with your country (or countries) of tax residency, at the time of Account opening and within 30 days of any change in circumstances regarding your tax residency (e.g., change of address to another jurisdiction). You also agree to provide us with information (e.g., name, address,



tax identification number) we are required to collect by applicable tax authorities at Account opening and on an ongoing basis, and such information may vary based on whether you have an individual or non-individual Account. If required, this information may be reported to the relevant tax authorities for their use in taxation matters and shared by such tax authorities with their counterparts in other countries. To certify your tax residency, you will be provided with documentation for your completion at Account opening and, if applicable, on an annual basis. Failure to complete the required documentation may include fines and/or penalties payable by you directly to tax authorities and restrictions on your Account with us.

#### **z. Unclaimed Property**

If the Firm has no record of activity in your Account for a period of time as prescribed under applicable legislation, we may be required to undertake reasonable efforts to locate you. If we are unable to locate you, the Firm is permitted to do any or all of the following, in its sole discretion:

(i) where there is applicable legislation respecting unclaimed property and payment, comply with such legislation, including reporting and/or remitting the property within your Account to the applicable provincial, territorial or federal authority;

(ii) impose a system restraint on your Account such that no transfers of funds into or out of the Account may be made and no Account statements will be mailed, until you have been located and have updated your Account information; or

(iii) credit the unclaimed funds into a new Account that is opened in your name, provided that all information required to open such Account will be the same as the information we have on record for you.

Should the property in your Account be fully remitted to the applicable provincial, territorial or federal authority, the Firm shall no longer have any liability or responsibility with respect to your Account and it will be closed. You may be able to reclaim the property that was in your Account from that authority subject to the prescribed procedures available under applicable legislation.

#### **aa. Quebec Residents**

It is the express wish of the parties that this Agreement and all documents, notices and other communications relating to the operation of your Account be in English. *Il est de la volonté expresse des parties que la présente convention et tous les documents, avis et autres communications qui concernent la tenue du compte soient rédigés en langue anglaise.*

#### **bb. Use of Information**

In this section the word “Information” means your personal information (except health information). It includes all information provided to the Firm by you, including through the products and services you use, and obtained from others with your consent. The Firm will handle your Information in accordance with its privacy policy, available at <https://www.wealthsimple.com/en-ca/legal/privacy>.

You agree that the Firm may use Information to establish the Account and serve you as our customer; or, as required by law. When you provide the Firm with your Social Insurance Number, we may use it to keep your information separate from that of other clients with a similar name, including Information obtained through the credit approval process.

You authorize the Firm to obtain Information about you from third parties, including through a credit check, and verify Information with them. You authorize those parties to give the Firm the Information. We may disclose information to lenders and credit bureaus; this helps authenticate your identity and establish your credit history.

Managed Accounts and Self-Directed Accounts: Shareholder Communication Information National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer.

Based on your instructions, the securities in your Account are not registered in your name but in the Firm’s name or the name of another person or company holding your securities on the Firm’s behalf. The issuers of the securities in your Account may not know the identity of the beneficial owner of these securities.

The Firm is required under securities law to obtain your instructions concerning various matters relating to your holding of securities in your Account.

#### **cc. 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 it disclosed to the reporting issuer or other persons and companies. Question 1 of the Shareholder Communication Instructions section of the New Account Application Form allows you to tell us if you **AGREE** to the disclosure by the Firm 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 **AGREE** to the disclosure of your beneficial ownership information, please select Yes in Question 1 of the Shareholder Communication Instructions section of the New Account Application Form. In those circumstances, you will not be charged with any costs associated with sending securityholder materials to you.

If you **DO NOT AGREE** to the disclosure of your beneficial ownership information by the Firm, please select No in Question 1. If you object, all materials to be delivered to you as a beneficial owner of securities will be delivered by us.

#### **dd. 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 connection with meetings of such securityholders.

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 securityholder meeting.

In addition, reporting issuers may choose to send other securityholder materials to beneficial owners, although they are not obliged to do so.

Securities law permits you to decline to receive securityholder materials. The three types of materials that you may decline to receive are:

- proxy-related materials, including annual reports and financial statements, that are sent in connection with a securityholder meeting;
- annual reports and financial statements that are not part of proxy-related materials; and
- materials that a reporting issuer or other person or company sends to securityholders that are not required by corporate or securities law to be sent to registered securityholders.

Question 2 of the Shareholder Communication Instructions section of the New Account Application 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 in Question 2 of the Shareholder Communication Instructions section of the New Account Application Form. If you want to DECLINE to receive the three types of materials referred to above, please mark the second box in Question 2. If you want to receive ONLY

proxy-related material sent in connection with a special meeting, please mark the third box in Question 2.

(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.)

## **7. GENERAL PROVISIONS APPLICABLE TO USD ACCOUNTS**

You acknowledge that when you open a USD Account, you will have both a CAD Account and a USD Account with us. The following provisions shall apply solely in respect of USD Accounts and you agree to be bound by these provisions when you open a USD Account.

### **a. Gatekeeping of Securities**

You acknowledge that your securities trading in USD will reside in your USD Account and that your securities trading in CAD will reside in your CAD Account. For greater clarity, where you open a USD Account and hold securities trading in USD in an existing CAD Account, the Firm will, through a series of internal transfers, transfer such securities to your USD Account. Conversely, if you close your USD Account, the Firm will, through a series of internal transfers, move such securities to your CAD Account. You acknowledge that during the transfer, you will not be able to trade any of the securities subject to the transfer for a period ranging from one (1) hour to seven (7) days.

### **b. Currency Conversion Fees for Transfers of Account Funds**

You acknowledge that should you transfer funds from a CAD Account to a USD Account, such transfer will be subject to the applicable currency conversion rate and the related fees set forth in the WSII Fee Schedule.

## **8. PROVISIONS APPLICABLE TO MARGIN TRADING**

If the Firm permits you to trade securities on margin (Margin Trading), you agree to be bound by the following provisions. You acknowledge that the provisions of this section form part of and are incorporated into the Agreement so that all of the terms of the Agreement are applicable to Margin Trading. If there is a discrepancy between this section and another section of the Agreement, this section shall govern.

### **a. Obligation to Maintain Margin**

You will maintain such margin and pay any debit balance owing in any of your Accounts as the Firm may in its absolute discretion require from time to time. Required margin for transactions must be available in your Account at the time of the trade. If you do not meet the Firm's margin calls promptly, the Firm can and without notice to you:

- take any step necessary to protect the Firm's interest in connection with put and/or call Option transactions made for your Account, including the right to buy or sell for your Account and risk any part or all of the shares represented by Options made by us for your Account, or
- buy for your Account and risk any put and/or call Options as we may deem necessary to fully protect us.

You also agree that all expenses incurred by the Firm to protect its interests will be paid by you. If the Firm considers it advisable for its protection (without the necessity of a margin call) the Firm may, without prior demand, tender and without any notice of the time or place of sale, all of which are expressly waived by you, sell any or all securities or contracts relating thereto which may be in the Firm's possession.

Such sale may be made at the Firm's discretion on any exchange or other market where such business is then transacted, or at public sale or private sale, with or without advertising. No demands, calls, tenders or notices which the Firm may make or give in any one or more instances, nor prior course of conduct or dealings between us, will invalidate these waivers on your part.

#### **b. Holding and Pledging of Securities**

Any and all property, including credit balances held in any of your Accounts for any purpose, and including any property in which you have an interest (collectively, the Collateral) will be held by the Firm for your indebtedness at a location of our choice. Any property of yours that the Firm holds at any time when you are indebted to us may, without notice to you, be pledged by the Firm as security for any of our indebtedness for more or less than the amount due by you to the Firm. Any such pledge may be made separately or together with the other securities the Firm holds. The Firm may lend any of your securities or any part of them either separately or together with other securities the Firm is holding and may choose which securities to lend from time to time based on market demand. You acknowledge that the Firm, or parties related to us, may earn revenue from securities lending activities. We may cancel your access to margin at our discretion at any time without prior notice to you.

So long as any indebtedness remains unpaid, you authorize the Firm, without notice, to use, at any time and from time to time, the Collateral in the conduct of the Firm's business, including the right to: (a) combine any of the Collateral with

the property of the Firm or other clients property or both; (b) pledge any of the Collateral which is held in the Firm's possession as security for our own indebtedness; (c) lend any of the Collateral to the Firm for our own purposes; or (d) use any of the Collateral for making delivery against a sale whether such sale is for your Account or in the Account of any other of the Firm's clients.

**c. Interest on Credit Extended**

You agree to pay the Firm interest on any credit extended to or maintained for you by us for the purpose of purchasing, carrying or trading any security. The Firm's interest rates are set out on the WSII Fee Schedule. The interest rate is subject to change from time to time without notice to you.

If there is a change in the market value of securities in your margin Account, the Firm may require additional Collateral. The Firm retains the right to require additional margin at any time we consider it necessary. Any written or verbal call for additional Collateral may be satisfied by delivery of additional marginable securities or cash immediately following the demand. All deposits and securities in any of your Accounts are Collateral for any debit balances in your margin Account. We reserve the right to consider any security to be ineligible from time to time.

**d. Transfers between Accounts**

The Firm can transfer to your margin Account, any time following a transaction, any credit balance in any of your Accounts, including any free balances in your margin Account. Any such transfer may be sufficient to cover such transaction. You agree that any debit occurring in any of your Accounts can be transferred by the Firm at our option to your margin Account.

**e. Free Credit Balances**

Any monies held by the Firm from time to time to your credit are payable on demand, need not be segregated and may be used by the Firm in the ordinary conduct of its business. You acknowledge that the Firm's relationship with respect to such monies is one of debtor and creditor only.

**f. Limitation of Liability and Indemnification**

You acknowledge and agree that use of the margin permitted under this Agreement is solely within your discretion. You are solely and wholly responsible for the consequences of your use of any margin under this Agreement, including the success or otherwise of any use to which you put such margin. You agree to indemnify and hold the Firm and each of our respective employees, directors, officers and agents harmless from and against all losses arising from your use of the margin permitted under this Agreement, except for any losses that are a direct result of our bad faith, breach of CRO Investment Dealer and Partially

Consolidated Rules or applicable securities laws, negligence, willful default or fraud.

**g. Risks and Benefits of Trading on Margin**

Your ability to engage in Margin Trading may present an opportunity for you to make additional investments. Utilizing a margin facility may present additional risks which are summarized in section 8.I. Leverage Risk Disclosure.

**h. Miscellaneous**

Any security held by the Firm for your Account when you are indebted to us may be used by us for making delivery against a sale, whether short or otherwise. The Firm may use the security whether such sale is for your Account or for the account of another of our clients.

**i. Waivers**

No waiver of any provision of this section is considered a waiver of any other provision, or the continuing waiver of the provision(s) so waived. If your Account is a joint account, the obligations of each of you are joint and several (that means collective and individual).

**j. Compliance with CRO Requirements**

We must carry out any transaction under this section in accordance with CRO requirements and, where applicable, the requirements of the marketplace on which such transaction has been executed.

**k. Margin Account Linking**

WSII's Margin Account Linking allows you to increase the buying power in your margin Account by leveraging the assets in your Tax-Free Savings Account (TFSA). By participating in Margin Account Linking, you acknowledge and agree to the following:

- the increased margin is only available for trading in your margin Account, not your TFSA;
- in granting you increased margin, the Firm has the right to use Collateral in your TFSA to satisfy any debit balance you owe to the Firm in your margin Account;
- as a condition of using Margin Account Linking, you grant the Firm a first priority security interest in your TFSA;
- using Margin Account Linking may lead to the liquidation of the securities in your TFSA; and
- the obligations in this section of the Agreement, including the obligation to maintain margin in section 8.a and the leverage disclosure statement in section 8.I, apply to your TFSA.

## **I. Leverage Disclosure Statement**

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.

An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money. There may also be tax consequences to you if assets in your account must be sold in order to meet any obligations to repay the borrowed money or any interest owing.

## **9. PROVISIONS APPLICABLE TO OPTIONS TRADING**

If the Firm permits you to trade in exchange-traded put or call options (Options), you agree to be bound by the following provisions. You acknowledge that the provisions of this section form part of and are incorporated into the Agreement so that all of the terms of the Agreement are applicable to Options transactions. If there is a discrepancy between this section and another section of the Agreement, this section shall govern.

### **a. Financial Resources**

You understand the risks associated with trading Options. You are prepared financially to undertake these risks and withstand any losses created by trading Options.

### **b. Applicable Rules and Regulations**

Each Option transaction will be subject to the Applicable Rules and Regulations of the clearing corporation issuing the Option, the exchange on which the Option trades, CRO and any other regulatory authority which may have jurisdiction. Each Options transaction will also be subject to the Firm's rules, regulations and customs for Options trading.

### **c. Compliance with Applicable Rules and Regulations**

The Applicable Rules and Regulations may provide for position limits, exercise limits, margin requirements and requirements for cash-only trades during certain periods, such as the last 10 business days prior to the expiry of an Option. The Firm may also set position limits, exercise limits and/or requirements for cash-only trades prior to the expiry of an Option. You acknowledge that the Firm may limit your ability to exercise an Option undergoing certain corporate action events. You agree to comply with all Applicable Rules and Regulations, limitations and requirements in effect or which may be passed or adopted. You will not exceed in aggregate, either alone or with others, directly or indirectly, any



exercise limit or position limit, or other such restriction imposed. The Firm may be required to report any such violation to the applicable regulatory authorities.

You acknowledge that you may not establish an Option position with one firm and, while maintaining it, have the same position closed out through another firm.

**d. Firm's Discretion**

The Firm has the full discretion to determine whether or not to accept any order from you for a trade in an Option. The Firm may execute orders for you acting as principal on the other side of a transaction or as part of larger transactions for you and others. The Firm may also act for other clients on the other side of a transaction as we may consider advisable, subject, however, to the rules of the applicable exchange.

**e. Business Hours**

The Firm will be open during local business hours, but may execute orders at any time when the applicable exchange is open for trading, whether or not the Firm is then open for other customer business.

**f. Timely Instructions**

You agree that if you wish to sell, purchase, close out and/or exercise any Option prior to its expiry date, it is your sole responsibility to provide complete instructions to the Firm within the time periods as the Firm may establish from time to time. With respect to expiring Options, you agree to instruct the Firm within the time periods as the Firm may establish from time to time. If you fail to give the Firm timely instructions, the Firm may take any action with respect to an Option that the Firm in its sole discretion determines should be taken. You acknowledge that the Firm has no duty or obligation to take any action with respect to an Option without your specific instructions to that effect.

You acknowledge that in the event that you fail to instruct the Firm to sell, close out, exercise or do not exercise an Option on the expiry date within the time periods established by the Firm, and where the Option is one which, in the Firm's opinion, if sold, closed out or exercised would result in a benefit to you, the Firm is entitled to act in its discretion to sell, close out or exercise such Option for the purpose of obtaining this benefit for you. For greater certainty, you acknowledge that if you instruct the Firm to not automatically sell an Option on the expiry date, and you do not have sufficient funds in your Account to exercise the Option, the Firm will allow the Option to expire. If, for any reason, an expiring Option is not sold, closed out or exercised on your behalf, the Firm and its affiliates are not liable.

**g. Exercise Assignment and Notices**

WSII has established procedures for the allocation of exercise notices assigned to WSII regarding short positions in client accounts. The allocation will be on a random selection that is fair and equitable to our clients and consistent with the Applicable Rules and Regulations of each exchange on which the Option is traded. You confirm that you will accept an allocation on this basis.

**h. Writing Covered Options**

If you are authorized to write (sell) covered call Options, you must have the underlying securities covered by any such Option in your Account at the time of writing such Option. You will not sell or withdraw from the Account such securities or any securities accruing thereon during the term of such Options, and you acknowledge that WSII may prohibit the withdrawal from the Account of any cash dividends or other cash distributions accruing thereon during the term of such Options.

You acknowledge that if you hold a covered call Option during a corporate action, there is a risk that the Option position may become undercollateralized (or under hedged). This may occur due to fractional splits of the underlying security and rounding of the Option contract. You acknowledge and agree that in the case of such a corporate action, you are responsible for ensuring that your Option position continues to be fully collateralized (or hedged) by either (i) closing the short Option position, or (ii) purchasing more of the underlying security. You agree that if your Option position becomes undercollateralized (or under hedged), the Firm has the discretion to close the short Option position and apply the net proceeds to eliminate or reduce any delinquency in your Account.

**i. Corporate Actions**

If the security underlying an Option has undergone a corporate action, the creation date of the adjusted Option becomes the purchase date of such Option. This may impact the order in which the Option will be automatically exercised, if applicable. The Firm's system does not support the exercise of adjusted Options after a one-to-many corporate action event on the underlying security (i.e., a stock split), even if the adjusted Option is in-the-money. You acknowledge and agree that in such a situation, it is your responsibility to close your Option position to avoid the Option expiring worthless.

**j. Limitation of Liability**

The Firm will not be liable for any damage or loss which may arise from any refusal of the Firm to accept any order from you for a trade in an Option. The Firm will not be liable to you for errors or omissions in the execution, handling, sale, purchasing or exercising of any Options contract, including the Firm's failure to exercise any authority it may have under this Agreement or otherwise unless caused by the Firm's negligence or willful misconduct. The Firm will not be responsible for any delays in bringing your order to the market, including delays caused by failure of communication services or equipment or by excess volume of trading.

**k. Authorization**

While any property held in any of your Options Accounts are retained by us as Collateral in accordance with section 1.i. of the Agreement, you authorize the Firm, without notice, to use at any time and from time to time the Collateral in the conduct of the Firm's business, including the right to: (a) combine any of the Collateral with property of the Firm or other clients or both; (b) pledge any of the Collateral which is held in the Firm's possession as security for its own indebtedness; (c) loan any of the Collateral to the Firm for its own purposes; or (d) use any of the Collateral for making delivery against a sale whether such sale is for your Account or in the Account of any other of the Firm's customers.

**l. Margin**

You will maintain such margin and pay any debit balance owing in any of your Accounts as the Firm may in its absolute discretion require from time to time. You will promptly meet all margin calls.

**m. Correction of Errors**

The Firm shall be entitled to correct any error in filling an order to buy or sell an Option at market by filling such order at the market price in effect at the time such order should have been filled.

**n. Protection of Against Loss**

In case of any insolvency, death or attachment of any property, the Firm may, with respect to any open positions, take such steps as the Firm considers necessary to protect it against loss.

**o. Waivers**

None of the provisions of this section of the Agreement will be considered to have been waived, modified or otherwise affected without express written agreement signed by the Firm's Designated Options Supervisor or Alternate Options Supervisor. Failure to exercise any of our rights in any one or more instances shall not be considered a waiver of any such rights for the future.

**I. Receipt of Risk Disclosure Statement for Options**

Schedule C in this Agreement provides you with the Risk Disclosure Statement for Options and the Disclosure Document for Recognized Market Options. You confirm that you have received the Risk Disclosure Statement for Options or the Disclosure Document for Recognized Market Options, as applicable, which have been approved by the provincial securities administrators or other regulatory authorities responsible in each jurisdiction. You acknowledge that you have read and understand such disclosure.

**10. PROVISIONS APPLICABLE TO PRECIOUS METALS BULLION TRADING**

If the Firm permits you to buy, sell, hold, redeem and/or withdraw precious metals bullion (the Precious Metals Services), you agree to be bound by the following provisions. You acknowledge that the provisions of this section form part of and are incorporated into the Agreement so that all of the terms of the Agreement are applicable to Precious Metals Services. If there is a discrepancy between this section and another section of the Agreement, this section shall govern.

**a. Authorization**

You authorize the Firm to facilitate the process of buying, selling, holding, redeeming and withdrawing precious metals bullion on your behalf. The Firm is authorized to open or close your Account, cancel or correct orders, convert funds in your Account between different currencies, direct transfers of funds or precious metals bullion to or from Liquidity Providers (as defined below) and/or Custodians (as defined below) and take such other steps as are reasonable to carry out your directions. All transactions will be effected only on your direction, except as otherwise expressly described in this Agreement.

Without limiting the foregoing, by using the Precious Metals Services, you authorize the Firm to disclose, as deemed necessary in our sole discretion, your personal information and data to Custodians, Liquidity Providers and any other service providers (collectively, Service Providers).

## **b. Supported Services**

The Firm may, from time to time, add or remove the precious metals bullion for which Precious Metals Services are provided. The Firm may at any time, in our sole discretion and without notice or liability to you, alter, amend, restrict, modify, or terminate the Precious Metals Services or any functionality or portion of the Precious Metals Services. You understand that there is no guarantee that the Precious Metals Services or any portion or functionality of them will continue to operate or be available for any particular period of time. We reserve the right, in our sole discretion, to correct any errors or omissions in any portion of the Precious Metals Services at any time without notice, but confirm that we have no duty to do so.

In the event that we determine that we will no longer provide Precious Metals Services with respect to any particular precious metals bullion, we may, in our sole and absolute discretion, and without notice to you, liquidate your holding of such precious metals bullion and tender payment of the proceeds to you by any means of our choice.

## **c. Placing Orders**

Subject to rate or other limits that may be imposed by the Firm in its sole discretion, you may use the Precious Metals Services to place supported order types for the purchase or sale of precious metals bullion. You may not place an order to purchase precious metals bullion unless you have sufficient equity available in your Account to satisfy your order. You may not place an order to sell precious metals bullion unless you have sufficient precious metals bullion available in your Account. It is your responsibility to ensure that you have sufficient equity and/or precious metals bullion in your Account to settle transactions you make using the Account. If you place an order with insufficient equity and/or precious metals bullion, the Firm may reject the order, cancel the entire order or fill only a partial order.

## **d. Order Execution**

Before you confirm a market order, we will obtain an estimated price on your behalf from a third-party liquidity provider (a Liquidity Provider), after which we will incorporate the Precious Metals Trading Fee (as defined below), and will present this amount to you as the estimated price and fees at which the Liquidity Provider and we are willing to transact with you. All executed orders are deemed final and are non-reversible by you. You understand the amount of precious metals bullion or funds you receive after an order is executed may differ from the estimates provided to you, especially during periods of high volume, illiquidity, fast movement, or volatility in the marketplace, and you agree that we are not liable for any such discrepancy.

**e. Trade Settlement**

You authorize and direct the Firm to settle executed orders with Liquidity Providers by transferring or delivering your funds or precious metals bullion, as the case may be, to Liquidity Providers within 1 business day of the executed order. Notwithstanding that orders are executed by Liquidity Providers, the Firm may, if necessary to carry out your instructions received after an order has been executed and at any time prior to settlement, elect to settle executed orders by transferring funds or delivering precious metals bullion to you from the Firm's corporate funds or inventory, in which case you agree and direct that the funds or precious metals bullion to be received on your behalf at time of settlement from the Liquidity Provider that executed the order shall be transferred or delivered to the Firm. You acknowledge and agree that until such time as settlement of an executed order occurs, you remain liable for payment of the price and applicable fees or delivery of precious metals bullion, as the case may be.

**f. Errors and Corrections**

We will not be responsible for losses incurred by mistyped or otherwise wrongly placed orders. Notwithstanding the foregoing, in the event we determine, at our sole discretion, that as the result of a technical issue an executed order did not reflect the fair market value for the applicable precious metal, we may cancel or correct such order.

**g. Right to Cancel Orders**

You agree and understand that the Firm and/or the Liquidity Providers reserve the right to cancel any order or part of an order for precious metals bullion if such order was placed during scheduled or unscheduled downtime, violates this Agreement or violates limits or other requirements set by a Liquidity Provider. The Firm has the right to determine, at our sole discretion, whether or not to accept any order or instruction for precious metals bullion for your Account. The Firm is not responsible for any losses incurred as a result of the Firm's or a Liquidity Provider's decision to cancel an order or any part of an order for precious metals bullion or refusal to execute an order for precious metals placed by you.

**h. Custody**

You agree to hereby appoint the Firm to act as the custodian of the precious metals bullion purchased by you, to be held by us for your benefit in accordance with this Agreement, and we accept such appointment and the obligations, duties, and responsibilities set out in this Agreement.

Your purchased precious metals bullion is held in one or more of the Firm's omnibus custodial accounts at third-party custodians (the Custodians, each, a

Custodian). Each Custodian records the precious metal beneficially owned by clients of the Firm as separate and apart from any other assets custodied by the Custodian.

**i. Precious Metals Trading Fees**

On each executed order for the purchase or sale of precious metals bullion, the Firm adds all applicable fees we charge for the transaction (the Precious Metals Trading Fee), to the price charged by the Liquidity Provider executing your order. The estimated Precious Metals Trading Fee will be presented to you at the time you place an order to purchase or sell precious metal bullion. The actual Precious Metals Trading Fee applicable to your order may be higher or lower due to fluctuations in the price of the precious metal bullion between the moment the estimated Precious Metals Trading Fee is presented to you and the moment your order is executed. You understand and agree that the Firm is not responsible for these fluctuations.

Additional terms governing fees, including Account fees, are set out in the WSII Fee Schedule.

**j. Margin**

You will maintain such margin and pay any debit balance owing in any of your Accounts as the Firm may in its absolute discretion require from time to time. You will promptly meet all margin calls.

**k. Redemption**

You may submit a request for the redemption of all or part of the holdings of precious metals bullion in your Account (a Redemption Order). You acknowledge that a Redemption Order will cause the Firm to (i) sell the amount of precious metals bullion subject to the Redemption Order to a Liquidity Provider, (ii) purchase precious metal coins from a Liquidity Provider or Service Provider on your behalf with the sale proceeds, and (iii) arrange for the shipment of such precious metal coins to you. Before you confirm a Redemption Order, we will obtain an estimated price for the Redemption Order from the Liquidity Provider and/or Service Provider. This price will include a redemption fee, which is a pass through fee from the Liquidity Provider and/or Service Provider, as applicable, where the Firm is acting as an agent for such Liquidity Provider and/or Service Provider for the purpose of the Excise Tax Act. All executed Redemption Orders are deemed final and are non-reversible by you. You understand the execution price for a Redemption Order may differ from the estimates provided to you, especially during periods of high volume, illiquidity, fast movement, or volatility in the marketplace, and you agree that the Firm is not liable for any such discrepancy.

## **I. Delivery**

Upon the execution of a Redemption Order, the Firm will, or will cause one or more Service Providers to, ship the precious metal coins to you. You agree to provide the Firm with an accurate shipment address, which must be a Canadian mailing address and cannot be a P.O. box address. You agree to be available to receive the shipment. The Firm will provide you with a tracking number for the shipment. Shipments deemed lost or damaged will have an insurance claim filed for them by the Firm or one or more of its Service Providers. You agree to take all reasonable actions to assist in the shipment's recovery through participating in investigations by the Firm, a Service Provider, an insurance company and/or the police. Upon filing an insurance claim, the Firm and/or its Services Providers reserves the right to re-ship the precious metal coins purchased or refund your money at the Firm's discretion.

Redemption Orders will be deemed settled and the Firm's obligations with respect to the Redemption Order shall cease when the Firm or a Service Provider delivers the precious metal coins to you. You bear all risk of loss, damage or theft to the precious metals coins upon delivery.

## **11. PROVISIONS APPLICABLE TO WEALTHSIMPLE PORTFOLIOS ACCOUNTS**

### **a. Transfers to Portfolio Accounts and Trading Authority**

If you have a Wealthsimple Portfolios Account, you may transfer eligible securities from another financial institution to your Wealthsimple Portfolios Account. You hereby instruct and authorize the Firm to sell all such securities and use the proceeds from the sale to buy securities in accordance with the instructions you have provided using an Investment Tool for your Wealthsimple Portfolios Account. You acknowledge that it may take the Firm up to 3 business days after the securities are transferred into the Wealthsimple Portfolios Account to sell such securities. You acknowledge the Firm will sell all securities transferred to the Wealthsimple Portfolios Account from another financial institution, notwithstanding that continuing to hold the securities may comply with the instructions you have provided for your Wealthsimple Portfolios Account. You agree that the Firm is not responsible for any losses, damages, transaction costs or tax consequences you may incur from the sale of such securities.

## **12. DISCLOSURES**

### **a. Referral Arrangement Disclosure and Referral Fees**

If you have been referred to the Firm by another person or entity outside of the Firm, a referral fee may be paid to that person or entity. The referral arrangement



will be the subject of, and governed by, a written Agreement, which the parties will enter into prior to implementation of the referral. In this case, details of the manner in which the referral fee is calculated and the party to whom it is paid will be provided to you. It is illegal for the party receiving the fee to trade or advise in Securities if it is not duly licensed or registered under applicable Securities legislation to do so.

**b. Commissions**

Commissions for most fixed income securities including, but not limited to, treasury bills, bonds, strip bonds, non-exchange listed debentures, investment certificates, money market instruments or other similar securities may, at our discretion, be included in the purchase or sale price of such securities.

We may receive commissions or other compensation from third parties, including, without limitation, with respect to the sale of securities of a mutual fund, newly issued securities, limited partnership units, tax shelter securities, Canada and provincial savings bonds, guaranteed investment certificates and farm credit notes. We may receive compensation from third parties in respect of facilitating the collection of proxy votes from our clients, however, we do not engage in any practices intended to influence the voting decision of clients, beneficial holders of securities or other persons entitled to exercise the voting right of a security.

**c. Investment Risk**

Schedule A in this Agreement provides you with disclosure regarding investment risk. You acknowledge that you have read and understand such disclosure.

**d. Market Research Surveys**

We, or a designated third-party service provider acting on our behalf, may from time to time contact you to answer questions for market research purposes. In all such cases, we will ensure that we respect your privacy choices as described in this Agreement.

**e. Conflict of Interest Disclosure**

A conflict of interest generally may arise where:

- (i) The Firm or a representative have separate business or personal interests that differ from a client's interests;
- (ii) The Firm or a representative may be influenced to put their own interests ahead of a client's interest;

(iii) Monetary or non-monetary benefits or disadvantages to the Firm or a representative might compromise a reasonable client's trust; and

(iv) There are differing interests amongst clients, resulting in preferential treatment for some in the operation and management of their account and execution of trades.

Generally, a conflict of interest is material if the conflict may be reasonably expected to influence either your decisions as a client in the circumstances or the Firm or its representatives' decisions in the circumstances.

Disclosure regarding conflicts of interest is described in the Conflicts of Interest section of the Firm's Website which is available here: <https://www.wealthsimple.com/en-ca/legal/conflicts-of-interest-policy>.

### **13. CLIENT PROBLEM RESOLUTION PROCESS**

The Firm processes large volumes of client account transactions each day and we do our best to ensure that your business is handled in an efficient, courteous and accurate manner. We want to know if we have not met the high level of standards we have set for ourselves, and we have established procedures for clients who want to bring a concern to our attention.

If you have a question, please contact us. Information on how to contact us is available at <https://www.wealthsimple.com/en-ca/contact>.

If you have a complaint about our services or a product, please follow the steps of "Filing a complaint with us", available at <https://www.wealthsimple.com/en-ca/legal/file-complaint>.

### **14. MARKET DATA SUBSCRIPTIONS**

The following terms apply to you to the extent you receive Market Data (as defined below) as part of your accounts with the Firm. Your receipt of Market Data is contingent upon your agreement to the below terms, and should you decline to accept these terms, your use of Market Data will be suspended.

Market Data may be provided by a third-party service provider listed in Schedule B attached hereto (Data Providers). The list of Data Providers may be updated from time to time by Wealthsimple. With respect to this section 14 only, Data Providers are third-party beneficiaries to this Agreement and may enforce their rights set out in this section against you directly.

#### **Definitions**

“Market Data” means any information provided hereunder through the facilities of a Data Provider or a third party directly or indirectly, relating to: (i) securities or other financial instruments, markets, products or indices; (ii) Third-Party Contributor Data; (iii) any other information, news, data services or content including without limitation, order data provided from a Data Provider or Third-Party Contributors; or (iv) any specifications, instructions or materials in connection with the foregoing.

“Person” means any natural person, proprietorship, corporation, partnership or other organization.

“Third-Party Contributor” means any Person, including an affiliate of a Data Provider, who provides information to a Data Provider for dissemination by such Data Provider pursuant to the terms of this Agreement.

“Third Party-Contributor Data” means information, data, services or other content provided by a Third-Party Contributor for dissemination by a Data Provider.

### **Rights and Obligations**

(a) You acknowledge and agree that certain of the Market Data may be provided by a Data Provider or a Data Provider’s Third-Party Contributor.

(b) You understand and acknowledge that each Data Provider, and each of the applicable Data Provider’s Third-Party Contributors, has a proprietary interest in the Market Data, that same is not within the public domain and is protected by copyright (both on its own and as a compilation) and all other applicable intellectual property rights. In the event of any misappropriation or misuse by you or any other Person who accesses the Market Data through you, the applicable Data Provider or its Third-Party Contributors shall have the right to obtain injunctive relief for its respective data or other information. You will attribute the source of Market Data as appropriate under all the circumstances.

(c) You shall use Market Data only for your individual use. You shall not furnish Market Data to any other Person nor retransmit Market Data. You may not sell, lease, furnish, publish, distribute, retransmit or otherwise permit or provide access to Market Data to any other Person or to any other office or place. You will not engage in any illegal use or permit any other Person to use Market Data, or any part thereof, for any illegal purpose or in violation of any applicable law, rule or regulation. You shall not present Market Data in any manner that adversely affects its accuracy or integrity or that renders it misleading. You shall take reasonable security precautions to prevent unauthorized persons from gaining access to or using Market Data.

(d) You acknowledge and agree that the Data Providers do not represent, warrant or guarantee the timeliness, sequence, accuracy or completeness of Market Data and the Data Providers disclaim all express or implied warranties, including without limitation warranties or conditions or merchantability, quality and fitness for a particular purpose and those arising by statute or otherwise in law or from the course of dealing or usage of trade. In addition to, and without limiting the foregoing, Data Providers will not be liable in any way to you or to any other Person for:

- i. any inaccuracy, error or delay in, or omission of (A) any Market Data, or other information or messages, or (B) the transmission or delivery of any such Market Data or other messages, or
- ii. any loss, damage, cost or expense from or occasioned by (A) any such inaccuracy, error, delay or omission, or (B) non-performance, or (C) interruption in Market Data, or other messages, due either to any negligent act or omission by a Data Provider, “force majeure” or any other cause.

(e) You covenant for the benefit of each Data Provider and each Third-Party Contributor, that you shall not make any claim, pursue any action or make any demand against any Data Provider or Third-Party Contributor in respect of this Agreement or related to the Market Data irrespective of the cause of such claim, action or demand, including but not limited to breach of contract, tort (including negligence), breach of statutory duty or any other legal theory and, for greater certainty, neither a Data Provider nor any Third-Party Contributor shall be liable for any loss or damage suffered by you as a result of any act or failure to act (including wilful misconduct or negligence) by a Data Provider or a Third-Party Contributor, including any direct, indirect, special, incidental or consequential loss, damage, injury, cost or expense, loss of profits or revenue, failure to realize expected profits, revenue or savings or other commercial or economic loss, damage or injury, even if advised of the possibility of same.

(f) You shall indemnify, hold harmless and defend Wealthsimple, each Data Provider, and any Third-Party Contributors, their members, governors, directors, managers, officers, employees and agents, from and against any and all suits, proceedings at law or in equity, and any and all liability, loss or damage, including reasonable legal fees, arising out of or in connection with your use of Market Data.

(g) Upon termination of this Agreement or Wealthsimple’s applicable agreement with the applicable Data Provider for whatever reason, you shall immediately cease any and all use of the Market Data and, except to the extent they are required to retain the Market Data under applicable laws or regulations, will destroy all Market Data and any and all copies or extracts thereof.

(h) For certainty, you understand and acknowledge that a Data Provider may discontinue disseminating any type of Market Data, may change or eliminate any transmission method and may change transmission speed or signal characteristics. Data Providers and Third-Party Contributors shall not be liable for any resulting liability, loss or damages to you.

(i) You shall maintain complete and accurate records in accordance with standard industry practice relating to the receipt and usage of Market Data and such other information relating to the service provided by Wealthsimple as Wealthsimple may from time to time request.

(j) You shall comply with the requirements of Wealthsimple as to reporting on Market Data used or distributed as set forth in this Agreement, including reporting on individual users and applications receiving Market Data (if applicable), and the timing of reporting.

(k) You shall comply with Wealthsimple's reasonable procedures and requirements for the verification of all Market Data used by you or distributed through your systems (if applicable).

(l) You acknowledge that a Data Provider, when required to do so in fulfilment of its statutory obligations, may by notice to Wealthsimple, unilaterally limit or terminate the right of any or all Persons to receive or use Market Data, or any part thereof, and that Wealthsimple will immediately comply with any such notice and will terminate or limit distribution or furnishing of Market Data to you and confirm such compliance by notice to the applicable Data Provider. In the event of any material breach of this Agreement by you, the discovery of any misrepresentation or inaccurate statement by you, or where directed by any regulatory authority, this Agreement may be terminated.

(m) You acknowledge that a Data Provider may modify the terms of this agreement at any time upon notice to Wealthsimple.

(n) If there is any conflict or inconsistency between these terms and conditions and the terms of any other agreement that you may have with Wealthsimple, these terms and conditions shall prevail as between the applicable Data Provider and you.

### **Additional NASDAQ Terms**

By executing this Agreement, you (known as "Subscriber" in the NASDAQ Global Subscriber Agreement) agree:

a. that you have read and agrees to be bound by the NASDAQ Global Subscriber Agreement, a copy of which is attached [hereto](#);

b. that Wealthsimple is not an agent of NASDAQ and is not authorized to add to or delete from the NASDAQ Global Subscriber Agreement and is not authorized to modify any provision of the NASDAQ Global Subscriber Agreement; and

c. that no provision has been added to or deleted from the NASDAQ Global Subscriber Agreement and that no modifications have been made to it. Both the Subscriber and the person executing on behalf of the Subscriber (if applicable) warrant that the Subscriber is legally able to undertake the obligations set forth in and the signatory is duly authorized to bind the Subscriber to the NASDAQ Global Subscriber Agreement.

#### **Additional OPRA Terms**

By executing this Agreement, you acknowledge that OPRA data is and shall remain the property of the OPRA participant on which a reported transaction took place or a reported quotation was entered.

Disclaimer of Liability -- neither Wealthsimple, OPRA, OPRA's processor nor any OPRA participant guarantees the timeliness, sequence, accuracy or completeness of any of the OPRA data supplied to you hereunder and neither Wealthsimple, OPRA, OPRA's processor nor any OPRA participant shall be liable in any way, to you or to any other person, for any loss, damages, cost or expense which may arise from any failure of performance by Wealthsimple, OPRA, OPRA's processor or any OPRA participant, or from any delays, inaccuracies, errors in or omissions of, any of the OPRA data or in the transmission or delivery thereof, whether or not due to any negligent act or omission on the part of Wealthsimple, OPRA, OPRA's processor or any OPRA participant. In no event shall Wealthsimple, OPRA, OPRA's processor or any participant be liable for any incidental, special, indirect or consequential damages, including but not limited to lost profits, trading losses, or damages resulting from inconvenience or loss of use of the service.

Nothing herein shall be deemed to prevent or restrict OPRA, OPRA's processor or any OPRA participant from discontinuing to furnish OPRA data for dissemination or from making such changes in the speed of transmission, the characteristics of the electrical signals representing the OPRA data or the manner of disseminating the same, as OPRA shall from time to time determine to be appropriate, with or without notice to you. You shall not hold OPRA, OPRA's processor, or any OPRA participant liable for any resulting liability, loss or damage that may arise therefrom.

### **Additional OTC Markets Group Terms**

By executing this Agreement, you (known as “Subscriber” in the OTC Markets Group Subscriber Agreement) agree:

- a. that you have read and agree to be bound by the OTC Markets Group Subscriber Agreement, a copy of which is attached [hereto](#);
- b. that Wealthsimple is not an agent of OTC Markets Group and is not authorized to add to or delete from the OTC Markets Group Subscriber Agreement and is not authorized to modify any provision of the OTC Markets Group Subscriber Agreement; and
- c. that no provision has been added to or deleted from the OTC Markets Group Subscriber Agreement and that no modifications have been made to it. Both the Subscriber and the person executing on behalf of the Subscriber (if applicable) warrant that the Subscriber is legally able to undertake the obligations set forth in and the signatory is duly authorized to bind the Subscriber to the OTC Markets Group Subscriber Agreement.

### **Contact**

If you have any questions or want to change your instructions in the future, please contact Wealthsimple Investments Inc. Information on how to contact us is available at <https://www.wealthsimple.com/en-ca/contact>.

# New Account Application Form

1. Unless specified, the sections below shall apply to all accounts at Wealthsimple Investments Inc. (the Firm), including Self-Directed Accounts, Managed Accounts and Custody Accounts, as the context requires.

- a. **Shareholder Communication Instructions – Self-Directed Accounts and Managed Accounts**

**SECURITIES REGULATION REQUIRES THAT I PROVIDE YOU WITH MY INSTRUCTIONS REGARDING SHAREHOLDER COMMUNICATION BEFORE YOU CAN HOLD ANY SECURITIES FOR ME.**

I have read and understand the Shareholder Communication Information that you have provided to me (included in the Client Account Agreement and Shareholders Communications) and the choices indicated by me apply to all of the securities held in this account.

When you purchase securities through the Firm, they are held for you in an electronic form to facilitate the placement and settlement of trades very quickly. Consequently, the securities are not registered in your name and the issuer of the securities does not know your identity.

- b. **Disclosure of Beneficial Ownership Information – Self-Directed Accounts and Managed Accounts**

Securities laws allow security holder materials to be sent to you by the reporting issuer and by other persons and companies – if you do not object to having certain personal information disclosed to them. That personal information includes your name, address, electronic mail address, securities holdings and preferred language of communication.

You have the option to tell us not to give the above personal information to the reporting issuer or other persons or companies.

Question 1

Do you allow us to provide the above personal information to the issuer of the securities or other persons or companies, so that they may forward security holder materials directly to you?

Please see above



Please note that you will not be charged with any costs associated with sending security holder materials to you.

If you would not like the Firm to provide the above personal information to the reporting issuer or other persons or companies, please contact [support@wealthsimple.com](mailto:support@wealthsimple.com) or [trade@wealthsimple.com](mailto:trade@wealthsimple.com). Note that should you request that the above personal information not be provided to the reporting issuer or other persons or companies, the Firm may still be required, by law, to send these materials to you.

#### Receiving Shareholder Information

Security holder materials sent to beneficial owners of securities consist of the following materials: (a) proxy-related materials for annual and special meetings; (b) annual reports and financial statements that are not part of proxy-related materials; and (c) materials sent to security holders that are not required by corporate or securities law to be sent.

#### Question 2

What materials do you want to receive? Please see above

The account cannot be opened without answers to the above two questions. You may change your instructions at any time by writing to us.

#### **c. Leverage Disclosure**

Using borrowed money to finance the purchase of securities involves greater risk than a purchase 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. An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money. There may also be tax consequences to you if assets in your account must be sold in order to meet any obligations to repay the borrowed money or any interest owing.

#### **d. No Advice or Recommendations**

I acknowledge that the Firm has not and will not provide me with any legal, tax or accounting advice, investment advice or recommendations regarding the suitability or profitability of any security, transaction, investment or savings. I further acknowledge that the Firm's employees are not authorized to give any such advice and I agree that I will not solicit or rely upon any such advice from the Firm or any of its employees. I assume full responsibility for my investment decisions and all transactions in my account and agree that the Firm and its

officers, directors, employees, agents and affiliates will have no liability for any such investment decisions or transactions. I acknowledge that the Firm will not consider my financial situation, investment knowledge, investment objectives or risk tolerance when accepting orders.

**e. Customer Agreement**

I certify that the information provided in this application is true and complete and declare that the Firm may rely upon such information until it receives written notice of any changes. I acknowledge that the intended use of my account is for investing or savings purposes unless notified otherwise.

**f. Additional Details**

Intended Use: **Investments (Custody for Managed Accounts; Self-Directed Accounts), Savings and Cash (Custody Accounts)**

## **Schedule A**

### **INVESTMENT RISK DISCLOSURE**

The following is a summary of the risks of investing. Please note that this list is not exhaustive, and has been provided as an indication of the factors that can affect the value of your investments. This disclosure may be updated periodically. You may refer to the Risk Disclosure on our site for the most recent disclosure.

#### **Equity Risk**

Investors in equity securities may be exposed to a high level of risk because the prices of equity securities can rise and fall significantly in a short period of time. This could arise due to the fortunes of the companies that issue them or with general stock market or economic conditions.

#### **Short Selling Risk**

Short selling strategies can provide an investor with an opportunity to manage volatility and enhance performance in declining or volatile markets. Short selling securities involves risk because there is no assurance that securities will sufficiently decline in value during the period of the short sale to offset the interest paid by the investor and make a profit for the investor. Securities sold short may instead increase in value. The investor may also experience difficulties repurchasing and returning the borrowed securities. The borrowing agent from whom the investor has borrowed securities may go bankrupt and the investor may lose the collateral it has deposited with the borrowing agent.

#### **Credit Risk**

A fixed income security, like a bond, is essentially a promise to pay interest and repay a specified amount at a later time. The probability that the issuer of the fixed income security will fail to honour that promise is called credit risk. Credit rating agencies give investors an idea of how much of a credit risk an issuer represents. If a company or government has a high credit rating, the credit risk tends to be low. A lower credit rating means more credit risk.

#### **Interest Rate Risk**

A change in general interest rates is one of the biggest factors affecting fixed-income securities. A bond for example, pays interest based on the level of interest rates prevailing when the bond is issued. Generally, if interest rates fall, the value of the bond rises. This is because the interest rate on the existing bond will be higher than the rate on newer bonds. On the other hand, when general interest rates rise, the price of existing bonds is expected to drop because they pay less than newer bonds.

## Inflation Risk

The risk of decline in the purchasing power of your savings due to a general rise in prices.

## Foreign Currency Risk

Investing in securities that are priced in foreign currencies involves foreign currency risk. Securities that are priced in foreign currencies can lose value when the Canadian dollar rises against the foreign currency. As well, foreign governments may impose currency exchange restrictions, which could limit the ability to buy and sell certain foreign investments and could reduce the value of the foreign securities that are held by investors.

## Foreign Market Risk

Foreign investments involve additional risks because financial markets outside of Canada and the U.S. may be less liquid and companies may be less regulated and have lower standards of accounting and financial reporting. In some countries, an established stock market and legal system that adequately protects the rights of investors may be lacking. Foreign investments can also be affected by social, political, or economic instability. Foreign governments may impose investment restrictions.

## Liquidity Risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities can be sold easily and at a fair price. In highly volatile markets, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or certain other features such as guarantees or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for a Client.

## Borrowing Risk

The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase securities, the investor's responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the securities purchased declines.

## Derivatives Risk

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices. The Advisor will only recommend derivatives as permitted by securities regulations. The Advisor may recommend derivatives to help offset

losses that other investments held by a portfolio might suffer because of changes in stock prices, commodity prices or interest or exchange rates. This is referred to as hedging.

Some common risks of hedging with or investing in derivatives are:

- there is no guarantee that the derivative will be bought or sold at the right time to make a profit or limit a loss, nor that the other party to the contract will meet its obligations. Additionally, if the other party goes bankrupt, the investor could lose any deposits made or assets pledged in favour of the other party under the contract;
- there is no guarantee that a hedging strategy will always work, as the elements that determine the value of a derivative may change in a manner that is contrary to the intent of the hedge; hedging will not always offset a drop in the value of a security and hedging can prevent the portfolio from making a gain it otherwise may have made; and
- the portfolio may not be able to create an effective hedge against an expected change in a market if most other people expect the same change.

## Exchange Traded Fund Risk

Exchange-traded funds (“ETFs”) are securities that closely resemble index funds but can be bought and sold like common stocks:

- an ETF may fail to accurately track the market segment or index that underlies its investment objective;
- an ETF may not be “actively” managed. Such ETFs would not necessarily sell a security because the security’s issuer was in financial trouble, unless the security is removed from the applicable index being replicated. As a result, the performance of an ETF may be lower than the performance of an actively managed fund;
- some ETFs employ leverage, which can magnify the risk of the underlying market segment or index;
- the market price of an ETF units may trade at a discount to its net asset value;
- an active trading market for an ETF’s units may not develop or be maintained; and
- there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

## Extended and Overnight Hours Trading Risk

Extended and overnight hours trading refers to the buying and selling of securities outside of regular trading hours (9:30 am - 4:00 pm Eastern Time). Some risks of extended and overnight hours trading include:

- there may be lower liquidity in extended and overnight hours trading as compared to regular trading hours;
- there may be greater volatility in extended and overnight hours trading than in regular trading hours;
- the prices of stocks and ETFs traded in extended and overnight hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning;
- the prices displayed on the Firm’s extended and overnight hours trading system may not reflect the prices in other concurrently operating extended and overnight hours trading systems dealing in the same securities;

- news announcements by issuers may occur during extended and overnight hours trading, which may cause an exaggerated and unsustainable effect on the price of a security if combined with lower liquidity and higher volatility; and
- lower liquidity and higher volatility in extended and overnight hours trading may result in wider than normal spreads for a particular stock or ETF.

The risks outlined above are greater when trading during overnight hours. Some additional risks of overnight trading include:

- Orders placed during overnight trading hours may not be price protected and may be executed at prices that are worse than prices available at other execution venues; and
- Overnight trade orders will remain open during overnight trading hours (8:00 pm to 4:00 am ET) and will not carry over to the next trading session.

More disclosure regarding the risks of extended hours trading is available in the Extended Hours Trading Disclosure section of the Firm's Website, which is available here:

<https://www.wealthsimple.com/en-ca/legal/extended-hours>.

## Over-the-Counter Securities Risk

Over-the-counter ("OTC") securities refer to securities that are not traded on a centralized exchange such as TSX, NYSE, NASDAQ, etc. Instead, OTC securities are traded directly between two parties, typically through a network of dealers or brokers or outside of traditional exchanges. Some risks associated with OTC securities include:

- Lower liquidity: OTC securities often have lower trading volumes, hence exiting a position becomes a greater challenge. This can lead to delayed fills and less favorable prices;
- Lack of transparency: OTC markets are generally less regulated and have less public information available. Issuers of securities posted on OTC markets are not subject to the same reporting and disclosure requirements as securities listed on major stock exchanges;
- Higher volatility: OTC securities have wider bid-ask spread, hence are more volatile with greater price swings. This can lead to greater risk of large losses;
- Limited or no market makers: Some OTC securities may not have market makers, which makes it more difficult to execute trades;
- Limited regulation/oversight: OTC securities are not subject to as stringent regulations and oversight as securities listed on major exchanges. This can lead to greater exposure to fraud (pump and dump scams), market manipulation and insider trading;
- Market data availability (expert market): market data for securities listed in the expert market are restricted from public viewing. Restrictions may be based on issuer requirements, security attributes, investor accreditation and/or suitability risks. Expert market data may only be distributed to FINRA member firms, Qualified Institutional Buyers (QIBS) and accredited investors; and
- Limited support for OTC securities: Wealthsimple does not permit trading of all OTC securities. Only a limited number of OTC securities will be offered through Wealthsimple's trading platform, which is subject to change and re-evaluation depending on the tier and volume/liquidity of the OTC security. At any point in time, Wealthsimple may be unable to support trades for OTC securities. In such cases, these securities will be marked as 'sell only' for a period of time, and then will be completely removed from Wealthsimple's platform.

More disclosure regarding OTC securities is available in the Over-the-Counter Securities Risk Disclosure section of the Firm's Website, which is available here:

<https://www.wealthsimple.com/en-ca/legal/otc-risk-disclosure>

## **Schedule B**

### **DATA PROVIDERS**

As part of Wealthsimple's products, you may receive certain market information. We contract with or rely on various data providers to give you access to market data, including delayed quotes, real-time quotes, end of day and intraday historical quotes, as well as fundamentals data, among others. These data providers are third-party beneficiaries to your account agreement with Wealthsimple Investments Inc. Our data providers are listed below:

- TMX Group Limited
- Neo Exchange Inc.
- Nasdaq Last Sale (Nasdaq, Inc.)
- Unlisted Trading Privileges (Nasdaq, Inc.)
- ICE Data Services, Inc.
- Xignite, Inc.
- Options Price Reporting Authority, LLC
- OTC Markets Group Inc.

You acknowledge that we may engage data providers that aggregate data from other third-party providers or otherwise, or that rely on other data providers or sub-contractors to provide you with access to market information, each such other third party being a beneficiary to your account agreement with Wealthsimple Investments Inc.



## Schedule C

### Derivatives Risk Disclosure Statement

This risk disclosure statement does not disclose all of the risks and other significant considerations associated with trading in derivatives. In light of the variety of risks involved, you should undertake such transactions only if you understand the nature of the contracts, the contractual relationships into which you are entering and the extent of your exposure to risk. Trading in derivatives is not suitable for everyone and often entails a high level of risk. Trading in derivatives should be made with caution and you should carefully consider whether such transactions are appropriate for you in light of your personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, investment time horizon, and other relevant circumstances. You should consult with your own business, legal, tax and account advisers before engaging into such transactions.

#### ***You may lose more than the amount of funds deposited***

A characteristic of many derivatives is that you are only required to deposit funds that correspond to a portion of your total potential obligations and yet your profits or losses are based on changes in the total value of the derivative. This inherent leverage characteristic means that losses incurred can greatly exceed the amount of funds deposited. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. Your dealer may require you to deposit additional funds on short notice to maintain your position as the value of the derivative changes. If you fail to deposit these funds, your dealer may close out your position at a loss without warning and you will be liable for any resulting deficit in your account.

#### ***Using borrowed funds carries greater risk***

Using borrowed funds to finance a derivatives transaction involves greater risk than using cash resources only. If you borrow money, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the derivative declines.

#### ***Deposited cash and property***

You should familiarize yourself with the protections accorded to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules.

### ***Commission and other charges***

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### ***Fluctuations in price or value***

The price and value of derivatives can be adversely affected by volatile market conditions and such occurrences may significantly increase your risk exposure. There are a variety of market factors and conditions which can directly or indirectly affect derivatives such as market demand and supply, interest rate, foreign currency exchange rate, indices, commodity prices, equity prices, investor perception and other political or economic factors. Since derivatives are linked to one or multiple underlying interests, the price or value of the derivatives may also be subject to considerable fluctuations due to the risks associated with the underlying interest. The level of sensitivity of an underlying interest with specific market conditions can have wide implications on the value of derivatives linked to that underlying interest. For example, when two or more factors are affecting one or more underlying interests of a derivative, its value may become unpredictable. A small movement in the price of one underlying interest can cause a sudden and large fluctuation in a derivative's value.

### ***Hedging and risk management strategies***

Hedging transactions may require constant monitoring. A failure to adjust your hedging transaction in light of changing market conditions may result in the position becoming either under-hedged or over-hedged and losses can ensue.

The placing of certain orders (e.g. "stop-loss" or "stop- limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### ***Listed derivatives***

Under certain market conditions, you may find it difficult or impossible to liquidate or offset an existing position on a marketplace (e.g. buy-to-close or sell-to-close order). This can occur, for example, when the market reaches a daily price fluctuation limit ("daily price limit" or "circuit breakers").

You should ask your dealer about the terms and conditions of the specific derivatives which you are trading and associated obligations. Under certain circumstances the specifications of outstanding contracts may be modified by the marketplace or clearing house to reflect changes in the underlying interest.

### ***Over-the-counter derivatives***

Over-the-counter derivatives (OTC derivatives) trading is not done on a marketplace. Your dealer is your trading counterparty. When you sell, your dealer is the buyer and when you buy, your dealer is the seller. As a result, when you lose money trading, your dealer may be making money on such trades, in addition to any fees, commissions, or spreads it may charge.

An electronic trading platform for trading OTC derivatives such as contracts for difference and foreign exchange contracts is not a marketplace. It is an electronic connection for accessing your dealer. You are accessing that trading platform only to transact with your dealer. You are not trading with any other entities or clients of the dealer by accessing such platform. The availability and operation of any such platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your account agreement with the dealer.

You are limited to your dealer to offset or liquidate any trading positions since the transactions are not made on a marketplace. As such, it may be difficult or impossible to liquidate an existing position. The customized nature of certain OTC derivatives may also add to illiquidity.

The terms of OTC derivative contracts are generally not standardized, and the prices and characteristics are often individually negotiated with your dealer. A central source to obtain or compare prices may not exist. It may be difficult to assess the value, to determine a fair price or to assess the exposure to risk. You should ask your dealer about the terms and conditions of the OTC derivative contracts you are trading and understand the related rights and obligations.

# **Risk Disclosure Statement for Options**

**(For Residents of All Jurisdictions except Quebec)**

This brief statement does not disclose all of the risks and other significant aspects of trading in options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

## **Options**

### **1. Variable Degree of Risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest with associated liabilities for margin. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated either to settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## **Additional Risks Common to Options**

### **1. Terms and Conditions of Contracts**

You should ask the firm with which you deal about the terms and conditions of the specific options which you are trading and associated obligations (e.g., in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### **2. Suspension or Restriction of Trading and Pricing Relationships**

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the option may not exist. This can occur when, for example, the contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

### **3. Deposited Cash and Property**

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

### **4. Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

### **5. Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## **6. Currency Risks**

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

## **7. Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

## **8. Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

## **9. Off-exchange Transactions**

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these

transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

# **Disclosure Document for Recognized Market Options**

**(For Residents of Quebec Only)**

**References to either gender include both genders.**

Please be advised that no securities commission or similar authority in Canada has passed upon the merits of options referred to herein and any representation to the contrary is an offence. This document contains condensed information regarding options . Additional information may be obtained from your dealer .

A high degree of risk may be involved in the purchase and sale of options, depending largely on how and why options are used . Options may not be suitable for every investor . See “Risks in Options Trading” and “Additional information” .

## **Introduction**

This disclosure statement provides general information about the purchase and sale of put and call options traded on a recognized market and cleared through a clearing corporation. Information concerning the underlying interests on which options are traded, the terms and conditions of these options, the recognized markets on which they trade, and the applicable clearing corporations may be obtained from your dealer . Information on investment strategies and possible uses of options may also be obtained from your dealer.

This disclosure statement refers only to options and clearing corporations which have been recognized or qualified for purposes of this disclosure statement by provincial securities administrators where required. The options discussed here trade on markets which, for the purposes of this disclosure statement only, are referred to as “recognized markets”.

## **Nature of an Option**

An option is a contract entered into on a recognized market between a seller (sometimes known as a writer) and a purchaser where all the terms and conditions of the contract (called the “specifications”), other than the consideration (called the “premium”) for the option are standardized and predetermined by the recognized market. The premium, paid by the purchaser to the seller, is determined in the market on the basis of supply and demand, reflecting such factors as the duration of the option, the difference between the exercise price of the option and the market price of the underlying interest, the price volatility and other characteristics of the underlying interest .

There are two types of options: calls and puts. A call gives the purchaser a right to buy, and a put the right to sell, a specific underlying interest at a stated exercise price and in a specified period of time or on a specific date. An option subjects the seller to an obligation to honour the



right granted to the purchaser if exercised by the purchaser. Underlying interests can be shares of a specific corporation, bonds, notes, bills, certificates of deposit, commodities, foreign currency, the cash value of an interest in a stock index or any other interest provided for in the specifications .

An option transaction is entered into on a recognized market by a purchaser and a seller represented by their respective dealers. When the transaction is concluded it is cleared by a clearing corporation affiliated with the recognized market on which the option is traded. When an option transaction is cleared by the clearing corporation it is divided into two contracts with the clearing corporation becoming the seller to the purchaser in the transaction and the purchaser to the seller. On every outstanding option, the purchaser may exercise the option against the clearing corporation and the seller may be called upon to perform his obligation through exercise of the option by the clearing corporation.

Options may also be classified according to delivery requirements: actual delivery and cash delivery. An actual delivery requires the physical delivery of the underlying interest if the option is exercised. A cash delivery option requires a cash payment of the difference between the aggregate exercise price and the value of the underlying interest at a specified time before or after the time the option is exercised.

Options are issued in series designated by an expiration month, an exercise price, an underlying interest and a unit of trading. At the time trading is introduced in options with a new expiration month, the recognized market on which the option is traded establishes exercise prices that reflect the current spot prices of the underlying interest. Generally, three series of options are introduced with exercise prices at, below and above the current spot price. When the spot price of the underlying interest moves additional options may be added with different exercise prices. Options having the same underlying interest and expiration month, but having different exercise prices, may trade at the same time.

### **Specifications of Options**

Specifications of options are fixed by the recognized market where they are traded . These specifications may include trading units, exercise prices, expiration dates, last day of trading, and the time for determining settlement values.

An option may be bought or sold only on the recognized market where the option is traded. The recognized market and the clearing corporation may each impose restrictions on certain types of transactions, and under certain circumstances may modify the specifications of outstanding options. In addition, a recognized market or a clearing corporation may limit the number of options held by an investor and limit the exercise of options under prescribed circumstances.

### **Exercising Options**

An option may have an American-style exercise or European-style exercise regardless of where the recognized market is located. An American-style option can be exercised by the purchaser at any time before the expiration. To do this, the purchaser notifies the dealer where the option was purchased. A purchaser should determine in advance from his dealer the latest date notice may be given to his/ her dealer. A European-style option may only be exercised by the purchaser on a specified date.

Upon assignment, the seller must make delivery of (in the case of a call) or take delivery of and pay for (in the case of a put) the underlying interest. In the case of a cash delivery option, the seller must, in lieu of delivery, pay the positive difference between the aggregate exercise price and the settlement value of the underlying interest (in the case of both a call and a put).

A purchaser of an option which expires loses the premium paid for the option and his transaction costs. The seller of an option which expires will realize as his gain the premium received for the option less his transaction costs.

### **Trading of Options**

Each recognized market permits secondary market trading of its options. This enables purchasers and sellers of options to close out their positions by offsetting sales and purchases. By selling an option with the same terms as the one purchased, or buying an option with the same terms as the one sold, an investor can liquidate his position (called an "offsetting transaction"). Offsetting transactions must be made prior to expiration of an option or by a specified date prior to expiration. Offsetting transactions must be effected through the broker where the option was initially sold or purchased.

Price movements in the underlying interest of an option will generally be reflected in the secondary market value of the option and the purchaser who wishes to realize a profit will have to sell or exercise his option during the life of the option or on the specified date for exercise.

### **Costs of Options Trading Margin Requirements**

A purchaser must deposit with his dealer cash or securities as collateral for the total cost of the transaction (the premium and all transaction costs). In addition, if the option should be auto exercised, the margin requirement must be available at the time of the exercise. A seller must deposit with his dealer cash or securities as collateral (called "margin") for the obligation to buy (in the case of a put) or sell (in the case of a call) the underlying interest if the option should be exercised. Minimum margin rates are set by the recognized market on which the option trades. Higher rates of margin may be required by the seller's dealer.

Margin requirements of recognized markets may differ and are subject to change at any time. Such changes may apply retroactively to options positions previously established.

## **Commission Charges**

Commissions are charged by dealers on the purchase or sale of options as well as on the exercise of options and the delivery of underlying interests.

## **Risks in Options Trading**

Options can serve a number of investment strategies including those concerning investments in, or related to underlying interests. SOME STRATEGIES FOR BUYING AND SELLING OPTIONS INVOLVE GREATER RISK THAN OTHERS .

The following is a brief summary of some of the risks connected with trading in options:

1. Because an option has a limited life, the purchaser runs the risk of losing his entire investment in a relatively short period of time. If the price of the underlying interest does not rise above (in the case of a call) or fall below (in the case of a put) the exercise price of the option plus premium and transaction costs during the life of the option, or by the specified date for exercise, the option may be of little or no value, and if allowed to expire, will be worthless.
2. The seller of a call who does not own the underlying interest is subject to a risk of loss should the price of the underlying interest increase. If the call is exercised and the seller is required to purchase the underlying interest at a market price above the exercise price in order to make delivery, he will suffer a loss.
3. The seller of a put who does not have a corresponding short position (that is, an obligation to deliver what he does not own) in the underlying interest will suffer a loss if the price of the underlying interest decreases below the exercise price, plus transaction costs minus the premium received. Under such circumstances, the seller of the put will be required to purchase the underlying interest at a price above the market price, with the result that any immediate sale will give rise to a loss.
4. The seller of a call who owns the underlying interest is subject to the full risk of his investment position should the market price of the underlying interest decline during the life of the call, or by the specified date for exercise, but will not share in any gain above the exercise price.
5. The seller of a put who has a corresponding short position in the underlying interest is subject to the full risk of his investment position should the market price of the underlying interest rise during the life of the put, or by the specified date for exercise, but will not share in any gain resulting from a decrease in price below the exercise price.
6. Transactions for certain options may be carried out in a foreign currency. Accordingly, purchasers and sellers of these options using Canadian dollars will be exposed to risks

from fluctuations in the foreign exchange market as well as to risks from fluctuations in the price of the underlying interest.

7. There is no assurance that a liquid market will exist for a particular option to permit an offsetting transaction. For example, there may be insufficient trading interest in the particular option; or trading halts, suspensions or other restrictions may be imposed on the option or the underlying interest; or some event may interrupt normal market operations; or a recognized market could for regulatory or other reasons decide or be compelled to discontinue or restrict trading in the option. In such circumstances, the purchaser of the option would only have the alternative of exercising his option in order to realize any profit, and the seller would be unable to terminate his obligation until the option expired or until he performed his obligation upon being assigned an exercise notice.
8. The seller of an American-style option has no control over when he might be assigned an exercise notice. He should assume that an exercise notice will be assigned to him in circumstances where the seller may incur a loss.
9. In unforeseen circumstances, there may be a shortage of underlying interests available for delivery upon exercise of actual delivery options, which could increase the cost of or make impossible the acquisition of the underlying interests and cause the clearing corporation to impose special exercise settlement procedures .
10. In addition to the risks described above which apply generally to the buying and selling of options, there are timing risks unique to options that are settled by the payment of cash .

The exercise of options settled in cash results in a cash payment from the seller to the purchaser based on the difference between the exercise price of the option and the settlement value. The settlement value is based on the value of the underlying interest at a specified point in time determined by the rules of the recognized market. This specified point in time could vary with the option.

For example, the specified point in time could be the time for establishing the closing value of the underlying interest on the day of exercise or in the case of some options based on a stock index the time for establishing the value of the underlying interest which is based on the opening prices of constituent stocks on the day following the last day of trading. Options for which the settlement value is based on opening prices may not, unless the applicable recognized market announces a rule change to the contrary, trade on that day.

The settlement value for options, futures contracts and futures options may not be calculated in the same manner even though each may be based on the same underlying interest.

Where the settlement value of a cash delivery option is determined after the exercise period, the purchaser who exercises such option will suffer from any unfavourable change in the value of the underlying interest from the time of his decision to exercise to the time settlement value is determined . With actual delivery options, this risk can be covered by a complementary transaction in the actual market for the underlying interest.

The seller of a cash delivery option is not informed that he has been assigned an exercise notice until the business day following exercise, at the earliest, and the seller will suffer from any unfavourable change in the value of the underlying interest from the time of determination of the settlement value to the time he learns that he has been assigned . Unlike the seller of an actual delivery option, the seller of a cash delivery option cannot satisfy his assignment obligations by delivery of the lower valued underlying interest, but must pay cash in an amount determined by the settlement value.

The type of risk discussed above makes spreads and other complex option strategies involving cash delivery options substantially more risky than similar strategies involving actual delivery options.

### **Tax consequences**

The income tax consequences of trading in options are dependent upon the nature of the business activities of the investor and the transaction in question . Investors are urged to consult their own professional advisers to determine the consequences applicable to their particular circumstances.

### **Additional Information**

Before buying or selling an option, you should discuss the following with your advisor, or where applicable, your dealer:

- Your investment needs and objectives
- Your willingness to take specific risks
- The specifications of options you may wish to trade
- Commission rates, margin requirements, and any other matters that concern you

Specifications for each option are available on request from your advisor or dealer, and from the recognized market on which the option is traded. If there is any difference in the interpretation between this document and the option specifications, the specifications will prevail.