

SECTION 2 REGISTRATION REQUIREMENTS

Altimum Mutuals Inc. will not accept any business from any person who is not registered through Altimum Mutuals Inc. and will not accept any business from Approved Persons who may be applying for registration with Altimum Mutuals Inc. until such registration is approved by the applicable regulatory body. Altimum Mutuals Inc. will not pay commissions to unregistered individuals.

Registration and Renewal of Registration

To ensure that the registration and renewal of registration requirements of the regulator are complied with, the Chief Compliance Officer maintains the following information and forms:

1. The identity of the designated compliance officer.
2. The identity of all trading and non-trading officers and directors.
3. The identity of all registered individuals.
4. All relevant registration forms.
5. Initial registration and registration renewal procedures.
6. Altimum's registration renewal date.
7. Changes to registration information (i.e. address, name, positions).

Training and New Recruits

MFDA rule 1.2.1(c) requires that upon commencement of trading or dealing in securities, Approved Persons shall complete a training program within 90 days of such commencement and a concurrent six-month supervision period.

The Chief Compliance Officer will ensure that all registered employees receive a copy of the appropriate registration requirements, and the Chief Compliance Officer will ensure that each registered employee receives appropriate training when he or she commences employment. However, Altimum Mutuals Inc. does not hire and train individuals who have not already worked in the industry and who have not already completed the mandatory 90-day training program provided by IFIC under the supervision of another dealer. Approved Persons who are transferring from another dealer to Altimum must provide proof of completion of the training program from IFIC.

For new recruits the Chief Compliance Officer will interview the Approved Persons to understand their leveraging philosophy and practices and will review their book to identify any potential leveraging suitability concerns. In that interview the Chief Compliance Officer shall give approved recruits a list of requirements for transfer of their license to Altimum, including those items listed on the following page.

Altimum must receive:

- NRD number of new recruit if applicable
- Notification of New Approved Person page with contact information, SIN number, credentials, etc.
- Anti-money laundering training and examination
- Proof of passing IFIC or Canadian Securities Course
- Proof of passing other credentials (CFP)
- Proof of IFIC 90-day training completed if necessary
- Letter to Chief Compliance Officer with disclosure of and seeking approval of outside business activities
- Signed Agent Agreement and contract as specified by MFDA Rule 1.1.5
- Signed copy of Schedule A of contract, specifying commission rate
- Signed copy of Agreement of Approved Person (MFDA Schedule G)
- Copy of Letters of Incorporation if applicable
- Signed MFDA schedule A regarding commissions to be paid to corporation, if applicable
- Letter that recruit is aware of any overrides being paid
- List of leveraged accounts, amounts, etc. on the books for review by Chief Compliance Officer
- List of specific Linked Notes or Labour Sponsored Funds on the books for review by Chief Compliance Officer
- Copy of Life License if so licensed
- Evidence of E&O insurance if life licensed
- Provision of Compliance Manual acknowledgement and receipt document
- Signed Financial Planning disclosure
- Signed Cold Calling disclosure
- Sample void cheque for commission deposits
- Photo and contact information for the Altimum website
- E-mail forwarding information regarding Altimum e-mail

Altimum must go over these items with the new recruit:

- Direction regarding how overrides will be disclosed and paid
- Review of trading procedures including MRS Trust and other intermediaries
- Demonstration of access to Compliance Manual
- Letter from Chief Compliance Officer approving Outside Business Activities
- List of Head Office responsibilities
- Sign for the office
- Review of leverage policy
- Compliance Desk Audit signed by new recruit and initialed on each page.

Review of policies regarding client communications and advertising including websites, newsletters, seminars and correspondence.
Review of policies regarding Trade Names
Review of policies regarding retention of records, assistants, and sub-office requirements
Recruit's website must be down pending approval
Recruit's website must be made password protected.
Recruit's website content must be changed as necessary and approved page by page with disclaimers on each page
Review of Account transfer procedure and forms
Review access to system and how to create client accounts
Review client access fees for clients to view their accounts on-line

Altimum must complete this administration regarding the new recruit

NRD input regarding new recruit
Notify MFDA of new Approved Person
Advise bonding company of new Approved Person
Order business cards and distribute to recruit
Create letterhead and distribute to recruit
Register Trade Name if one is being used
Notify MFDA of use of Trade Name if necessary
Set up commissions on the system
Review and approval (or not) of any existing leverage on the books.
Review and approval (or not) of existing Linked Notes or Labour Sponsored Funds on the books
Set up new Approved Person on Fundcom to notify fund groups
Set up Manulife One referral arrangement if required

During the training sessions for new recruits and for registered employees, and on an on-going basis, the Chief Compliance Officer will ensure that all are aware that no trading is carried out for clients prior to a registration, subsequent to a deregistration, or in the absence of appropriate registration.

The Chief Compliance Officer is fully aware of the status of the registrations of Altimum's employees and their educational status on an on-going basis.

Altimum maintains copies of all relevant initial registration and renewal of registration documents as back up for all existing registrations.

Application for Renewal

The Chief Compliance Officer will ensure that a completed renewal application package is filed with the Regulator annually within the required time frame prior to Altimum's registration renewal date, and will ensure that all required, fully-executed documents for

registration renewal are contained therein, including appropriate fees. The Chief Compliance Officer reviews and approves all regulatory initial registration and registration renewal documents prior to filing such documents with the Regulator, and evidences her review and approval by initialling Altimum's copies of such documents that are kept in Altimum's files.

Altimum will maintain an updated list of registration filing timelines, and the Compliance Officer will periodically review such list to ensure accuracy of timelines.

For further information refer to MFDA Policy No. 1.

MFDA Member Regulation Notices

Member Regulation Notices and Bulletins that are posted on a regular basis on the MFDA site are summarized and posted on the Altimum Mutuals system website for the convenience of Approved Persons.

They can be found under 'Compliance Notices' in the back office system.

It is the responsibility of each Approved Person to have read and be aware of the rules and regulations of the MFDA and the Securities Commission.

It is the responsibility of Altimum Mutuals Inc. to notify its Approved Persons of all regulatory changes affecting them immediately upon Altimum Mutuals Inc. having received any such changes from the regulatory body. Any such changes or amendments shall be posted on the Altimum website and/or mailed to the Approved Persons with a covering letter asking for their signature acknowledging receipt of same to be returned to Altimum and that letter will be held in the individual Approved Person's file at Head Office. In addition Altimum has made this Compliance Manual available for Approved Persons to refer to and has required their signature for the file confirming that they have read and understood the manual.

Approved Person Reporting Requirements

Approved Person Reporting Requirements Regarding MFDA Policy 6

As per MFDA Policy #6 Approved Persons are required shall report the following events to Altimum in as much detail as possible within two (2) business days:

- a) The Approved Person is subject of a complaint in writing;
- b) The Approved Person is aware of a complaint from any person, whether in writing or any other form, and with respect to him or herself, or any other Approved Person, involving allegations of:
 - i) Theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading; or

- ii) A breach of client confidentiality,
 - iii) Engaging in securities related business outside of Altimum
 - iv) Engaging in an undeclared occupation outside of Altimum
 - v) Personal financial dealings with a client
- c) Whenever the Approved Person has reason to believe that he or she has or may have contravened, or is named as a defendant or respondent in any proceeding, in any jurisdiction, alleging the contravention of:
 - i) Any securities law; or
 - ii) Any regulatory requirements.
- d) The Approved Person is charged with, convicted of, pleads guilty or no contest to, any criminal offence, in any jurisdiction;
- e) The Approved Person is named as a defendant in a civil claim, in any jurisdiction, relating to the handling of client accounts or trading or advising in securities;
- f) The approved Person is denied registration or a license that allows the Approved Person to deal with the public in any capacity by any regulatory body, or has such registration or license cancelled, suspended or terminated, or made subject to terms and conditions;
- g) The Approved Person becomes bankrupt or suspends payment of debts generally or makes an arrangement with creditors or makes an assignment or is declared insolvent;
- h) The Approved Person becomes a partner or major shareholder of any firm whose business relates to trading in or advising in securities
- h) There are garnishments or rendered against the Approve Person in any civil court in Canada.

If you are contacted by a regulator or have received a client complaint as noted above, you must report this immediately to the Altimum Chief Compliance Officer. If in doubt, call anyway. If the complaint is verbal, document your conversation with the client including time and date. A copy of the Client Complaint Form must be sent to the client.

Any changes to an Approved Person's registration information must be reported to Altimum's Head Office immediately.

These include:

- Change of Name, including trade names, or legal name
- Change in home address and/or home telephone number;
- Change in business address, business telephone and/or fax numbers;
- Change in personal status, including citizenship or marital status;
- Change in proficiency or industry designations;
- Change in registration or licensing, including refusal, suspension, cancellation or disciplinary measures, violation of regulations, and any actions taken against an Approved Person by non-securities regulators, such as insurance regulators;
- Criminal charges or offences under the law;
- Civil Proceedings such as a lawsuit being filed against an approved

person, other legal proceedings, regulatory proceedings, arbitrations, contraventions and potential contraventions of legal and regulatory requirements;

Bankruptcy or insolvency of an Approved Person;

Judgment, garnishment or credit proceedings including a requirement to pay against an Approved Person and related events;

Outside business activities including, but not limited to, self-employment, officer and director positions of your own firm or partnership for business activities (e.g. insurance, financial planning) and other securities or non-securities-related business or employment activities, regardless of whether the Approved Person receives compensation for the activity.

Complaints from, settlements with and compensation paid to clients;

Medical leave, maternity leave and extended leave, to ensure your clients can be serviced as necessary.

Bankruptcy

The NRD registration for mutual fund salespeople has a section on Bankruptcy that asks certain questions regarding bankruptcy. Either you answered it as a “yes” or provided supporting documentation or you answered it with a “no”. However, if since the time of being registered you find yourself having to declare bankruptcy, the following is a guideline as to what is expected of you.

Firstly, you must report the personal bankruptcy to either the Mutual Funds Branch Manager or the Provincial Trading Officer, and to the Head Office Chief Compliance Officer. The Chief Compliance Officer will request you to provide certain information for submission to the regulator. Please note that while personal bankruptcy is a consideration in continuing your registration, it is important to note that declaring bankruptcy does not mean immediate termination of registration.

Each situation will be reviewed and assessed on its merits by a securities regulator (or the MFDA). The fact of personal bankruptcy will not, of itself, call for cancellation of the mutual fund registration. It is likely to raise questions as to fitness for continued registration.

The securities regulators emphasize that it is a primary responsibility of the sponsoring dealer, Altimum Mutuals, to ensure that the bankrupt’s financial situation does not affect his or her dealings with investors. Sometimes, the regulators will request that a supervision report be filed with them on a quarterly basis.

Any bankruptcy becomes a compliance issue and must be catalogued, monitored and reported to certain individuals which include, but are not restricted to, the Mutual Funds Branch Manager, the Provincial Trading Officer, the Chief Compliance Officer, other officers of Altimum Mutuals Inc. and the securities regulators and the MFDA.

Discharge of Bankruptcy

Once you have discharged the bankruptcy, provide a copy of the Discharge of Bankruptcy to the Chief Compliance Officer who will update the securities regulators or MFDA.

Failure to Report Changes of Registration Information

Provincial Securities Regulators may levy late filing penalties when the above changes are not submitted to them within 5 business days of the occurrence of the change. The penalties are \$100 per business day for each late submission, subject to a maximum of \$5,000 in total charges in each calendar year.

Changes should be reported to Altimum promptly, by way of e-mail or fax to the Chief Compliance Officer. If the Approved Person is not certain if changes should be reported, or whether changes may have already been reported, it is important for the Approved Person to immediately verify that with the Chief Compliance Officer.

Altimum will charge back to the advisor any late filing penalties resulting from a failure by the advisor to provide timely notice of changes to their registration information.

Altimum Reporting Requirements

Changes in Registration Information to be Reported by Altimum on the NRD

The Chief Compliance Officer is to keep up-to-date on an ongoing basis by communicating with the Registration Section of the Regulator and NRD on registration requirements and any changes to the legislation, in order to ensure that all registration information and documents are up to date and complete.

The Chief Compliance Officer will ensure that all changes are filed with the Regulators on the National Registration Database (NRD) within five business days of the event, in accordance with Multilateral Instrument 33-109 – Registration Information of the Consolidated Ontario Securities Act, Regulations and Rules.

Events to be Reported by Altimum to the MFDA

Within 5 business days of the event, the Chief Compliance Officer will notify the MFDA of, and post on the National Registration Database (NRD) as required:

1. Any change in the company's legal name, registration, licensing or business activities and jurisdictions in which dealer business is conducted
2. Any change in the names under which Altimum carries on business, including trade or style names

3. Any change in the company's contact information, address for service in the province or any business address.
4. Any change in the directors or officers of Altimum and, in the case of resignation, dismissal, severance or termination of employment or office, the reason therefor.
5. Any change in the holders of the voting securities of Altimum.
6. The commencement and termination of employment of every registered Approved Person and, in the case of termination of employment, the reason therefor.
7. Any change to the information on each individual, including the reporting of approved Outside Business Activities.
8. Any change in trade, business or style names, other than that of Altimum, used by Approved Persons. The name of the Approved Person, the trade or business name that the Approved Person is using, and the Approved Person's branch location must be provided.

Altimum must also report the following events to the MFDA, through an electronic reporting system provided by the MFDA called METS. They must be reported within five (5) business days of the occurrence of the event, with the exception of events in item a), which must be reported within 20 business days.

- a) All client complaints in writing, against Altimum or a current or former Approved Person, relating to member business, except service complaints;
- b) Whenever Altimum is aware, through a written or verbal complaint or otherwise, that Altimum or any current or former approved Person has or may have contravened any law or regulatory requirement, relating to:
 - i) Theft, fraud, misappropriation, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading;
 - ii) A breach of client confidentiality;
 - iii) Engaging in securities related business outside of the Member;
 - iv) Engaging in an undeclared occupation outside the Member; or
 - v) Personal financial dealings with a client.
- c) Whenever the Member, or current or former approved Person is:
 - i) Charged with, convicted of, pleads guilty or no contest to, any criminal offence, in any jurisdiction;
 - ii) Named as a defendant or respondent in, or is subject of, any proceeding or disciplinary action, in any jurisdiction, alleging contravention of any securities law;
 - iii) Named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action, in any jurisdiction, alleging contravention of regulatory requirements;
 - iv) Denied registration or a license that allows a person to deal with the public in any capacity by any regulatory body, or has such registration or license cancelled, suspended or terminated, or made subject to terms and conditions;

- v) Named as defendant in a civil claim, in any jurisdiction, relating to handling of client accounts or trading or advising in securities.
- d) Whenever an Approved Person becomes bankrupt or suspends payment of debts generally or makes an arrangement with creditors or makes an assignment or is deemed insolvent;
- e) There are garnishments outstanding or rendered against the Member or an Approved Person.

Reporting of Updates or Resolution of Events

Altimum will update event reports previously reports to reflect updates to, or the resolution of any event that has been reported within 5 business days of the occurrence of the update or resolution and such update or resolution shall include but not be limited to:

- a) Any judgments, awards, arbitration awards or orders and settlements in any jurisdiction;
- b) Compensation paid to clients directly or indirectly, or any benefit received by clients from Altimum or any Approved Person directly or indirectly;
- c) Any internal disciplinary action or sanction against an Approved Person;
- d) The termination of an Approved Person;
- e) The results of any internal investigation concluded.

Other Events to be Reported

For matters that are not the subject of an event report outlined above, the regulations require Altimum to report to the MFDA:

- 1) Whenever Altimum has initiated disciplinary action that involves suspension, demotion, or the imposition of increased supervision of an Approved Person,
- 2) Whenever Altimum has initiated disciplinary action that involves the imposition of a financial penalty upon an Approved Person in excess of \$1000. The withholding of commissions to repay trading errors and the like will not be included in this calculation even if they are over \$1000 because they are not a penalty, but if the withholding of commissions is in order to pay a penalty and is greater than \$1000 it will be reported,
- 3) Whenever an Approved Person's contract is terminated for cause, when so reported on the Notice of Termination filed with the Securities Commission, or if the Notice of Termination discloses information regarding internal discipline matters or restrictions for violations of regulatory requirements,
- 4) Whenever Altimum or an Approved Person has paid compensation to a client either directly or indirectly in an amount exceeding \$15,000.

Policies and Procedures Regarding Reporting Requirements

The Chief Compliance Officer will complete a checklist of all registration documents and information to be filed with the Regulator and the National Registration Database (NRD) to ensure completeness of filing requirements. The Chief Compliance Officer will review such checklists prior to filing documents with the Regulator and NRD, and will initial such checklists to evidence review and approval.

When Altimum receives requests for registration information from the Regulator the Compliance Officer will compare the information submitted by the Regulator to the information which Altimum maintains to ensure consistency and accuracy.

The Chief Compliance Officer shall maintain files with copies of all registration-related correspondence with the applicable regulators, including copies of all correspondence updating the lists of Approved Persons and registered officers. This includes the Approved Person's application for permission regarding an Outside Business Activity and the Chief Compliance Officer's approval thereof. Altimum will complete a checklist of all registration documents/information filed with the Regulator and NRD to ensure completeness of filing requirements.

Updating Sub-branch and Approved Person Information

Altimum will ensure that all above information is kept up to date and when any changes to registrations occur, will ensure that such changes are communicated to the regulator, the MFDA, and, where such changes relate to registered and non-registered individuals, that such information is submitted through the National Registration Database System (NRD) within the required time frame. (See Changes in Registration Information)

On a quarterly basis, the Chief Compliance Officer shall reconcile the Approved Persons registration information and the Branch and Sub-branch registration information on the NRD to Altimum's records and will maintain a signed, dated record of the review. The Chief Compliance Officer will review Branch/Sub-branch Audit responses from the Approved Persons for information provided in those interviews that must be reported, including changes in the credentials or circumstances of the Approved Persons or Outside Business Activities or trade names that they might have reported as a result of the audit inquiry process. The Chief Compliance Officer shall also reconcile branch and sub-branch registration information on the NRD to the Member's records each year at renewal time.

Capital Requirements

Maintaining Minimum Capital

The Chief Compliance Officer will see that the MFDA Financial Questionnaire is prepared monthly and will review all statements and account reconciliations on a monthly basis and evidence approval of her review by initialing or signing the documents. The preparer shall also sign and initial the documents.

Under the MFDA rules, the calculation of minimum working capital is based on Risk Adjusted Capital (RAC). Altimum must maintain at all times, RAC in an amount not less than zero, and, as a Level 2 Dealer (one that does not hold client cash, securities or other property), Altimum is aware that it must maintain a minimum level of capital of \$50,000 plus the insurance deductible amount at all times. If at any time the RAC is, to the knowledge of Altimum or the Chief Compliance Officer, less than zero, Altimum or the Chief Compliance Officer will immediately notify the MFDA, and inform the MFDA of the action that has been taken, or will be taken, to correct such situations.

Altimum will also follow similar procedures to notify the OSC of any capital deficiencies, and advise them of the action that has been taken, or will be taken, to correct such situations.

The Chief Compliance Officer will monitor RAC and minimum capital levels on an ongoing basis and will take appropriate action when Altimum is operating close to warning levels.

Altimum or the Chief Compliance Officer will take immediate, appropriate action to deal with low capital level situations, which may include meetings and discussions with Altimum's External Auditor and Altimum's Board of Directors in order to eliminate any close warning levels.

Altimum is registered only in Ontario, and is therefore subject to the minimum capital requirements of Ontario only.

Altimum is also aware that the RAC calculation is prepared using Form 1 - MFDA Financial Questionnaire and Report. The Financial Questionnaire and Report will be audited annually by Altimum's External Auditor, Thomas Galbraith, Chartered Accountant, and filed by the auditor with the MFDA within 90 days of the date as of which such Report is required to be prepared. Altimum's Auditor shall also prepare audited financial statements. These statements are also to be filed with the OSC within 90 days of Altimum's fiscal year end.

Monthly Capital Calculations

Under the MFDA rules, Altimum and/or the Chief Compliance Officer are aware that Altimum must prepare monthly capital calculations electronically using the Monthly Financial Report. Altimum also prepares and maintains monthly capital calculations as required by the OSC (Section 113(3)10 of the Regulation to the Ontario Securities Act).

Altimum will prepare the Monthly Financial Reports which will be reviewed by Altimum's External Auditor or the Chief Compliance Officer, with the appropriate parties signing off as preparing and reviewing the reports. The monthly financial reports will be filed with the MFDA within 20 business days of the month's end.

Altimum will maintain copies of the annual, audited Financial Questionnaire and Report, and also copies of the monthly reports filed with the MFDA.

Reconciliation of Dealer Trust Account

Altimum does not maintain a Client Trust Account, since Altimum's policy is that all clients must make their cheques for the purchase of mutual fund securities payable directly to the Mutual Fund Company or the respective Trust Company.

As a result of not maintaining a Client Trust Account, the requirement for the Dealer to track interest earned on its trust account and pay such interest to the respective fund companies, pro rata, on a monthly basis, does not apply to Altimum.

Late Filing Fees

Altimum ensures that it prepares and files compliance reports with the MFDA. Altimum ensures that such compliance reports are filed within the required time. The monthly financial reports are due 20 business days after the end of the previous month and the financial audit is due 90 calendar days after the end of its fiscal year. Altimum and the Chief Compliance Officer are aware that a late filing fee will be levied by the MFDA if the required reports, forms, financial information or other information required by the Rules are not filed within the prescribed time frames.

Segregation of Client Property

Altimum does not hold any cash, securities or other property of its clients, and therefore segregation of client property rules are not currently applicable. If this situation changes, and Altimum takes possession of clients' cash, securities and other property in the future, Altimum and/or the Chief Compliance Officer will ensure that Altimum's Level of Dealership is changed for capital purposes, and that mutual fund client money is segregated in the designated trust bank account at all times, and not co-mingled with other non-mutual fund money.

Reconciliation of Client Holdings

Altimum does not maintain nominee accounts. All accounts are held in client name only. Altimum completes account reconciliations of all client positions held electronically monthly. Altimum will reconcile all such client name accounts against fund group records basis and shall retain copies of such reconciliations for a period of not less than seven years.

The person who brings in the electronic files is different from the person who makes error corrections.

The process is electronically recorded.

These electronic records are kept for a minimum of seven years.

Off book holdings that appear on Account Summaries shall also be reconciled before such reports are sent to clients. Off-book holdings do not appear on Financial Statements of Account, which are sent annually and include transaction reporting as required by the regulations.

Reconciliation of Bank Accounts

All Altimum cheques require two signatures. The bank has a list of those authorized to sign cheques.

Altimum reconciles its account records against its bank statements monthly. The individual who reconciles the bank records is not the individual who deposits funds to Altimum's bank accounts. Such records are kept for a period of at least seven years. The Chief Compliance Officer will sign the monthly account reconciliations which are prepared by the Chief Executive Officer or his delegate. The Chief Compliance Officer shall use her compliance stamp and date the signature when doing so. The Chief Executive Officer shall sign and date as evidence of approval as well.

Legislative Reference: Rule 2.5.4 and Rule 5.6