

## **SECTION 9 REFERRAL ARRANGEMENTS AND COMMISSION SPLITTING**

Altimum is aware of the relevant legislation regarding referral arrangements and commission splitting.

It is the policy of Altimum that no one is to receive any compensation for any trade unless they are an Approved Person registered with Altimum. No Approved Person is to pay any portion of their commission or other compensation to any other person, whether an Approved Person with another firm, a professional, a company, a client, or any other person, unless the Chief Compliance Officer has permitted such a payment in writing.

The Chief Compliance Officer shall negotiate all referral arrangements and commission splitting arrangements on behalf of Altimum in advance, in a written document known as the *Application and Client Disclosure Document Regarding Referral Arrangements and Commission Splitting*, hereinafter referred to as the Disclosure Document. A sample follows later in this manual.

Any Referral Arrangement must be detailed in such a Referral Agreement and must be disclosed to a client in the written Disclosure Document, which the Client would read and sign. This Disclosure Document would set out all the details of the arrangement for the client, including the referral fee that is paid to Altimum. Therefore the client will be fully aware of the referral arrangement between the parties to the Referral Agreement and is given the choice of signing to accept the arrangement, or rejecting such arrangement. Referral payments under such an arrangement are to be made to Altimum and are reflected in Altimum's books.

A detailed discussion of Policies and Procedures regarding Referral Arrangements that will meet the standards required under MFDA By-laws, Rules and Policies is summarized below.

### **PROCEDURES FOR REFERRAL ARRANGEMENTS**

#### **1. SECURITIES RELATED REFERRALS**

MFDA Rule 1.1.1 requires that all securities related business be carried out for the account of Altimum Mutuals Inc. and through the facilities of Altimum Mutuals Inc. Altimum Mutuals Inc. will not enter into referral arrangements that are tied to specific securities. This ensures that Approved Persons act within the limits of their registration.

**APPROVED PERSONS ARE STRICTLY PROHIBITED FROM DISCUSSING ANY AND ALL REFERRAL ARRANGEMENTS WITH CLIENTS UNTIL SUCH TIME ALTIMUM HAS APPROVED THE ARRANGEMENT, AND AN AUTHORIZED CONTRACT BETWEEN ALTIMUM AND THE PROVIDER IS ON FILE AT HEAD OFFICE.**

MFDA Rule 2.4.2(b) permits a dealer to enter into referral arrangements with another member or between a member and another entity provided that certain provisions are in place.

In order to avoid misleading the client as to the nature of the relationship between the referring parties, or to any licensing limitations of the parties to the arrangements, and to meet the requirements of the MFDA rule, referral arrangements will only be entered into on the following basis:

1. The arrangement is made between Altimum and another entity ONLY, provided that the entity is:
  - a. Licensed or registered in another category pursuant to applicable Securities legislation.
  - b. A Canadian financial institution for the purposes of National Instrument 14.101.
  - c. Insurance agents or brokers
  - d. Subject to such other regulatory system that has been prescribed by the MFDA.
- 2 There is a written agreement in place prior to any discussion with the client, or transactions processed.
- 3 All fees are paid directly to Altimum and are recorded on their books and records. Altimum will also ensure that fees and/or commission received from the referral are not extraordinary, are appropriate given the type of referral being made and, and will not unduly influence the Approved Person in making the referral to clients for whom the referral may not be suitable. Altimum will also ensure that no overt conflict exists at the time of the referral.
- 4 The referral should offer the client access to services or which the Approved Person is not licensed to sell, and should not be tied to any specific security. Caution is to be exercised to ensure that the referral does not permit the Approved Person to act outside the scope of his registration.
- 5 Altimum will ensure that the Approved Person can continue to service clients effectively for products for which the Approved Person is licensed to through the audit and random file review.
- 6 Approved Persons must have the necessary proficiency requirements to ensure that they understand the type of service which may be suitable for the client, and can explain the service to the client in general terms only.
- 7 Altimum will permit some co-operative marketing and third party sponsorship for marketing, promotional and educational expenses with the referring

entity. However such financial support must be in accordance with the provisions of NI 81-105 and Altimum marketing policies.

8 To ensure that Approved Persons are not acting outside the scope of their registration or are receiving compensation for referrals without the knowledge and consent of Altimum, Approved Persons will be asked to sign a letter confirming this information during the audit.

9 Altimum may, from time to time, review the referral files to ensure procedures are correctly being followed and that no conflict of interest has arisen since the initial referral was made, as well as to ensure that Approved Persons have not entered into any arrangement without disclosure to Altimum.

Referral arrangements involving other securities registrants, or that otherwise connected to securities related business will only be permitted with a written agreement between Altimum Mutuals Inc. and another entity that meets the requirements of subsection 2.4.2(b)(i).

#### *Approval Process for Securities-Related Referrals*

Products sold by Approved Persons through Altimum Mutuals Inc. will go through the following analysis before any agreements or products are approved. For conventional mutual funds Altimum Mutuals Inc. will ensure that a prospectus or Fundfacts is available. For products that are novel and more complex the review process will involve:

- A review of any offering documents;
- A review of any marketing materials relating to the product;
- A consideration of MFDA Rules and securities regulations that may apply in the sale of the product;
- An assessment of the risks associated with the product;
- An assessment of the costs associated with the product;
- An assessment of the commissions and other compensation to be paid to the Member and Approved Person for selling the product;
- Consideration for potential conflict issues that may arise under the compensation structure;
- Consideration of competitive products that may be less costly or less risky;
- An assessment of investment objectives and any projected returns for the product and the likelihood that the investment will meet these objectives and projections;
- A review of the issuer's financial position and history;
- An assessment of management qualifications and track records;
- An assessment of any custodian, investment manager or guarantor associated with the product;
- Maintaining a thorough written record of the results of the due diligence;

- An understanding of all features of the product;
- Assigning a risk ranking to the product after looking at issues such as liquidity of the product and the nature of the underlying investments and their inherent risks;
- Developing an investor profile for which the product would generally be suitable, including risk levels, time horizon, income and net worth;
- Identifying investors for whom the product is not suitable;
- Assigning concentration limits to products and /or general classes of products where appropriate;

The Referral Program approval process will involve the Chief Compliance Officer. The Chief Compliance Officer will make the final decision of approval of the product prior to sale. The product will be reviewed when there is a significant change in market conditions affecting the risk associated with the product. Changes may be made to the risk rating and/or approval of the product.

### *Control of the Referral Process*

All referral recommendations must pass through Altimum Mutuals Inc. to ensure that the recommendations that have been made are in the best interests of the client and are appropriate in the circumstances. This will also prevent situations where unlicensed individuals may be acting in furtherance of trades, or individuals providing advice beyond the limits of their registration.

Altimum has no securities related referrals in place.

## 2. NON-SECURITIES RELATED REFERRALS

Arrangements of this nature also cannot be entered into directly between the Approved Person and the outside entity. This has changed with the introduction of NI 31-103. The new regulation does not impose limits as to whom an Approved Person can choose to enter into a referral with, provided that it is conducted through the member firm. Therefore Altimum must still approve the arrangement in advance and conduct the business of the referral through Altimum, including receiving all remuneration for subsequent disposition to Approved Persons. Altimum Mutuals Inc. will use responsible business judgments influenced only by the best interests of the client when considering whether to approve non-securities related referral opportunities presented to it.

Clients must be informed through proper disclosure form that the referral is not being provided through Altimum Mutuals Inc. Clients will be given sufficient information to appreciate the extent of the potential conflict of interest before any referral takes place, based on NI-31-103 which provides details regarding the disclosure to be given to clients.

When approving such arrangements, Altimum will consider the following:

- 1 Approved Persons are required to provide Altimum with any and all details of employment other than the sale of mutual funds in writing. Altimum will review details to ascertain if such a conflict of interest exists, and once approved, will maintain details of such other employment in the Approved Person's file. In addition, the Approved Person is required to provide clients with the Disclosure of Dual Occupation attached.
- 2 Altimum will maintain details of these arrangements in the Approved Persons' file and will review on an annual basis and/or should rules and regulations change. Arrangements will also be reviewed during the annual audit.
- 3 Altimum will ensure that fees being offered to the Approved Person for the referral are within reasonable bounds, and will not unduly influence the Approved Person in making the referral to clients for whom the referral may not be suitable.
- 4 Altimum will ensure that no overt conflict of interest exists between the referral arrangement and the Approved Person's obligations to mutual fund clients and that any and all such arrangements comply with MFDA Rule 2.1.4(d).
- 5 Altimum will ensure that the Approved Person can continue to service clients effectively for products for which the Approved Person is licensed through the annual audit and random file review.

All referral activities will be done in accordance with privacy legislation and MFDA Rules 2.1.1 (Standard of Conduct), 2.1.3 (Confidential Information) and 2.1.4 Conflicts of Interest).

Arrangements will not be permitted if any conflict cannot be properly managed in accordance with MFDA Rule 2.1.4 and if they will in any way bring the MFDA, its Members or the Mutual Fund Industry into disrepute.

For further information you may refer to MFDA Member regulation Notice MR-0030 and MR-0043 as well as NI 31-103.

Altimum has the following non-securities related referrals in place:

#### Manulife One Mortgage Product

A referral for this service would be appropriate for any client seeking an alternative product to current mortgages available from the major banks.

The referral arrangement with Manulife Bank has been terminated by Manulife Bank as of December 31, 2019 on account of a lack of business .

#### *Suitability*

A referral for bank deposit instruments and mortgage services is considered to be appropriate for any client seeking such alternatives. Other products will be carefully assessed prior distribution, and a risk rating will be applied in the same fashion as would be applied to a new mutual fund product. A risk rating is applied based upon certain assumptions of risk and volatility drawn from material presented by the service provider

and such other reports as are studied during the due diligence process before the product is approved. Assessment is on-going basis as long as the product is offered.

Risk categories are:

*Very Low, Low, Low-medium, Medium, Medium-high, and High*

Off-book holdings are maintained in separate accounts with their own risk ratings.

### *The Approval Process*

In accordance with MFDA MR-0048, and previous Altimum practice, extensive due diligence is performed prior to the approval of any new product or referral arrangement and on a continuing basis thereafter as more information becomes available. The principals of the company shall make a determination as to whether a referral arrangement is appropriate, or whether the product should be marketed directly by Altimum. A risk and suitability profile will be generated for each product as part of this process. Altimum Mutuals Inc. will not enter into referral arrangements with another entity that are tied to specific securities which Altimum Mutuals Inc. is not registered or licensed to sell.

### *Procedures*

1. Prior to the referral being made, the Approved Person will provide the client with the following:
  - a. The Altimum Disclosure and Conflict of Interest Document.
  - b. The Disclosure Document issued by the service provider, if available.
2. A copy of both documents is to be given to the client, a copy maintained in the branch client file, and the original sent to Altimum's Head Office before transactions take place. The disclosure must address all relevant fees, including initial fees, trailing fees, syndication fees and any other types of fees.
3. In addition to the above documents, the Approved Person is to maintain the following in the client file:
  - a. Notes of the initial discussion with the client regarding the referral.
  - b. Details of any further discussions with the client, including telephone calls, e-mail, letters or follow-up meetings.
  - c. Copies of client statements for the referral if so provided by the supplier.
4. It is recommended that the Approved Person maintain details of the arrangement in a client file separate from other products. This file is to be available to Altimum during an audit.

### *Conduct of Approved Persons*

- Altimum Approved Persons may only refer clients to third party product and service providers that have an approved referral arrangement with the dealer.
- A written referral agreement with Altimum allows the Approved Person to refer “qualified clients” to other companies for financial and investment related products, services and advice regarding non-mutual fund related products in exchange for a referral fee.
- As we are introducing the client to these entities with the expectation that they will consider these specific products, we have an obligation to ensure the client understands our relationship with the other entity and that the client would have a genuine interest in the product or service.
- Altimum Approved Persons may discuss Altimum’s recommended portfolio allocation for alternative products in general and ensure the client understands it is not necessarily prudent to concentrate investments in any one product.
- Altimum Approved Persons are entitled to referral fees and Approved Persons are required to disclose the referral fees to their client.

A specific disclosure document has been designed for each referral agreement and it must be signed by the client and forwarded to the Chief Compliance Officer.

### *Non-permissible conduct Regarding Referral Arrangements*

- Direct selling or advice giving on referred products and services is prohibited.
- Altimum Approved Persons are in many cases investors in the products they refer their clients to. As investors, they may have received selling material such as videos and power-point presentations. These presentations are not to be shown to clients by Approved Persons.
- Approved Persons must not offer any investment advice, comment on the merits or expected returns or make investment recommendations on the products or services covered by various referral agreements. This activity would be considered to be acting outside our registration category and could result in action being taken by a regulator. This includes provincial securities, real estate, insurance and mortgage product regulators.
- Involvement in the sales process must be limited to the most basic aspects of general assistance. Account applications shall not be completed for clients. Investment funds shall not be accepted by Altimum Approved Persons nor forwarded to Altimum. The term “act in furtherance of a trade” has been interpreted very broadly by the regulators



and every effort must be made to limit the Approved Person's involvement in that process.

- Public advertising or sales communication by Altimum Mutuals Inc. Approved Persons on these products is prohibited.

#### *Monitoring of Non-Securities Related Referral Arrangements*

For any referral arrangements done outside of Altimum Mutuals Inc. that have been approved, Altimum Mutuals Inc. will, on an ongoing basis, monitor:

- a) For conflicts of interest and potential conflicts and that they are properly addressed if such arise;
- b) To ensure that they comply with the requirements under MFDA Rules 2.1.1 (Standard of Conduct) and Rule 2.1.3 (Confidential Information);
- c) To ensure that continuous service is provided to clients regarding products for which the Approved Person is licensed;
- d) To ensure that clear disclosure is provided to clients that any activities related to the arrangement are not business of Altimum Mutuals Inc. and are not the responsibility of Altimum Mutuals Inc.
- e) To ensure that written disclosure of potential conflicts of interest, such as the payment of referral fees, is provided to the client prior to making the referral;
- f) To ensure that the approved Person receives client consent before releasing any confidential information to outside parties.

Altimum Mutuals Inc. will monitor websites, print media etc. to help detect any referral arrangements that have not been disclosed to Altimum Mutuals Inc.

#### *Disclosure of Compensation in Referral Arrangements*

Written disclosure of the referral arrangement will be made to clients prior to any transactions taking place. Before transactions take place Approved Persons must submit the signed Disclosure to the Chief Compliance Officer. The disclosure must address all relevant fees, including sales charges, commissions, trailing fees, syndication fees and any other types of fees. The disclosure document will include an explanation or an example of how the referral fee is calculated, the name of the parties receiving and paying the fee, and a statement that it is illegal for the party receiving the fee to trade or advise in respect of securities if it is not duly licensed or registered under applicable securities legislation to so trade or advise.

Altimum Mutuals Inc. will monitor and account for referral payments and ensure that clients are given sufficient information regarding potential conflicts of interest and the fees that will be paid under the arrangements to both Altimum Mutuals Inc. and the Approved Person.



**APPLICATION AND CLIENT DISCLOSURE DOCUMENT  
REGARDING REFERRAL ARRANGEMENTS AND COMMISSION SPLITTING**

**RE: *Manulife Bank of Canada Mortgage Products*  
and  
*ALTIMUM MUTUALS INC.***

**Representative Name:** \_\_\_\_\_

**Client Name:** \_\_\_\_\_

**Date of Referral:** \_\_\_\_\_

***This document is intended to provide written disclosure of a referral arrangement and is to be approved by the Compliance Department of Altimum Mutuals Inc. prior to any referral transaction actually taking place.***

**Nature of referral arrangement:**

Altimum Mutuals Inc, (“Altimum”) has entered into a referral agreement arrangement (the “Agreement”) with Manulife Bank of Canada filed with provincial regulators where required. Under this Agreement, the representatives of Altimum can refer their clients including you, the undersigned, (“You”) to Manulife Bank for mortgage products (“the Mortgage Products”) and receive referral fees for those clients who fund their mortgages with Manulife Bank. The significant terms of the Agreement are as follows:

- a) Representatives are not obligated to refer their clients to Manulife Bank, nor is Manulife Bank obligated to provide products or services to all referrals. The two parties operate at arms length.
- b) The representatives of Altimum can explain to You the basic concept of mortgages and secured lines of credit and how they benefit You. It is illegal for the representative to assist in the completion of a mortgage application form, compare Mortgage Products or in any other way conduct the business of a mortgage broker without licensing as a mortgage broker.
- c) Neither the representative nor Altimum can bind Manulife Bank in any way to accept any application made by You for a Mortgage Product.
- d) The representative will refer You to a Banking Consultant, employed by Manulife Bank of Canada, who will explain the Mortgage Products in detail and assist You in applying for Manulife One or a Preferred Rate Mortgage. The decision to proceed lies entirely with You.
- e) Once a mortgage has been applied for and placed through Manulife Bank of Canada, neither the referring Representative nor Altimum will receive any information on You or your mortgage account with Manulife Bank, other than the status of your account during the issue process and month-end balances, as necessary, for Representatives to confirm their compensation. Should You wish either your Representative or Altimum to have information, You must personally provide it to your Representative or to Altimum.

### **Responsibility:**

The brokering of a mortgage is not a business of Altimum and Altimum assumes no responsibility for such activity.

### **Compensation to Altimum:**

All compensation for the referral of You to Manulife Bank is payable to Altimum Mutuals Inc. Part of the compensation on each successful mortgage will be passed along to the Representative involved. The party paying the referral fee is Manulife Bank of Canada. The party receiving the referral fee is Altimum Mutuals Inc.

Your Representative will receive some of the referral fee of \$400 which will be paid by Manulife Bank to Altimum when You open a Manulife One account with Manulife Bank. No upfront referral fee is payable when You open a Preferred Rate Mortgage.

A monthly referral trailer fee is payable to the Distributor on both Manulife One and Preferred Rate Mortgage. The trailer is payable at 0.0083333% on each month-end balance of either Mortgage Product.

### **Conflicts of Interest:**

The purpose of this document is to disclose the referral arrangement and to identify that arrangement as a potential conflict of interest. Any transaction may involve other conflicts of interest as well. An example would be if you were being encouraged to take a mortgage on your home for purposes of investment, and the representative was being paid a finder's fee on the mortgage in addition to a commission on the purchase of the investments. Other than the referral arrangement discussed herein, Altimum Mutuals Inc. has not identified other potential conflicts of interest as a result of this transaction.

### **Client Acknowledgement:**

- 1) I/We, the undersigned, acknowledge that the relationship between Altimum and Manulife Bank of Canada, including the payment of referral fees, trailer fees and bonuses, has been explained fully to me, with regard to the Agreement between the Distributor and Manulife Bank.
- 2) I/We hereby acknowledge that it is illegal for the party receiving the fee to trade or advise in respect of securities if it is not duly licensed or registered under applicable securities legislation to so trade or advise. The same may apply to the products or services which are the subject of this agreement.
- 3) I/We hereby consent to the approved person releasing such confidential information as may be necessary to outside parties to complete the transaction.
- 4) I/We consent to the release of information about this transaction to regulators as required.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joint Client Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Rep Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Compliance Officer Signature

\_\_\_\_\_  
Date

### *Alternative Investments*

Altimum Mutuals Inc. will comply with all MFDA member regulations related to Alternative Investments, Exempt Securities and Referral Arrangements.

Please refer to MFDA Member Regulation Notice MR-0030 and MFDA Rule 2.4.2 that deal with referral arrangements.

Altimum Mutuals may approve any referral arrangement on an individual basis. Once approval is given Approved Persons must comply with Altimum Mutuals policies and procedures with all aspects of offering clients alternative investments.

Note that:

1. As per MFDA Rule 1.1.1 all securities related business must be conducted through Altimum Mutuals Inc.
2. Before offering a certain product to your clients please check with the Chief Compliance Officer for its suitability.
3. Any possible conflict of interest issues must be disclosed to the client.
4. Proper disclosure is a must. Please check with the Chief Compliance Officer for possible disclosure forms available for certain products, such as when transferring in Linked Notes.
5. Redeeming out of Mutual Funds to purchase Alternative Investments is frowned upon and any such activities will be reviewed by the Chief Compliance Officer.

### *Approval of Investment Products*

Each order accepted at Altimum Mutuals Inc. for any account of a client will be reviewed by the Chief Compliance Officer to ensure that it is in keeping with the client's investment objectives.

### *Due Diligence for Product Approval*

Products sold by Approved Persons through Altimum Mutuals Inc. will go through the following analysis before products are approved.

For conventional mutual funds Altimum Mutuals Inc. will ensure that a prospectus or Fundfacts form is available.

For products that are novel and more complex the review process will involve:

- A review of any offering documents;
- A review of any marketing materials relating to the product;
- A consideration of MFDA Rules and securities regulations that may apply in the sale of the product;

- An assessment of the risks associated with the product;
- An assessment of the costs associated with the product;
- An assessment of the commissions and other compensation to be paid to the Member and Approved Person for selling the product;
- Consideration for potential conflict issues that may arise under the compensation structure;
- Consideration of competitive products that may be less costly or less risky;
- An assessment of investment objectives and any projected returns for the product and the likelihood that the investment will meet these objectives and projections;
- A review of the issuer's financial position and history;
- An assessment of management qualifications and track records;
- An assessment of any custodian, investment manager or guarantor associated with the product;
- Maintaining a thorough written record of the results of the due diligence;
- An understanding of all features of the product;
- Assigning a risk ranking to the product after looking at issues such as liquidity of the product and the nature of the underlying investments and their inherent risks;
- Developing an investor profile for which the product would generally be suitable, including risk levels, time horizon, income and net worth;
- Identifying investors for whom the product is not suitable;
- Assigning concentration limits to products and /or general classes of products where appropriate.

The product approval process will involve the Chief Compliance Officer and his/her alternate. The Chief Compliance Officer will make the final decision of approval of the product prior to sale.

The product will be reviewed when there is a significant change in market conditions affecting the risk associated with the product, costs and commissions and any conflict of interest and financial positions of the issuer. Changes may be made to the risk rating and/or approval of the product.

Approved Persons will be notified of the approval, including details of the client profile for which the product is suitable and any client restrictions and proficiency requirements by memo.

### *Charitable Donation Programs*

Certain types of charitable donation programs, which are intended to provide clients with tax benefits, have raised concerns with respect to compliance with MFDA requirements and income tax legislation.

Approved Persons of Altimum Mutuals Inc. are not to recommend or sell any type of charitable donations programs to clients.

The CRA has issued various communications regarding the risks associated with certain charitable donation programs.

CRA has stated that it will challenge any arrangement that does not comply with tax legislation and will audit the tax returns of clients with respect to their participation in such an arrangement.

For further information refer to the CRA website [www.craarc.gc](http://www.craarc.gc) .

Also be aware that certain types of charitable donation programs might be structured in such a manner as to be considered a security under applicable securities legislation. Where charitable donation programs are considered to be securities, Altimum Mutuals Inc. Approved Persons are prohibited from personally engaging in the sale of such products or selling or advising on such products through any entity other than Altimum Mutuals Inc.

Altimum Mutuals Inc. has not entered into any referral arrangements with any entities involved with selling charitable donations programs.

#### *Exempt Securities*

Altimum Mutuals Inc. does not sell Exempt Securities. GIC's are not exempt securities, and may be offered by Altimum Approved Persons for sale. Linked notes are not being sold, although they may be transferred in subject to meeting the due diligence requirements for product approval.

#### *Labour Sponsored Funds*

It is the policy of Altimum not to offer Labour Sponsored Funds to the public. It would appear that the only justification for buying labour-sponsored funds is generally to save income tax, and Altimum does not consider income tax savings to be a valid investment objective, such as income or growth would be.

#### *Transfers-In of LSIF's*

Approved Persons who have the required proficiency in Labour Sponsored Funds are permitted to hold labour sponsored funds in clients' plans. Generally these will be holdings acquired through a transfer-in by a new or existing client, or through the acquisition of a book of business. In some cases, it may be holdings that were purchased at Altimum many years ago before Altimum decided not to permit the sale of Labour Sponsored Funds. Such Approved Persons who have the required proficiency are also permitted to make recommendations to the client as to whether they should hold the funds or sell them. It is expected that the Approved Person would consider all factors in making such a recommendation, including fees and clawbacks of government incentives.

### *Rollovers of LSIF's*

Clients who have held a labour sponsored fund are permitted to roll their holdings into another similar labour sponsored fund provided that they sign a letter stating that it is an unsolicited transaction. In so doing, they are demonstrating that they were not unhappy with the experience the first time and are seeking another similar income tax advantage. This practice is frowned upon and is expected to be very rare. If an Approved Person has a number of rollovers, Altimum will seek to ascertain whether the Approved Person is in fact encouraging the sale of the product. All Approved Persons who accept orders under rollover circumstances must have the proper proficiency and must have the order documented properly, and must have obtained the client's letter confirming that it is an unsolicited transaction before the order will be approved by Altimum.

### *Proficiency with LSIF's*

Proficiency in Labour Sponsored Funds is defined as whether or not the Approved Person has passed the Labour Sponsored Funds exam or its equivalent and will be determined at the sole discretion of the Chief Compliance Officer when the Approved Person joins the firm.

### *Prohibition against Trading Without Proficiency*

Approved Persons who do not have the required proficiency will not be permitted to hold Labour Sponsored Funds in their clients' accounts, to receive service commissions on Labour Sponsored Funds, to purchase Labour Sponsored Funds for their clients, or to advise or facilitate the redemption of Labour Sponsored Fund units. For greater clarification, they will not be authorized to provide any service or advice at all regarding Labour Sponsored Funds, including advice regarding the retention or redemption of such units, or to accept any compensation regarding Labour Sponsored Funds, without the required proficiency.

If they wish to transfer an account to Altimum which holds Labour Sponsored Funds, they are required to advise the client that another Approved Person will be the Approved Person of record at Altimum on those accounts and the other Approved Person (who must have the required proficiency) will be required to open a separate account at Altimum under their own rep code and to complete a separate KYC for those holdings which reflects the risk of those funds. The client must sign a KYC demonstrating their intent to hold funds of high risk in line with the risk profile of the Labour Sponsored Funds in order for Altimum to accept the transfer.

The Approved Person with the proficiency will be the Approved Person whose rep code the Labour Sponsored Funds must be held in, and also the Approved Person who will collect any commissions, service fees, or trailer fees related to the Labour Sponsored Funds and their name must appear instead of the other Approved Person's name on any client statements on which the Labour Sponsored Funds appear.