

FULLY-PAID SECURITIES LENDING PROGRAM FOR RETAIL CLIENTS

Fully-Paid Securities Lending Program Enrollment Form

Accountholder Name(s): _____ (“you”) / RR Code: _____
 If either of the below accounts is a joint account, both joint accountholders must sign this form.

Client Account Root(s) Number* : _____

(each, a “Securities Account”)

* All accounts eligible for participation in the Program, regardless of currency (e.g. CDN or USD) (or if these accounts are closed, any successor accounts replacing them) under the same account root number (defined by the first six digits of the account number) will be your designated “source” Securities Accounts for the Program, as defined below, offered by Natcan Trust Company (“NTC”) through the National Bank Independent Network division of National Bank Financial Inc. (“NBIN”). If you wish to include other source accounts under different root numbers into the Program as well, you must fill out a separate Fully-Paid Securities Lending Program Enrollment Form for each account root number. Registered accounts are qualified for participation in the Program. If you wish to include any eligible account opened following enrollment for participation in the Program (associated with the same root number as indicated above), please contact your portfolio manager with [Insert PM Firm Name]. To exclude certain accounts under the root number indicated above or to exclude specific securities, please complete Appendix A below or to do so following enrollment, please contact your Portfolio Manager with [Insert PM Firm Name].

You have indicated to [INSERT PM FIRM NAME NAME] (your “Portfolio Manager”) your interest in participating in the Fully-Paid Securities Lending Program for Retail Clients (the “Program”) offered by NTC, an affiliate of National Bank Financial Inc. This form contains the essential appointments, authorizations, instructions, confirmations, acknowledgements and/or consents that you must provide in order to participate in the Program.

YOU MUST CAREFULLY READ EACH OF THE FOLLOWING SECTIONS, AND MAKE SURE YOU UNDERSTAND THEM BEFORE SIGNING THE ATTESTATION AT THE END OF THIS FORM.

1. **Personal and Account Information.** You confirm that you have communicated to your Portfolio Manager any material changes to your personal or account information with respect to the Securities Accounts listed above, including any changes that might be relevant in assessing your eligibility for the Program as of the date indicated below.
2. **Securities Available for Loan.** You hereby authorize your Portfolio Manager to provide standing instructions on your behalf, authorizing the loan of any securities made available to the Program in your Securities Account, subject to any exclusion instructions communicated by you in Appendix A of this form or via written instructions and issued through your Portfolio Manager at any other time (collectively, your “Standing Instructions”). You are required to keep your Portfolio Manager informed of the securities and specific accounts you want excluded (or re-included) from the Program as the composition of your account’s portfolio changes over time.
3. **Appointment of NTC as your Securities Lending Agent, Collateral Agent and Securities Intermediary for Collateral.** You hereby appoint NTC as your securities lending agent, collateral agent and securities intermediary for collateral delivered under the Program. You specifically direct and authorize NTC:
 - as securities intermediary: with respect to the collateral account you will open with NTC hereunder (your “Collateral Account”), to receive collateral upon initiation of a loan, hold, manage and control such collateral for your benefit throughout the loan, record your entitlements with respect to such collateral, and redeliver collateral upon termination of the loan; and
 - as securities lending agent and collateral agent: pursuant to the Standing Instructions you have issued through your Portfolio Manager, to arrange for the loan of securities made available in your Securities Account from time to time at NTC’s sole discretion, administer outstanding loans, recall loans, and manage collateral recorded in your Collateral Account.
 - For the sake of clarity, NTC’s authority and discretion is limited to its role as securities lending agent and collateral agent. You acknowledge that NTC is in no way acting in the capacity of a portfolio manager, nor providing advice as to the value of securities or as to the advisability of investing in, purchasing, selling or lending securities. You understand and acknowledge that NTC’s authority and discretion under the Program authorizes it to: (a) negotiate lending fees, and initiate or recall securities loans on your behalf; and (b) evaluate, maintain, manage and control collateral delivered in exchange for the loan of your securities, and exercise on your behalf your rights and obligations with respect to such collateral,

all in accordance with the Securities Lending Agency Agreement signed by your Portfolio Manager on your behalf (the “SLAA”) and the industry standard Global Master Securities Lending Agreement signed by NTC on your behalf (the “GMSLA”) governing your securities loans under the Program. Moreover, you specifically grant NTC the requisite authority to execute the GMSLA and any amendments thereto on your behalf. You acknowledge and agree that the GMSLA is binding upon both you and National Bank Financial Inc. (through its Capital Markets division) as the borrower of your loaned securities (the “Borrower”). Copies of the SLAA and GMSLA may be viewed by you at any time at [Agreement SLAA EN](#) and [GMSLA EN](#).

4. **Your Portfolio Manager's Discretionary Management Services and the SLAA.** Per the investment management agreement you have signed with your Portfolio Manager, you confirm that you have granted your Portfolio Manager discretionary trading authority to manage the investments held in your Securities Account, and hereby confirm that you wish your Portfolio Manager to also act on your behalf (pursuant to your Standing Instructions) with respect to all securities lending activities carried out through your Securities Account and Collateral Account. You specifically authorize your Portfolio Manager to: (a) execute the SLAA and any amendments thereto on your behalf and you agree to be bound by its terms and conditions; and (b) You further authorize your Portfolio Manager to provide (upon your instructions or prior approval (if applicable) all instructions, orders, notices, consents or confirmations in connection with the Program and in relation to your Securities Account and Collateral Account. You understand and acknowledge that your Portfolio Manager (not NBIN nor NTC) is responsible for ensuring your securities lending activities under the Program respect your investment policy statement, and are suitable for you based on your Portfolio Manager's know-your-client (KYC) and know-your-product (KYP) assessments, as well as your Portfolio Manager's knowledge of risks inherent to securities lending.
5. **Collateral Account.** You hereby authorize your Portfolio Manager to direct NTC to open a Collateral Account to record your interest in the collateral pledged to you by the sole borrower under the Program. You acknowledge, agree, and accept the following material terms and conditions with respect to your Collateral Account:
- If an Event of Default (as defined under the GMSLA) occurs with respect to the Borrower and you have outstanding securities loan transactions under the Program (as reflected in your account statement), NTC will exercise your rights and obligations with respect to the collateral in accordance with the terms of the GMSLA and SLAA. NTC will also exercise your rights and your obligations under the GMSLA should the Borrower decide to terminate and liquidate its loans with you due to an Event of Default occurring with respect to you; and
 - If you have any questions regarding your entitlements to collateral held by NTC and credited to your Collateral Account, you may contact your Portfolio Manager, who will contact NTC on your behalf. The collateral and the indemnity provided by NTC under the SLAA will be your only sources of protection with respect to securities loan transactions under the Program.
6. **FPL Client Reports and Communications.** You hereby authorize NBIN to receive (on your behalf) loan transaction confirmation reports issued by the Borrower ("**Confirmations**"), monthly lending activity and collateral reports issued by NTC ("**NTC Client Reports**"), and any other notices or communications issued by NTC which will be shared with you [through <<email or through MyPortfolio+ >> or any such other method as agreed between NBIN and your Portfolio Manager <<INSERT PM FIRM>>] (collectively, "**FPL Client Reports and Communications**"). A Confirmation report will be issued by the Borrower on any day on which one of the following activities has occurred with respect to your securities: loan initiation, lending fee rerate, loan recall or loan termination. Monthly NTC Client Reports will be issued by NTC providing information regarding your securities loan transactions during the month in question, including: (a) a summary of the value of all loaned securities and collateral held for your benefit as of the date of the report; (b) a summary of all gross and net revenues earned by you during that month, as well as any fees paid by you to NTC (and shared by NTC with your Portfolio Manager, if applicable) in connection with such loans; (c) a daily breakdown of all the information described at (b); and (d) a detailed list of all collateral credited to your Collateral Account as of the date of the report. NBIN will share these reports with you by <<email or through MyPortfolio+ >> or through any other method as agreed between NBIN and your Portfolio Manager <<INSERT PM FIRM>>.
7. **Consent to Electronic Delivery.** You hereby consent to the electronic delivery of all FPL Client Reports and Communications, and acknowledge that although you are entitled to revoke this consent at any time, such revocation may make you ineligible for the Program. You acknowledge that you are providing your consent to electronic delivery of FPL Client Reports and Communications even if you may not have consented to electronic delivery with respect to the account statements and other communications issued with respect to your source Securities Account.
8. **Agent Fees.** The Borrower will pay you lending fees in connection with loans of your securities (the "**Lending Fees**"). You acknowledge that you will pay to NTC fees (the "**Agent Fees**") equal to a fixed percentage (50%) of these Lending Fees on any loan of your securities, as compensation for its services to you as securities lending agent, collateral agent and securities intermediary for collateral. Out of these Agent Fees, NTC may share a percentage with your Portfolio Manager as compensation for your Portfolio Manager's responsibilities and the services it provides to you in connection with the Program. You will retain the full remaining balance (50%) of such Lending Fees. Lending Fees and Agent Fees will be credited to or debited from the Securities Account (including any Agent Fees shared with your Portfolio Manager) where the associated loaned securities originate. Such information will be provided in the account statements for your Securities Account, in your annual fees and compensation report, as well as the monthly NTC Client Reports your Portfolio Manager will deliver to you. Please contact your Portfolio Manager if you would like further details regarding the compensation it receives from NTC under the Program.
9. **Account Statements.** Securities on loan will be incorporated into the account statements for your Securities Account on a monthly basis and will also be provided to you on a daily basis via the Confirmations described above. Information regarding Lending Fees and Agent Fees credited or debited to/from your Securities Account during a month will be provided via your account statement for that month.
10. **Consent to Sharing of Information.** You hereby expressly consent to the collection, use and disclosure of your personal information and account information relating to your Securities Account and Collateral Account (collectively, your "**Information**") by and between your Portfolio Manager, NBIN, NTC and their respective affiliates or agents for the sole purposes of the services provided to you under the Program by each such party. This consent will remain valid for as long as you participate in the Program, but you may withdraw or restrict this consent at any time upon thirty (30) days' written notice to your Portfolio Manager. Your Portfolio Manager is responsible for notifying NTC on your behalf of the withdrawal or restriction of your consent. However, you acknowledge that such withdrawal or restriction may limit or preclude NTC's ability to provide their services under the Program.
11. **Withdrawal from the Program.** If you wish to withdraw your participation from the Program or if you wish to recall your loaned securities, you must notify your Portfolio Manager as soon as possible. Withdrawal requests must be communicated by your Portfolio Manager to NTC on your behalf at least fifteen (15) days prior to the date of your intended withdrawal from the Program. Upon receipt of your withdrawal or recall notice, NTC will initiate the process of recalling all outstanding loans entered into on your behalf with the Borrower. You acknowledge and agree that despite your

withdrawal from the Program, NTC may need to retain in their records or archives certain Information collected and used for the purposes of the Program, in order to comply with applicable regulatory and internal compliance record-keeping requirements and obligations.

- 12. **Independent Tax Advice.** You confirm that you have sought or will seek independent counsel regarding the tax consequences of participating in the Program. You acknowledge that neither your Portfolio Manager, NBIN nor NTC provide tax, legal or accounting advice, and that you solely are responsible for assessing the tax impacts of your participation in the Program.
- 13. **No CIPF Coverage.** You acknowledge that the Canadian Investor Protection Fund (“CIPF”) does not provide coverage with respect to securities loan transactions, and that your securities therefore will not be protected by CIPF while on loan. Your sole protection with respect to loaned securities will be your entitlements to the collateral held for your benefit by NTC as your agent and securities intermediary under the GMSLA, and NTC’s indemnity under the SLAA.
- 14. **SLAA and Information and Risk Disclosures.** You confirm that your Portfolio Manager has explained to you the risks inherent to securities lending and your rights and obligations under the SLAA; and that you have carefully read and understood the *Fully-Paid Securities Lending Package for Retail Clients* provided to you with this *Fully-Paid Securities Lending Program Enrollment Form*, and accept the risks disclosed in that document as well as all other risks inherent to securities lending as described to you by your Portfolio Manager. You further confirm that you have either read and understood the SLAA signed on your behalf by your Portfolio Manager or have been informed of your right to request a copy thereof and have waived that right. In either case, you hereby accept and agree to be bound by the terms and conditions of SLAA, a copy of which can be viewed by you at any time at [Agreement SLAA EN](#)

IN SIGNING BELOW, YOU ATTEST THAT YOU HAVE READ, UNDERSTOOD AND ACCEPTED EACH OF THE SECTIONS OF THIS FORM, AND CONFIRM YOUR PARTICIPATION IN THE PROGRAM.

YOU ALSO ATTEST THAT YOU ACCEPT ALL OF THE RISKS INHERENT TO SECURITIES LENDING AS DESCRIBED BY YOUR PORTFOLIO MANAGER, AS WELL AS IN AND IN THE FULLY-PAID SECURITIES LENDING PACKAGE FOR RETAIL CLIENTS.

| | |
|----------------------------------------------------------------|----------------------------------------------------------------|
| <hr/> Accountholder (or Authorized Representative) Name | <hr/> Accountholder (or Authorized Representative) Name |
| <hr/> Signature | <hr/> Signature |

For individuals: If any of the Securities Accounts designated in this form are joint accounts, both joint accountholders must sign this form.

For legal entities: If you are signing on behalf of a legal entity accountholder, you certify that you are a duly authorized representative of the Accountholder with respect to each of the appointments, authorizations, instructions, confirmations, acknowledgements and/or consents contained in this form.

Date

APPENDIX A

ACCOUNTS AND SECURITIES TO BE EXCLUDED FROM FULLY-PAID SECURITIES LENDING PROGRAM FOR RETAIL CLIENTS

| Account # | RESTRICT (YES) |
|-----------|----------------|
| | |
| | |
| | |
| | |

| Security Name | Symbol | Account # |
|---------------|--------|-----------|
| | | |
| | | |
| | | |
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**All security and account exclusions shall be effective within a reasonable delay but no later than 3 business days following receipt of this Appendix A.*

Dated as of: _____

Accountholder(s) or Authorized Representative *(If any of the Securities Accounts listed above are joint accounts, both joint accountholders must sign this Appendix A)*

Name: _____

Signature: _____

Name: _____

Signature: _____

FULLY-PAID SECURITIES LENDING PACKAGE FOR RETAIL CLIENTS

This package is divided into the following two parts:

- (1) Part I (“**Key Terms and Conditions of the GMSLA and SLAA**”) contains a description of some of the key terms and conditions of the *Securities Lending Agency Agreement* which your introducing broker or portfolio manager (as, applicable, your “**Manager**”) has signed on your behalf (the “**SLAA**”), as well as the Global Master Securities Lending Agreement or the “**GMSLA**” which Natcan Trust Company (“**NTC**”) has signed on behalf of all clients participating in the fully-paid securities lending program for retail clients (the “**Program**”); and
- (2) Part II (“**Risk Disclosures**”) explains some of the risks inherent to securities lending.

PART I: KEY TERMS AND CONDITIONS OF THE GMSLA AND SLAA

Further information about the Program is available in the form of frequently asked questions (“**FAQ**”) provided under the “**Frequently Asked Questions**” section of NBIN’s website. The FAQs explain securities lending in general and the key aspects of NTC’s program.

- **Securities Available for Loan and Restrictions.** Pursuant to the SLAA signed on your behalf by your Manager and the standing instructions you must provide in your *Fully-Paid Securities Lending Program Enrollment Form*, you authorize NTC to loan any fully-paid securities held in the eligible securities accounts under the same root account number you have enrolled in the Program (your “**Securities Account**”), subject to any specific restriction instructions regarding security and account exclusions stipulated in your *Fully-Paid Securities Lending Program Enrollment Form* or via written instructions from time to time. If allocated for a loan, the loaned securities will be removed from your Securities Account and delivered to the Capital Markets division of National Bank Financial Inc. (the “**Borrower**”).
- **Collateral.** NTC will only accept collateral that satisfies the requirements described in the SLAA, and will monitor the market value of the collateral on a daily basis in order to prevent collateral deficiencies. NTC will make collateral calls against the Borrower whenever required to satisfy any temporary shortfalls.
- **Lending Fees.** In exchange for the securities you lend, the Borrower will pay lending fees (the “**Lending Fees**”). Lending Fees offered by a securities borrower are typically a function of supply and demand. NTC will only accept loan opportunities and rerates of existing loans on your behalf if the Lending Fees offered by the Borrower correspond to a fair lending fee rate in the context of the market. However, NTC does not guarantee that you will obtain the highest possible lending fee available on the market. The securities lending market is an over-the-counter (OTC) market, and NTC has sole discretion to take into account factors such as prevailing market rates for loans of various sizes and durations, lending fee rates being offered to or accepted by the Borrower or its affiliates for identical securities, utilization rates and demand for the securities. NTC will endeavour in good faith to maximize your overall returns on loan opportunities allocated to you under the Program whenever exercising its discretion, which could in some circumstances mean prioritizing higher utilization rates or loan durations over higher lending fee rates in relation to your loan transaction. You generally have an opportunity to earn higher revenues when the loaned securities are or become “hard-to-borrow” (limited in supply relative to demand), while revenues will generally be lower when this is not the case. The Lending Fees paid by the Borrower may vary over the course of a loan as frequently as daily, since fees may be adjusted depending on market conditions such as the current market value of the loaned securities and current market lending fee rates. Lending Fees will be credited to your Securities Account(s).
- **Agent Fees and Manager Fees.** In exchange for its services to you as securities lending agent, collateral agent, and securities intermediary for collateral delivered under the Program, NTC will be entitled to receive from you fees (the “**Agent Fees**”) corresponding to a fixed percentage (50%) of the Lending Fees paid to you by the Borrower. Out of the Agent Fees, NTC may share a percentage with your Manager (as compensation for your Manager’s responsibilities and services provided to you under the Program). Such fee shall be disclosed to you by your Manager. If applicable, the specific percentage shared by NTC with your Manager may vary throughout a calendar year depending on the annual cumulative amount of Lending Fees paid by the Borrower in relation to loan transactions for which the Manager has provided its services. Please contact your Manager if you would like more details regarding this compensation arrangement. You will also be able to view the dollar value of amounts shared by NTC with your Manager in the monthly NTC Client Reports described below; and the dollar amounts of any Manager Fees will also be included in your annual fees and compensation report. Manager Fees have no impact on your net revenues earned on any loan of your securities since you will always retain a fixed percentage (50%) of the Lending Fees paid by the Borrower. Lending Fees and Agent Fees will accrue daily but will be credited or debited (as applicable) from your Securities Account on a monthly basis in arrears, during the following calendar month.
- **NTC Client Reports.** NTC will prepare and deliver to your Manager monthly reports (“**NTC Client Reports**”) providing information regarding each of your securities loan transactions during that month, including the quantity and market value of securities loaned, lending fee rates applied for each loan (including any rerates), Lending Fees accrued in connection with each loan (with a breakdown of all gross and net revenues earned by you during that month, dollar amounts paid by you to NTC as Agent Fees and dollar amounts shared by NTC with your Manager, if applicable), and the collateral held by NTC for your benefit with respect to such loans. Your Manager or NBIN will share these reports with you.
- **Distributions.** While your securities are on loan, you remain entitled to receive amounts equivalent to any interest, dividends and other distributions of any kind whatsoever received by the Borrower from the issuer of your loaned securities, subject to any applicable tax withholding or deductions. It is your sole responsibility to seek independent tax or legal advice as to the tax impacts of any amounts or securities received from the Borrower.

- **Voting and Dividend Reinvestment Plans.** While your securities are on loan, you will not be entitled to vote on such securities or participate in dividend reinvestment plans (each, a “DRIP”) offered by the issuer of such securities. However, while your securities are on loan, your Manager will continue to receive the same notifications it previously received regarding proxy votes and corporate events relating to such securities. Your Manager may recall loaned securities on your behalf for the purposes of exercising your voting rights by providing NTC with written notice ten (10) business days prior to the applicable record date. Your voting rights can only be exercised once the securities are credited back to your Securities Account. Similarly, your Manager must provide NTC with ten (10) business days’ prior notice if you intend to participate in a DRIP with respect to any securities on loan.
- **Loan Recalls and Sales.** Your Manager may recall or sell loaned securities on your behalf at any time and for any reason. If you or your Manager instructs NBIN to sell (or recall) loaned securities, the net sale proceeds (or for recalls, securities equivalent to your loaned securities, “Equivalent Securities”) will be credited to your Securities Account by the applicable settlement date. However, if you or your Manager decide to sell your loaned securities through a third-party executing broker, your Manager must first issue a formal recall notice to NTC, which NTC will promptly deliver to the Borrower. The Borrower alone bears the risks of any operational or administrative delays upon your sale (or recall) of loaned securities and is responsible for covering the costs and expenses of any buy-in executed by the purchaser of your securities. However, for recalls requested for the purposes of voting or DRIPs, the Borrower has until the expiration of the applicable ten (10) business day prior notification period to deliver your Equivalent Securities. .
- **NTC’s Immediate Recall of Loans.** In the event NTC becomes aware of a potential credit-related “Event of Default” by the Borrower under the terms of the GMSLA (such as an act of insolvency), NTC will promptly recall all of your outstanding loans. The Borrower will then be obligated to return Equivalent Securities to your Securities Account within the applicable standard settlement cycle. Upon the Borrower’s delivery of the Equivalent Securities, NTC shall return the corresponding Collateral to the Borrower.
- **Events of Default.** In the event the Borrower fails to deliver any Equivalent Securities owed to you upon NTC’s recall of your loans as described above, NTC may (if it believes it to be in your best interests) elect to treat this as an Event of Default by the Borrower. Please see the “Tax Impacts” risk disclosure regarding Dispositions for more information on this point. In these circumstances, NTC will liquidate the collateral pursuant to the GMSLA, purchase replacement securities on your behalf, and use these purchase costs to calculate a net balance owed between you and the Borrower. If the Borrower owes you a net balance (for example, if there was a collateral deficiency relative to the aggregate market value of the Equivalent Securities owed by the Borrower and any other amounts owed under the GMSLA), NTC will indemnify you by purchasing additional replacement securities to make you whole. If NTC cannot purchase replacement securities because the market for such securities has become illiquid, you will instead receive the liquidated collateral proceeds and a cash indemnity by NTC for any net balance owed by the Borrower.
- **Borrower’s Right to Liquidate Loans upon Your Default.** The Borrower shall be entitled to liquidate its securities loans with you if an “Event of Default” (as defined under the GMSLA) occurs with respect to you. An Event of Default includes, but is not limited to, acts of insolvency such as your making of a general assignment for the benefit of your creditors, or your inability or admission in writing of an inability to pay your debts as such debts become due.
- **Conflicts of Interest.** National Bank Financial Inc. (which is both the carrying broker or custodian of your Securities Account through its NBIN division, as well as the Borrower through its Capital Markets division, “NBF CM”) is an affiliate of NTC. NTC is responsible for ensuring that any Lending Fees or rerates accepted on your behalf correspond to a fair lending fee rate in the context of the agent lender market. However, NTC may not have access to the markets or borrowers offering the highest rates since NBF CM is the sole borrower as principal under the Program. Moreover, since NBF CM (and any affiliate to which NBF CM relends your securities) has access to other markets in which securities are typically loaned at higher rates than in the agent lender market, it will earn revenues when using securities borrowed from you for their own relending activities, short-selling activities or internal operations. This means that NTC’s affiliates, including but not limited to the Borrower, may directly or indirectly profit from the rates negotiated by NTC on your behalf under the Program. NTC manages these potential conflicts of interest in good faith by using its best efforts to maximize your overall returns on loan opportunities that have been allocated to you.
- **Your Manager and Questions or Complaints.** Your Manager is responsible for ensuring your securities lending activities under the Program are consistent with your investment objectives and suitable for you based on their know-your-client (KYC) and suitability assessments, as well as their knowledge of the risks inherent to securities lending. Your Manager is also responsible for conveying to NTC your instructions regarding your lending activities under the Program.

If you have any questions or complaints regarding any of your accounts under the Program and activity therein, they should be directed to your Manager. Your Manager will contact NBIN or NTC (as appropriate) on your behalf if necessary.

PART II : RISK DISCLOSURES

The following are the principal risks inherent to securities lending. Your Manager is responsible for understanding and explaining these and any other risks inherent to securities lending, so for more information, please contact your Manager.

No CIPF Coverage. The Canadian Investor Protection Fund (CIPF) does not provide coverage with respect to securities loan transactions. Your loaned securities shown as “on loan” in your Securities Account will not be protected by CIPF. Your sole protection with respect to loaned securities will be your entitlements to the collateral held for your benefit by NTC as your agent and securities intermediary under the GMSLA, and NTC’s indemnity under the SLAA.

Exposure to Market Price Changes. Although legal title to your securities is transferred to the Borrower once loaned, you retain certain economic rights of ownership, such as exposure to changes in the market price of the loaned security. In the long-term, this market exposure is the same as if you had never loaned the securities, since in either case your long-term equity position is subject to increase or decrease over time. However, in the context of your securities loans, a decrease in the market price of loaned securities entails a corresponding decrease in the amount of collateral held for your

benefit with respect to the loan since your collateral entitlements are a function of the loaned securities' current market value. Also, since lending fees are adjusted to the daily market value of securities loaned, market downturns may lead to lower lending revenues than initially anticipated.

Margin Accounts. If your Securities Account is a margin account, only excess margin securities that are also fully paid are eligible for loan under the Program. Securities on loan do not count towards the margin requirements applicable to your account.

Temporary Collateral Shortfalls and Collateral Restrictions. Due to fluctuations in the market value of loaned securities and operational limitations, there may be occasional temporary (intra-day) collateral shortfalls. However, in the event the aggregate market value of your loaned securities has increased overall during the day, additional collateral will be provided by the Borrower by the end of such day. In order to ensure NTC can properly manage the collateral on your behalf, your access to these assets may be limited, except as otherwise described in the "Events of Default" section in Part I of this package.

Tax Impacts. You are responsible for seeking tax advice from your own tax and legal advisors regarding all of the potential tax impacts of your participation in the Program. The following are a few of the issues you should enquire about:

- **Residence, Trusts and Registered Accounts.** You may not participate in the Program if you are a non-resident of Canada for the purposes of the *Income Tax Act (Canada)* (the "**Tax Act**"). Eligible trust and registered accounts are qualified for participation in the Program.
- **Dispositions.** Your loan of securities to the Borrower (and the Borrower's return of Equivalent Securities upon recall or termination of your loan) should not be treated as a disposition of the loaned securities, and you should be considered to have continued owning such loaned securities for purposes of the Tax Act. Where the Borrower fails to deliver Equivalent Securities, you may be considered to have disposed of the loaned securities for proceeds equal to the fair market value of any other property received. For example, if an Event of Default occurs with respect to the Borrower, you may be considered to have disposed of the loaned securities for proceeds equal to the proceeds from the liquidation of the collateral and any amounts received under the NTC Indemnity. A deemed disposition could have negative tax implications (for example, you may be treated as having experienced a capital gain).
- **Distributions and Compensation Payments:** Amounts received by you from the Borrower as compensation for taxable dividends on loaned stocks of Canadian issuers should generally be treated as taxable dividends on such stocks for the purposes of the Tax Act, subject to the applicable detailed rules and limitations. Amounts received by you from the Borrower as compensation for distributions on loaned trust units should generally be treated as a distribution from the trust having the same character as if you continued to hold the units of the trust. Amounts received by you from the Borrower as compensation for distributions on other loaned securities should generally be treated as interest for the purposes of the Tax Act. However, where the loaned securities are stocks of foreign issuers (including U.S. issuers), there may be adverse tax consequences to you as compared to if you had not loaned the securities. NBF may be required to withhold foreign taxes with respect to compensation received from the Borrower for taxable dividends on stocks of foreign issuers. Furthermore, you will likely not be entitled to any foreign tax credit under the Tax Act in respect of either (a) any withholdings made by NBF, or (b) in respect of any foreign taxes withheld on distributions on the loaned securities (such foreign tax credit which might otherwise have been available to you had you not loaned the securities).
- **Lending Fees:** You will need to include the full amount of Lending Fees paid by the Borrower when computing your income for a taxation year. However, you should be entitled to deduct any Agent Fees paid by you to NTC (including any amounts NTC shares with your Manager) when computing your income since these constitute fees that are incurred by you to earn income in connection with your securities loans.

Securities Loans and Short Sales. It is likely that your loaned securities will be used to facilitate short selling. These activities may exert downward pressure on the price of your loaned securities. If you do not want certain of your securities to be used to support short-selling activities, you should exclude them from the Program when filling out your *Fully-Paid Securities Lending Program Enrollment Form*, or via written instructions issued through your Manager to NTC at any other time.

No Guarantee That Your Securities Will Be Loaned. NTC does not guarantee that the securities in your Securities Account will actually be loaned out. Lending opportunities will vary, and NTC acts as securities lending agent for other lenders who may hold securities identical to yours. NTC makes every effort to be fair and balanced, but is not required to put your lending interests above those of other lenders, and may choose at its sole discretion if and when to use your securities for any loan opportunities.

Waiver of Voting Rights. Although you must waive your voting rights with respect to securities on loan, your Manager may recall loaned securities on your behalf in accordance with the SLAA (at least ten (10) business days prior to the applicable record date) in order to exercise such voting rights. If you or your Manager elects not to do so, any person to whom the Borrower has loaned your securities may exercise such voting rights as they see fit and may vote in a manner that is contrary to your preferences or interests. Moreover, as the lender of securities, you will also need to assess the implications of any insider or early warning requirements that may be triggered under applicable securities laws.