

SECTION 8 DUAL OCCUPATIONS AND OUTSIDE EMPLOYMENT

“Dual Occupation” is defined as a remunerated or fee-for-service activity undertaken by an Approved Person acting as an employee, a principal, or an agent other than in the normal course of business of the member, where a client might have a perception that the Approved Person was acting on behalf of the member.

Activities undertaken with a mortgage broker’s license, or with a life insurance license, including activities undertaken for Altimum Insurance Agency Ltd., (which is a separate entity from Altimum Mutuals Inc.) would be an example of “dual occupation.”

“Outside Employment” is defined as any remunerated or fee-for-service activity undertaken by an Approved Person acting as an employee, a principal, or an agent other than in the normal course of business of Altimum Mutuals Inc. where the client would not likely have a perception that the Approved Person was acting on behalf of the member. Income tax return preparation or accounting services or any other employment in a role other than that of a mutual fund advisor would be examples of “outside employment.”

Altimum Mutuals Inc. does not assume responsibility and liability for any and all business undertaken by our Approved Persons that is considered “outside employment”.

Reference to “outside business activities” means business carried on by an Approved Person other than business done on behalf of Altimum Mutuals Inc., regardless of whether or not they actually receive compensation for the activity.

Some Approved Persons operate under or carry on other business under various trade names in association with their Outside Business Activities. These other businesses and trade names must be disclosed at the time of registration with Altimum and updated before first use by the Approved Person and on a yearly basis at time of renewal. All trade names must be approved by the Chief Compliance Officer. (Refer to the Advertising section for more information).

Business Activities of Altimum Mutuals Inc.

MFDA Rule 1.1.1 requires that all “securities related business” must be conducted through Altimum Mutuals Inc.

“Securities related business” is defined in By-law No. 1 to mean any business or activity that constitutes trading or advising in securities for the purposes of applicable securities legislation in any jurisdiction in Canada. This includes securities sold pursuant to exemptions under applicable securities legislation.

Please note that NI 31-103 requires that all securities related business together with any business arising from any referral, whether securities-related or not, must be conducted through Altimum Mutuals Inc. Apart from the specific exceptions noted in Rule 1.1.1,

Approved Persons are prohibited from personally engaging in the sale of any investments that would be considered securities under applicable legislation, or selling or advising on such investments through any entity other than through Altimum Mutuals Inc. (often referred to as “selling away” or “off book trading”). Securities cannot be conducted as an outside business activity. The term ‘securities’ also include Principle Protected Notes, Exempt Flow Through Shares, and Portfolio Manager Services programs and any other referral programs.

Prohibited Registrant Activities:

Registrants are permitted to offer services and products to clients but only with respect to the category of registration within which they are licensed. For example, a mutual fund Approved Person is registered solely for the purpose of trading in mutual fund shares or units. The purpose of this restricted category is to allow individuals whose business focuses on a single product to access the securities market with reduced registration requirements.

Consequently, mutual fund Approved Persons may not offer or advise their clients with respect to securities in which they are not registered to trade, nor may they communicate client orders directly or indirectly to an investment dealer Approved Person. Furthermore, mutual fund Approved Persons are permitted to accept orders only for the accounts at Altimum with which they are registered.

Approved Persons are not to act as ‘relationship managers’ on behalf of other investment dealers and investment counsel/portfolio managers because Altimum cannot ensure that the other registrant has even met the client. Alternatively, sometimes Approved Persons might participate in meetings which they have set up when investment advice is given to the client by the other registrant. Sometimes the Approved Person completes the client’s KYC information for the other registrant. In any of these cases, the Approved Person is acting outside of their registration.

If a complaint is received with respect to activity of an Approved Person related to an account outside the firm, Altimum will investigate the complaint to determine if the Approved Person has acted within the scope of his or her license.

Altimum will also make enquiries to become aware of such activities during branch audits.

Any referrals, whether for securities related activities or not, must comply with MFDA rule 2.4.2 and NI 31-103 that requires a referral agreement to be in place with Altimum, disclosure to be provided to the client and fees recorded on the books and records of Altimum.

See Member Regulation Notices MR-0071 and MR-0030.

Stocks and Bonds

The company does not distribute or trade in stocks and bonds or other products and is not licensed to do so and does not permit its Approved Persons to do so. Some products, such as Linked Notes, may be approved for transfer in from another dealer, with the permission of the Chief Compliance Officer.

Approved Persons may not advise on securities and other products unless they are properly licensed to do so. For example, advising a client to sell his stock portfolio in order for you to make Mutual Fund investments for him/her is unacceptable. So is providing advice regarding whether or not a client should accept a takeover offer for his shares of a particular stock.

Unregistered Securities

Selling unregistered securities, such as shares in a private corporation, is a serious violation of the law and may subject the Approved Person to heavy fines and penalties. For this reason, the Approved Person must sell only those products offered through Altimum.

Stealth Advising

Stealth Advising refers to advice and other securities-related services provided by non-registered individuals to clients of Altimum Mutuals Inc.

This occurs in situations where non-approved individuals engage in securities related business through various arrangements with Approved Persons. Under such arrangements, client accounts are set up with the Member with the Approved Person as the Approved Person of record, and trading activity is processed using the Approved Person's Approved Person code. However, a non-registered individual services the account and this individual provides advice and makes recommendations to clients with respect to securities in the account, directing the Approved Person to place trades.

The arrangements between the non-registered individual and the Approved Person are structured so that the non-registered individual receives compensation in some form.

Altimum Mutuals Inc. does not permit such practices from its Approved Persons. Approved Persons that are found to be party to such arrangements will be subject to disciplinary measures by Altimum Mutuals Inc. and subject to discipline under MFDA Rules.

Selling Away

The Chief Compliance Officer will be alert to trading patterns which may indicate that an Approved Person is soliciting the redemption of mutual funds for 'selling away' so that money may be diverted to purchase some other product for which that person may not be

licensed. Selling Away can be defined as the practice of selling products to clients where the transaction is not entered into the records of Altimum, Altimum's Chief Compliance Officer has neither approved nor reviewed the products for sale, and the commission is received by the Approved Person from some person or entity other than Altimum.

'Selling Away' is strictly prohibited by Altimum Mutuals Inc. Investment products not offered by Altimum Mutuals Inc. are not to be sold or promoted. Examples would include (but not limited to) Limited Partnerships, Hedge Funds, Principal Protected Notes, Alternative Investments, Exempt Products and Pooled RESP's (scholarship plans).

Monitoring of Outside Business Activities and Selling Away

Trading patterns indicating a large number of mutual fund redemptions to fund outside business activities and selling away may become evident through the Chief Compliance Officer's review of the daily blotter, or through the Chief Compliance Officer's review of monthly commission statements or quarterly comparisons of commissions and assets under management. For more information see the section entitled Trend Analysis. The Chief Compliance Officer will also review Branch/Sub-branch Audit responses from the Approved Persons for information provided in those interviews including Outside Business Activities that they might have reported as a result of the audit inquiry process.

Business Activities Allowed Outside of Altimum Mutuals Inc.

Pursuant to MFDA Rule 1.2.1(d) an Approved Person of Altimum Mutuals Inc. can only be gainfully employed in a dual occupation provided that:

1. Securities regulation in the Province of Ontario, where the Chief Compliance Officer and its Approved Persons are licensed, permits Approved Persons to devote less than their full time to the business of Altimum.
2. The activity is not prohibited by a securities commission in the jurisdiction in which the Approved Person carries on business;
3. Altimum is fully aware of the other occupations of the Chief Compliance Officer and of all of its Approved Persons, and has approved of the Compliance Officer or other Approved Persons engaging in such occupations.
4. Altimum has appropriate procedures to ensure continuous service to clients and to address potential conflicts of interest;
5. Such outside occupations of these Approved Persons will not bring the MFDA, its Members, or the mutual fund industry into disrepute;
6. The Chief Compliance Officer and its Approved Persons are aware that they must disclose to their mutual fund dealer clients that these outside occupations are not the business of Altimum, and are not Altimum's responsibility.

Disclosure and Reporting of Outside Business Activities

Approved Persons are reminded that MFDA Rule 1.2.1.(d) states that prior to engaging in any outside business activity or gainful occupation, such activity must be disclosed and approved by Altimum.

Approved Persons are to disclose any and all other occupations to the Chief Compliance Officer, in writing, upon joining Altimum or upon accepting another occupation in conjunction with that of being an Approved Person for Altimum. Altimum requires all Approved Persons to disclose any dual occupations or outside employment, including life insurance sales, income tax preparation, and financial planning, and to include the approximate number of hours spent on this activity each week, their role in the company, (whether owner, partner or employee) and their method of compensation, i.e. cash payment, services in kind, etc. These disclosures must also be reviewed annually at time of the Approved Person's audit.

Dealer Approval of Outside Business Activities

Once disclosed an investigation is begun by Altimum and once Altimum is satisfied that there will not be a conflict of interest and that the activity is permitted and not prohibited by legislation, approval will be given to engage in such other gainful occupation. The Chief Compliance Officer shall be responsible for making a judgment as to the suitability of the alternate occupation of the Approved Person.

In addition, Altimum Mutuals Inc. and its Approved Persons must comply with provincial securities legislation, which generally requires full disclosure of any outside business activity and prior approval from the applicable securities commission(s).

We also require that the Approved Person receive a written response from Altimum approving the activity and must keep a copy of this confirmation in their Altimum correspondence file.

Disclosure to Clients

The Approved Person is required to inform clients whenever such a conflict might exist and to have clients sign the Disclosure of Conflicts of Interest: Financial Planning, Dual Occupation or Outside Employment form as approved by Altimum in order to acknowledge the discussion of the potential conflict of interest. The Associate must give a copy of the Dual Occupation Disclosure form to all his/her Altimum clients and a signed copy must be forwarded to Head Office as part of the Account Opening Requirements. Dual Occupation Disclosure forms can be found with other Altimum forms on the website.

DISCLOSURE OF CONFLICT OF INTEREST, DUAL OCCUPATION OR OUTSIDE EMPLOYMENT

ALTIMUM MUTUALS INC.

In the event that your Representative engages in a dual occupation or other employment outside Altimum, MFDA rules require that disclosure be provided to the client.

Such activity may include employment, business activities, or contractual relationships. In each of these instances the Representative is agreeing to use his or her services or professional expertise to benefit a third party in exchange for direct or indirect financial gain for the Representative or for his or her family.

Definitions:

“Dual Occupation” is defined as a remunerated or fee-for-service activity undertaken by a Representative acting as an employee, a principal, or an agent other than in the normal course of business of the member, where a client might have a perception that the Representative was acting on behalf of the member. Activities undertaken with a mortgage broker’s license, or with a life insurance license, including activities undertaken for Altimum Insurance Agencies Ltd., (which is a separate entity from Altimum Mutuals Inc.) would be an example of “dual occupation.”

“Outside Employment” is defined as any remunerated or fee-for-service activity undertaken by a Representative acting as an employee, a principal, or an agent other than in the normal course of business of Altimum Mutuals Inc. where the client would not likely have a perception that the Representative was acting on behalf of the member. Income tax return preparation or accounting services, or any other employment in a role other than that of a financial advisor would be examples of “outside employment.”

Altimum Mutuals Inc. does not assume responsibility and liability for any and all business undertaken by your Representative that is considered “outside employment”. The following disclosure must be made to third parties when a Representative engages in a dual occupation or outside employment. A copy is to be filed with the Compliance Department of Altimum Mutuals Inc.

1). I propose to engage in the following dual occupation or outside employment (e.g life insurance sales, income tax preparation, financial planning, mortgage brokerage).

a) _____ b) _____ c) _____ d) _____

I hereby disclose that I am contracted with the following companies (life agencies, mortgage brokers, etc.)

a) _____ b) _____

c) _____ d) _____

I am contracted to do business with the following companies (life insurance companies, banks, etc.)

a) _____ b) _____

c) _____ d) _____

e) _____ f) _____

g) _____ h) _____

2). I hereby confirm that this does not constitute business of Altimum Mutuals Inc.

3). I hereby confirm that this is not the responsibility of Altimum Mutuals Inc.

4). I will update this disclosure promptly if my circumstances change.

5) I confirm that the answers on this form are accurate to the best of my knowledge.

Rep Signature _____ Rep Code 7767- _____ Date _____

BY SIGNING BELOW I ACKNOWLEDGE THAT I HAVE RECEIVED A COPY OF THIS FORM.

Client Signature _____ Client Name _____ Date _____

Joint Signature _____ Joint Name _____ Date _____

Compliance Officer Approval (Signature) _____ Date _____

Some issues must be considered before Altimum approves outside business activities:

1. Conflicts of Interest inherent in the Proposed Outside Business Activity

Altimum Mutuals Inc. will consider issues relating to all potential conflicts of interest that may arise from the Approved Person's duties as an Approved Person and his or her outside business activity. This would include consideration of the compensation to be paid under the arrangement, the nature of the relationship between the Approved Person and the outside entity, and any other potential conflicts that are identified. If any such conflict cannot be properly managed, the outside activity will not be permitted.

2. Potential Client Servicing Issues

Altimum Mutuals Inc. will ensure that the outside activity does not impair the ability of Altimum or its Approved Person to provide continuous service to clients.

3. Standards of Conduct

Altimum Mutuals Inc. must be satisfied that the activity will not be inconsistent with the general standards of conduct imposed under MFDA Rule 2.1.1 and will not bring the MFDA, its members, or the mutual fund industry into disrepute.

4. Nature of the Activity

The standard of review in considering whether to approve outside business activity will depend on the nature of the activity.

The review process regarding the investment of client funds or financial services provided outside of Altimum which are not otherwise regulated will be more stringent than that applied with respect to activities that are clearly unrelated to Altimum Mutuals Inc. business.

Such review will include consideration of educational, experience or other relevant competency thresholds that may reasonably be expected as a prerequisite to allowing certain financial service activities.

Enforcement of Policies related to Outside Business Activities (OBA)

The Chief Compliance Officer would not expect to become aware of outside business activities through investigation or similar means. If new outside business activities are discovered at any time by the Chief Compliance Officer that have not been previously reported and approved by Altimum, it means that the Approved Person has failed to follow Altimum's policy regarding the disclosure and granting of permission for outside business activities and may face penalties or sanctions which may, depending upon the circumstances, be as serious as termination of their contract with Altimum.

Reporting of OBA

The OSC and the MFDA will be advised of all approved activities and Altimum will ensure that the NRD system is updated regularly to record any changes to outside business activities that have been approved.

More information can be found in MFDA MR-0040.

Financial Planning

For purposes of this section, Altimum defines financial planning as preparing a written financial plan, either for a fee or for the purpose of assisting to make a sales commission on products recommended in the plan.

Altimum does not encourage its Approved Persons to do financial planning. Some of its Approved Persons do not do financial planning at all.

Altimum Mutuals Inc. does not permit its Approved Persons (with or without the Certified Financial Planner designation or any other similar designation) to charge their clients a fee for any type of financial, education, retirement, estate, etc. plan that they have completed on behalf of their clients.

Altimum has made its Approved Persons aware that:

- 1) If they do financial planning it must be done either through Altimum or through another regulated entity, such as their MGA if they are insurance licensed, or through their governing body of Chartered Accountants if they are a C.A.
- 2) The CIFPs, which is the Canadian Institute of Financial Planners and governs those Approved Persons who have a CFP license, is not an acceptable regulated entity, since they could remove the right to use the CFP license but the individual could continue to do financial planning anyway.
- 3) If the financial plan makes reference to mutual funds, it must be done through Altimum. Altimum must review the plans when doing a branch review and must have continuous access to the plans.
- 4) Any financial plan created by an Approved Person on behalf of a client that mentions mutual funds becomes a sales communication and therefore must be approved by Altimum Mutuals Inc. prior to being delivered to clients.

Approved Persons may refer to MFDA Rule 2.4.1 for further information.

Altimum will update the NRD system regularly as required to include all approved activities.

Altimum's Compliance Officer currently engages in outside weekly lectures for approximately eight hours per week.

Outside Business Activity: Altimum Insurance Agency Ltd.

Altimum Mutuals Inc. is not licensed to sell life insurance, annuities, and/or segregated fund products. The company does, however, permit its licensed Approved Persons to sell life insurance products and be dual licensed to sell life insurance products through Altimum Insurance Agency Ltd. (which is an unrelated company with no common share ownership) or a different Managing General Agent (MGA) or life insurance agency. Such permission must be documented as outlined in this section and written permission for the outside business activity must be on file.

For more information on Outside Business Activities, see CONFLICTS OF INTEREST