

APPLICATION FOR REGISTRATION AS AN ADVISOR

Resident – In Alberta *Non-Resident – All Other Canadian Provinces And Territories* *Foreign – Outside Canada*

This document describes the basic requirements for registration in Alberta as a Portfolio Manager, Investment Counsel or Securities Advisor. Nothing in this document should be taken as legal advice. The service of a solicitor familiar with securities matters is recommended to assist with an application.

In order to efficiently review the application for registration, we suggest that you complete and attach this checklist to your initial filing. All advisors are asked to complete Section 1; non-resident advisors should complete Sections 1 and 2; and foreign advisors are to complete Sections 1, 2 and 3. This list does not preclude requests for additional clarification and information as necessary for registration.

SECTION 1 – ALL ADVISORS

Registration Process	
<p>(A). If the firm has never enrolled on the NRD system: enrollment with the NRD administrator will be required concurrently with preparing applications for registration. The three NRD enrolment forms, fees and other information that is required to be completed in order to enroll with the NRD administrator may be found in the Filer Manual chapter 3 located on the NRD website: www.nrd-info.ca. For additional assistance, call the NRD administrator help line: 1-800-219-5381.</p>	
<p>(B). If the firm has enrolled on the NRD system: there is no need to enroll again.</p>	
<p>(C). For all firms: Once enrollment has been confirmed by the NRD Administrator to the Chief AFR, a letter of intent to submit an application of registration specifying the registration category for which application will be made must be faxed on (403) 297-4113 to the attention of David McKellar, Director, Market Regulation. The completed NRD Form 1 - Enrolment of Firm Filer must accompany this letter.</p> <p>This information is required in order to allow the ASC to set up the firm's information so that 33-109F4s (old Form 4s) may be electronically submitted as part of the firm's application for registration.</p>	
<p>(D) For all firms: The following documents must be submitted as part of the application for registration once (A) to (C) has been completed.</p> <p>Please be advised that processing of your application will be expedited if all required documents are submitted at the same time.</p>	
Documents	Enclosed
1. Form 3: An officer or partner must sign the Form 3 not more than 10 business days before the form is delivered to the Commission.	
2. List of all officers and directors of the firm.	
3. 33-109F4 (old Form 4s): Confirmation that forms have been/will be electronically completed for each advisor, officer, partner, director and shareholders (who hold greater than 10% of the firm's shares) seeking registration and submitted on NRD to the ASC.	
4. If the firm is applying in multi jurisdictions at the same time , we require a list of all jurisdictions and registration categories for which application is being concurrently made.	

<p>5. Fees: Fees for application for registration of the company: \$1,200. This should be sent in cheque form at the time of filing the Form 3 and other required documentation.</p> <p>Fees for application for registration of individuals of \$300 per individual will be electronically transferred from the applicant's account as described in the Filer Manual. There are no fees payable for non-advising individuals.</p>	
<p>6. Business Plan: This should include a detailed description of activities planned in Alberta, client market targeted, use of sub-advisors, financial projections, details of affiliations with related companies and the method by which clients will be solicited.</p>	
<p>7. Original audited financial statements made up at a date not more than 90 days prior to the date of the application. The audit report must have a manually executed signature of the auditor (i.e., not a photocopy or signature plate impression) and the balance sheet must have manually executed signatures of two directors or the sole director.</p> <p>In situations where audited financials are made up to a date that is more than 90 days from the application period we may consider accepting them if recent unaudited interim statements are available for review. Any decision will be subject to a review of all required information.</p>	
<p>8. An original Postponement and Subordination Agreement in the attached format. This will be required in situations where long-term debt is due to shareholders or affiliates and repayment would likely cause a working capital deficiency.</p>	
<p>9. An original signed surety bond for a minimum of \$10,000 in accordance with Form 19 (s. 25(3) of the ASC Rules).</p>	
<p>10. Certified copy of director's resolution referring to section 25 of the ASC Rules This resolution must be clear that (a) full consideration has been given to the amount of bonding and insurance necessary to cover insurable risks in the firm's business and (b) either (i) the minimum amount of coverage required by the ASC Rules is sufficient or (ii) the minimum amount of coverage required by the ASC Rules is not sufficient and state an amount of coverage that would be adequate. (s. 25(4) of the ASC Rules).</p>	
<p>11. Copy of company's policy and procedure manual for our review (s.30 of the ASC Rules).</p>	
<p>12. Detailed explanation of how the applicant intends to comply with the requirements of:</p> <ul style="list-style-type: none"> • s. 29 of the ASC Rules on Records to be maintained. • s. 39 of the ASC Rules on Client Statements. 	
<p>13. An "Acknowledgement of Responsibility Form" as attached must be completed by the individual designated as responsible for managing accounts under s. 30 of the ASC Rules.</p>	
<p>14. Copy of the Certificate of Registration with Alberta Corporate Registry.</p>	
<p>15. Notarized Copy of the Articles of Incorporation.</p>	

16. Copy of the standard Investment Management Agreement or the agreement used for opening new accounts . Agreements must meet the requirements of ASC Policy 3.1. If additional internal forms are used to assess suitability and collect "Know Your Client " information, this must be included.	
17. A copy of the disclosure statement given to clients in regard to: <ul style="list-style-type: none"> • agent for service (for a non-resident PM/IC application) • fairness of allocation of investment opportunities (s. 31(1) of the ASC Rules) 	
18. Disclosure of referral arrangements that will be potentially used for Alberta clients.	
19. Copy of the letter of direction to the applicant's auditor (section 58(1)(b) of the ASC Rules).	
20. The firm must sign an Undertaking to provide the ASC with access to all books and records upon request, at the expense of the firm.	
21. The firm and each individual applying for registration must sign an Undertaking to maintain their respective registrations in their home jurisdiction and agree to notify the ASC of any investigations, hearings, disciplinary or enforcement matters arising from their registration in the home jurisdiction.	

SECTION 2 – NON-RESIDENT/FOREIGN ADVISORS

22. An original Form of Submission to Jurisdiction and an Acceptance by Agent , both in the attached format.	
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SECTION 3 – FOREIGN ADVISORS ONLY

23. Attached are conditions that will be placed on the registration of Non-Canadian Portfolio Managers and Investment Counsel. An officer of the company must confirm in writing that the company will conduct its business in accordance with the conditions attached to this document.	
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REGISTRATION AS AN ADVISER

Qualifications

Portfolio Manager, Investment Counsel, Partner or Officer (Section 44 of the Rules)

44(1) No individual shall be granted registration as a partner or officer a portfolio manager or investment counsel unless the individual

- (a) has
 - (i) successfully completed the Canadian Securities Course, the Canadian Investment Management: Part I and II and the first year of the Chartered Financial Analysts Course, and
 - (ii) has been employed for at least 5 years performing research involving the financial analysis of investments, at least 3 of which have been under the supervision of an investment counsel or portfolio manager who has the responsibility for the management or supervision of investment portfolios having an aggregate value of not less than \$1,000,000.

Securities Adviser, Partner or Officer (Section 45 of the Rules)

45(1) No individual shall granted registration as a partner or officer of a securities adviser unless the individual

- (a) has
 - (i) successfully completed the Canadian Securities Course, and Canadian Investment Management: Part I and II, and
 - (ii) established to the satisfaction of the Executive Director that for at least 5 years the individual has performed research involving the financial analysis of investments under the supervision of an adviser

Sample Letter of Direction to a Registrant's Auditors

(date)

(Firm Name)

(Address)

Attention: *(Partner or Manager)*

Dear Sirs:

Re: Section 58 of the Alberta Securities Commission (General) Rules

Please accept this as your direction to conduct any audit requested by the Alberta Securities Commission. *(Registrant Name)* will pay all costs related to any audit or audit procedures that you are directed to conduct.

Yours truly,

(Officer Name)

(Office)

(Registrant Name)

Acknowledgement of Responsibility

To: The Alberta Securities Commission

I, _____, _____ of
(name) (title)

_____ (the "Company") acknowledge
(company or firm)

that I am the person designated by the Company under Section 30(3) of the Alberta Securities Commission (General) Rules (the "Rules") as responsible for the operations of the Company in Alberta.

I confirm on behalf of the Company that the Company and its officers and directors understand the restrictions on managing client accounts, handling client funds and securities which are set out in sections 17(2), 30(1), 30(3) and 31 of the Rules. I also confirm on behalf of the Company that procedures will be followed to ensure that it complies with these restrictions.

Signature

Note: The individual signing this must be registered (i.e. be a "trading officer" or an "advising officer") or an applicant for registration in Alberta.

POSTPONEMENT AND SUBORDINATION AGREEMENT

(hereinafter called the "Lender")

- and -

(hereinafter called the "Debtor")

POSTPONEMENT AND SUBORDINATION

WHEREAS the Debtor is engaged in business as a _____ and such business is carried on in the City/Town of _____, Province of _____.

WHEREAS ON THE ____ DAY OF _____, 20 ____, the Debtor borrowed from the Lender a sum of \$ _____, repayable with interest at the rate of _____ per annum (hereinafter called the "loan"), the sum being needed for the carrying on of the business of the Debtor;

NOW THEREFORE, this agreement witnesses that, in consideration of \$1 paid by the parties to each other, receipt of this sum being acknowledged by each of the parties, the parties agree as follows:

1. The loan and all monies payable in respect thereof are hereby declared to be subordinate to, and the repayment of the loan, and all monies repayable in respect thereof, is hereby postponed to all claims of other present and future creditors of the Debtor, to the extent that all such creditors shall in the event of the dissolution, winding-up, liquidation, insolvency or bankruptcy of the Debtor be paid their existing claims in full in priority to the claims of the Lender and before the Lender shall have any claim upon any property belonging or which belonged to the Debtor or shall have any right to receive any payment in respect to the loan.
2. Without the prior written consent of the Executive Director of the Alberta Securities Commission, the Lender will not demand or accept payment of and the Debtor will not repay the loan or any part thereof provided that this requirement shall not apply to the payment of interest at the rate herein before mentioned as and when it becomes due and payable.
3. During the term of this agreement, any loan or advance or posting of security for a loan or advance by the Debtor to the Lender, shall be deemed to be a payment on account of the loan which is the subject of this agreement.

4. In this agreement "Debtor" shall include every successor thereof and every successor to the Debtor or of any such successor or to any part of such business and every firm which contains the Debtor or any partner thereof.
5. This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective legal representatives.

DATED AT _____, in the Province of _____,

the _____ day of _____, 20____.

In the Presence of:

Name: _____

On behalf of: _____
(Lender)

Name: _____

On behalf of: _____
(Debtor)

**FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS BY NON-RESIDENT ADVISOR**

1. Name of applicant or registrant (the "Registrant"):
2. Jurisdiction of incorporation of Registrant:
3. Name of agent for service of process (the "Agent"):
4. Address for service of process of Agent in Alberta:
5. The Registrant designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, civil, criminal, quasi-criminal or other proceeding (the "Proceeding") arising out of or relating to or concerning its registration under the Alberta *Securities Act*, S.A. 1981, c. S-6.1 as amended (the "Act") or its activities in Alberta as a registrant and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The registrant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals and the civil and criminal courts of Alberta and any administrative proceeding in Alberta, in relation to any Proceeding arising out of or related to or concerning its registration under the Act or its activities in Alberta as a registrant.
7. Until six years after the termination of its registration under the Act, the Registrant shall file:
 - a. A new Submission to Jurisdiction and Appointment of Agent for Service of Process in the form hereof at least 30 days prior to termination of this Submission to Jurisdiction and Appointment of Agent for Service of Process for any reason whatsoever; and
 - b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days prior to any change in the name or above address of the Agent.

8. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of Alberta.

Dated _____

(Signature of Registrant's Authorized signatory)

(Name and title of authorized signatory)

ACCEPTANCE OF APPOINTMENT AS AGENT

The undersigned accepts the appointment as agent for service of process on _____ **[insert name(s) of Filing Persons]** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____

(Signature of Agent or authorized signatory)

(Name and title of authorized signatory)

FORM OF DISCLOSURE STATEMENT TO NEW CLIENTS

(on the letterhead of the Non-Resident Advisor)

To all new clients:

You have recently opened an account with our firm. We agree that the laws of the province of Alberta apply to any matter that may arise between us. We also agree to submit and attorn to the jurisdiction of the courts of the Province of Alberta with respect to any disputes which may arise out of our actions or conduct in relation to your account(s) notwithstanding any provision to the contrary in any contract, agreement or document executed by you at the time your account is opened or at any time thereafter.

Our address for service of legal proceedings is: *(state name and address of agent for service of process)*.

You should be aware that, because we do not have a place of business in Alberta you might have difficulty in enforcing any legal rights you have against us.

(Signature of Registrant's authorized signatory)

(Name and title of authorized signatory)

CONDITIONS OF REGISTRATION FOR A FOREIGN ADVISOR

1. *[Company]* (the “Company”) may only advise the following persons or companies:
 - 1.1 a bank to which the *Bank Act* (Canada) applies, where it acts as principal or as agent for accounts fully managed by it;
 - 1.2 a loan corporation or trust company registered under the *Loan and Trust Corporations Act* (Alberta), where it acts as principal or as trustee or agent for accounts fully managed by it;
 - 1.3 an insurance company licensed under the *Insurance Act* (Alberta);
 - 1.4 Credit Union Central Alberta Limited;
 - 1.5 the Federal Business Development Bank;
 - 1.6 the Government of Canada or any province or territory of Canada;
 - 1.7 a person or company registered as an adviser, where it acts as principal or as agent for accounts fully managed by it;
 - 1.8 a person or company registered as a broker or investment dealer, where it acts as principal or, pursuant to subsection 65 of the Rules, as agent for accounts fully managed by it;
 - 1.9 a trusteed pension fund sponsored by an employer for the benefit of its employees or employees of its affiliates and having assets of at least \$50 million as of the date of its most recent audited balance sheet;
 - 1.10 a registered charity under the *Income Tax Act* (Canada) that has assets not used directly in charitable activities or administration of at least \$5 million as of the date of its most recent audited balance sheet;
 - 1.11 an individual who has a net worth of at least \$5 million, excluding the value of his or her principal residence, as certified by the individual;
 - 1.12 a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are individuals referred to in item 1.11, except for persons or companies holding interests in a corporate trustee that is a trust company registered under the *Loan and Trust Corporations Act* (Alberta);
 - 1.13 a corporation that has a shareholders' equity of at least \$100 million as of the date of its most recent annual financial statements;

- 1.14 a mutual fund or non-redeemable investment fund that distributes its securities in Alberta, provided that:
 - 1.14.1 the person or company having the power and responsibility to direct the affairs of the fund is resident in Canada, is registered as an advisor, broker, investment dealer, or mutual fund dealer, and is not an affiliate of the Company; and
 - 1.14.2 the person or company referred to in item 1.14.1 is a party to the contract under which the Company provides advice to the fund; and
- 1.15 a mutual fund or non-redeemable investment fund that distributes its securities in Alberta only to persons or companies referred to in items 1.1 through 1.13.
2. The Company must maintain its registration and continue to engage in the business of an advisor in [*Company's home country*].
3. The securities, funds or other assets (collectively "Assets") of clients in Alberta for whom the Company acts must be held:
 - 3.1 by the client; or
 - 3.2 by a custodian or sub-custodian:
 - 3.2.1 that meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of NI 81-102;
 - 3.2.2 that is subject to the agreement announced by the Bank for International Settlements (BIS) on July 1, 1988 concerning international convergence of capital measurement and capital standards; and
 - 3.2.3 where such securities, funds and other assets are held by a custodian or sub-custodian that is the international adviser or an affiliate of the international adviser, that holds such securities, funds and other assets in compliance with the requirements of sections 32 through 36 of the Rules.

The client's securities may be deposited with or delivered to The Canadian Depository for Securities Limited or the Depository Trust Company or with any other depository or clearing agency that is dually authorized to operate a book-based system in its jurisdiction of incorporation or organization or to operate a transnational book-based system.

4. Before advising any client in Alberta, the Company must give the client a statement in writing disclosing, to the extent applicable;
 - 4.1 the name of the agent for service in Alberta appointed by the Company and its partners or officers who are required to register in Alberta and the address of such agent; and
 - 4.2 that the client may find it difficult to enforce any legal rights the client may have against the Company, its partners, directors or officers because;
 - 4.2.1 the Company and its partners, directors and officers are not resident in Canada and their assets are not situated in Canada; and
 - 4.2.2 the laws of the jurisdiction other than Alberta may apply to legal proceedings brought by the client. In the case of a mutual fund or a closed end investment fund, such statement must be provided to the investors in the fund and where a prospectus is provided to such investors the statement must be included in the prospectus.
5. The Company must inform the Executive Director forthwith if it becomes the subject of an investigation or disciplinary action by any other regulatory authority.
6. The Company must file with the Executive Director such reports about its activities in Alberta as the Executive Director may from time to time require.
7. A new client application form conforming to the requirements of ASC Policy 3.1 must be completed before the Company may accept a client account of less than \$500,000.