FORM 31-103F1
CALCULATION OF EXCESS WORKING CAPITAL

Firm Name

Capital Calculation
(as at ________________ with comparative figures as at ________________)

<table>
<thead>
<tr>
<th>Component</th>
<th>Current period</th>
<th>Prior period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Less current assets not readily convertible into cash (e.g., prepaid expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Adjusted current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 1 minus line 2 =</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Add 100% of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Adjusted current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 4 plus line 5 =</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Adjusted working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 3 minus line 6 =</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Less minimum capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Less market risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Less any deductible under the firm’s bonding or insurance policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Less Guarantees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Less unresolved differences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Excess working capital</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes:

This form must be prepared on an unconsolidated basis.

**Line 8. Minimum Capital** – The amount on this line must be not less than (a) $25,000 for an adviser, (b) $50,000 for a dealer, and (c) $100,000 for an investment fund manager.

**Line 9. Market Risk** – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

**Line 11. Guarantees** – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation. If the amount of a guarantee is included in the firm’s balance sheet as a current liability and is reflected in line 4, do not include the amount of the guarantee on line 11.

**Line 12. Unresolved differences** – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation.

The examples below provide guidance as to how to calculate unresolved differences:

If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the market value of the client securities that are short, plus the applicable margin rate for those securities.

If there is an unresolved difference relating to the registrant's investments, the amount to be reported on Line 12 will be equal to the market value of the investments (securities) that are short.

If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

Management Certification

```plaintext

Registered Firm Name: ____________________________________________

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at ______________________________.

<table>
<thead>
<tr>
<th>Name and Title</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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SCHEDULE 1
OF FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL

(calculating line 9 [market risk])

For each security whose value is included in line 1, Current Assets, multiply the market value of
the security by the margin rate for that security set out below. Add up the resulting amounts for
all of the securities you hold. The total is the "market risk" to be entered on line 9.

(a) Bonds, Debentures, Treasury Bills and Notes

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by
the Government of Canada, of the United Kingdom, of the United States
of America and of any other national foreign government (provided such
foreign government securities are currently rated Aaa or AAA by Moody's
Investors Service, Inc. or Standard & Poor's Corporation, respectively),
maturing (or called for redemption):

within 1 year 1% of market value multiplied by the
fraction determined by dividing the number
of days to maturity by 365
over 1 year to 3 years 1% of market value
over 3 years to 7 years 2% of market value
over 7 years to 11 years 4% of market value
over 11 years 4% of market value

(ii) Bonds, debentures, treasury bills and other securities of or guaranteed by
any province of Canada and obligations of the International Bank for
Reconstruction and Development, maturing (or called for redemption):

within 1 year 2% of market value multiplied by the
fraction determined by dividing the number
of days to maturity by 365
over 1 year to 3 years 3% of market value
over 3 years to 7 years 4% of market value
over 7 years to 11 years 5% of market value
over 11 years 5% of market value

(iii) Bonds, debentures or notes (not in default) of or guaranteed by any
municipal corporation in Canada or the United Kingdom maturing:

within 1 year 3% of market value multiplied by the
fraction determined by dividing the number
of days to maturity by 365
over 1 year to 3 years 5% of market value
over 3 years to 7 years 5% of market value
over 7 years to 11 years  5% of market value  
over 11 years          5% of market value  

(iv) Other non-commercial bonds and debentures, (not in default):  
10% of market value  

(v) Commercial and corporate bonds, debentures and notes (not in default)  
and non-negotiable and non-transferable trust company and mortgage loan  
company obligations registered in the registered firm’s name maturing:  

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Percentage of Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>within 1 year</td>
<td>3%</td>
</tr>
<tr>
<td>over 1 year to 3 years</td>
<td>6%</td>
</tr>
<tr>
<td>over 3 years to 7 years</td>
<td>7%</td>
</tr>
<tr>
<td>over 7 years to 11 years</td>
<td>10%</td>
</tr>
<tr>
<td>over 11 years</td>
<td>10%</td>
</tr>
</tbody>
</table>

(b) Bank Paper  
Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:  

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Formula and Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>within 1 year</td>
<td>2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365</td>
</tr>
<tr>
<td>over 1 year</td>
<td>apply rates for commercial and corporate bonds, debentures and notes</td>
</tr>
</tbody>
</table>

(c) Acceptable Foreign Bank Paper  
Deposit certificates, promissory notes or debentures issued by a foreign bank, readily negotiable and transferable and maturing:  

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Formula and Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>within 1 year</td>
<td>2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365</td>
</tr>
<tr>
<td>over 1 year</td>
<td>apply rates for commercial and corporate bonds, debentures and notes</td>
</tr>
</tbody>
</table>

“Acceptable Foreign Bank Paper” consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e., capital plus reserves) of not less than $200,000,000.

(d) Mutual Funds
Where securities of mutual funds qualified by prospectus for sale in any province of Canada, the margin required is:

(i) 5% of the market value of the fund, where the fund is a money market mutual fund as defined in National Instrument 81-102; or

(ii) the margin rate determined on the same basis as for listed stocks multiplied by the market value of the fund.

(e) Stocks

(i) On securities (other than bonds and debentures) including rights and warrants listed on any exchange in Canada or the United States:

Long Positions – Margin Required

Securities selling at $2.00 or more – 50% of market value
Securities selling at $1.75 to $1.99 – 60% of market value
Securities selling at $1.50 to $1.74 – 80% of market value
Securities selling under $1.50 – 100% of market value

Short Positions – Credit Required

Securities selling at $2.00 or more – 150% of market value
Securities selling at $1.50 to $1.99 - $3.00 per share
Securities selling at $0.25 to $1.49 – 200% of market value
Securities selling at less than $0.25 – market value plus $0.25 per shares

(ii) For positions in securities (other than bonds and debentures but including warrants and rights), 50% of the market value if the security is a constituent security on a major broadly-based index of one of the following exchanges:

(a) American Stock Exchange
(b) Australian Stock Exchange Limited
(c) Bolsa de Valores de Sao Paulo
(d) Borsa Italiana
(e) Boston Stock Exchange
(f) Chicago Board of Options Exchange
(g) Chicago Board of Trade
(h) Chicago Mercantile Exchange
(i) Chicago Stock Exchange
(j) Euronext Amsterdam
(k) Euronext Brussels
(l) Euronext Paris S.A.
(m) Frankfurt Stock Exchange
(n) London International Financial Futures and Options Exchange
(o) London Stock Exchange
(p) Montreal Exchange
(q) New York Mercantile Exchange
(r) New York Stock Exchange
(s) New Zealand Exchange Limited
(t) Pacific Exchange
(u) Swiss Exchange
(v) The Stock Exchange of Hong Kong Limited
(w) Tokyo Stock Exchange
(x) Toronto Stock Exchange
(y) TSX Venture Exchange

(f) For all other securities – 100% of market value.