

SECTION 20 OUT OF PROVINCE CLIENTS

Mobility Provisions of NI31-103

MFDA By-laws and Rules require individuals to be registered and in compliance with securities legislation.

There are new client mobility provisions contained in NI 31-103. Sections 2.2 and 8.30 of NI 31-103 allow an Approved Person and a Member, respectively, to maintain "eligible clients" (as defined in the instrument) in each jurisdiction without requiring registration in the jurisdiction subject to conditions.

An Approved Person is allowed up to 5 eligible clients and a Member is allowed up to a total of 10 eligible clients in each jurisdiction.

In order to rely on the exemption, Altimum Mutuals Inc. and its Approved Persons will not act beyond the scope of their registration in their principal jurisdiction (for example, acting as an adviser for discretionary managed accounts) and will be in compliance with their regulatory obligations to clients (for example, Financial Needs Analysis and Asset Allocation Survey (Analysis of Investment Suitability), suitability and client reporting obligations).

Policies and Procedures regarding Out of Province Clients

Altimum requires its Approved Persons to inform it of any out-of-province clients that they may be servicing. Altimum also checks client statements when mailing them to ensure that it is aware of any that are being mailed to clients out of the province. It also makes inquiries and inspections regarding out-of-province clients when performing audits of its Approved Persons.

Altimum will take appropriate action where clients move to jurisdictions where Altimum Mutuals Inc. or its Approved Persons are not registered.

When a client moves to a jurisdiction where Altimum or the Approved Person is not registered we will make every effort to contact the client by all reasonable methods.

Before acting for the eligible client, Altimum Mutuals through its Approved Person will advise the client in writing, using the client's last known address, that it is exempt from registration in the relevant jurisdiction and is not subject to requirements applicable under local securities legislation.

Altimum Mutuals Inc. will also submit a completed form 31-103F3 Use of Mobility Exemption to the local jurisdiction as soon as possible after relying on the exemption.

Altimum Mutuals will not open new accounts in jurisdictions where the conditions of the exemption cannot be satisfied or where the exemption is not relied on.

Where Altimum Mutuals does not rely on the exemption or if the exemption conditions cannot be met (for example where the Member or Approved Person has exceeded the eligible client limits), Altimum Mutuals will:

- Freeze accounts in the relevant jurisdiction where Altimum is not registered from further purchase or switch transactions (except for transactions made pursuant to an automatic contractual plan); and either:
 1. Immediately advise the client in writing that:
 - a) Altimum is not registered in the jurisdiction;
 - b) Altimum is not able to process further purchase or switch transactions for the account; and
 - c) The client must transfer his or her account to another dealer;

OR

2. Immediately apply for registration in the relevant jurisdiction.

Refer to MFDA Member regulation Notice MR-0028 and MR-0046 and Registration Related Exemptions in NI 31-103

Snowbirds and Cross Border Trading Rules

On June 7, 2000, new rules were approved by the Securities and Exchange Commission ("SEC") (www.sec.gov) in the U.S. to alleviate a frustrating dilemma for hundreds of thousands of Canadians with registered savings plans who now reside in the U.S. These rules allow Canadians to actively trade in their registered accounts as long as the applicable state legislation also allows this practice.

This provides relief to Canadians residing in the U.S. from applicable parts of the current laws so that they can manage their retirement accounts.

Canadians who have maintained their Canadian pensions or retirement accounts, particularly RRSP's and RRIF's, and who live half the year down in the U.S. but still have a residence in Canada do not have to physically come to Canada to make transactions.

Each U.S. state must have a corresponding rule. Some states have in place legislative exemptions that will allow Canadian broker/dealers or agents to transact business with their Canadian clients residing in the states. This list is set out in the section entitled "Exemption Status", below.

In order for Altimum Mutuals Inc. and its Approved Persons to service their Canadian clients residing in the US must adhere to five conditions which are summarized as follows. We:

1. Will not advertise
2. Will disclose
3. Will not solicit
4. Will have a bona-fide pre-existing business relationship
5. Will provide information.

Exemption Status

The following sets out the most recent list available to us of the states that have legislative exemptions in place allowing Canadian Broker and Dealers or agents to transact business with their Canadian clients.

Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Indiana, Iowa, Maine, Massachusetts, Michigan, New Hampshire, Nevada, New Jersey, New Mexico, New York, North Dakota, Pennsylvania, Rhode Island, South Carolina, Utah, Washington, Wyoming.

Reference: www.ific.ca -English -Regulation & Committees -enter public area
-(Cross Border (Canada-U.S.) Trading Issues

Trading Outside of Canada and the United States

If an Approved Person wishes to place a trade for a client who resides outside of Canada, the Chief Compliance Officer will first check the registration requirements of the other country or jurisdiction in which Altimum and its Approved Person wish to trade to determine whether registration is required in that country. Altimum is aware of certain "open" countries in which registration is not required.