

# CLIENT RELATIONSHIP DISCLOSURE

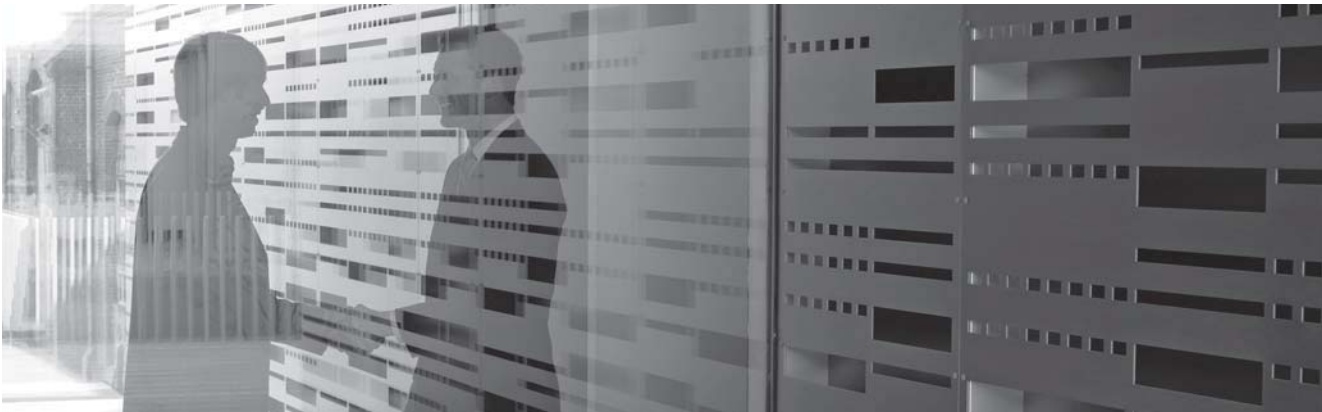


All our expertise is at your service!

At Industrial Alliance Securities Inc. (IAS), you benefit from the flexibility of an advisor working with your specific needs with all the backing of a major financial group.







**INDUSTRIAL ALLIANCE SECURITIES INC. (IAS)  
IS PROUD TO PROVIDE YOU WITH THIS  
*CLIENT RELATIONSHIP DISCLOSURE GUIDE*  
TO HELP YOU MAKE THE RIGHT CHOICES.**

IAS values its relationship with you. Your responsibility in this relationship is to make all the investment decisions with regard to your accounts based on your advisor's recommendations.

IAS is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and of the Canadian Investor Protection Fund (CIPF). Client accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request.



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# 1 Introduction



Industrial Alliance Securities Inc. (IAS) is a full-service securities brokerage firm and a member of the Investment Industry Regulatory Organization of Canada (IIROC) and of the Canadian Investor Protection Fund (CIPF). IAS is also regulated by the securities commissions in all provinces where it is registered. IAS offers a wide range of products and services to private individuals, businesses and institutional investors.

In compliance with applicable regulations, IAS is presenting this guide to inform you of both our obligations and your responsibilities when you open a securities brokerage account with us. You will need a good understanding of the following:

- › The types of products and services that we offer
- › The relationship we will enter into based on the type of account opened

- › How we evaluate the suitability of the investments placed with your account
- › The reports you will receive about your account
- › How IAS manages conflicts of interest
- › The fees and charges for maintaining and operating your account
- › How IAS processes complaints from its clients
- › The documents you will receive in relation to your account



**Feel free to talk to your investment advisor and ask any questions you need to make sure you understand.**

# 2 Types of Services and Products Offered by IAS



As a full-service securities brokerage firm, IAS offers a complete range of financial products and services designed to meet your specific needs. Here is a brief summary of the products and services offered.

## A) SERVICES OFFERED BY IAS

### Types of accounts offered

IAS offers a range of advisory and managed accounts with different compensation structures.

#### ADVISORY ACCOUNTS

##### Commission-based advisory account

If you open a **commission-based advisory account**, you will need to speak to your investment advisor prior to making any transaction on your account (whether buying or selling). You are responsible for making the investment decisions concerning your account, but may base your choices on the advice given by your investment advisor. Your investment advisor is responsible for the advice given and must show an appropriate degree of prudence, make suitable investment recommendations and provide unbiased investment advice. **You will need to stay informed and to participate actively in making investment decisions since you will ultimately be responsible for all decisions made.** This type of account allows you to work closely with your investment advisor to select individual investments. Commission fees will normally be charged for each transaction as described in Section 8 – Account and Product Administration Fees and Charges.

##### Fee-based advisory account

If you open a **fee-based advisory account**, you will need to speak to your investment advisor prior to making any transaction on your account (whether buying or selling). You are responsible for making the investment decisions concerning your account, but may base your choices on the advice given by your investment advisor. Your investment advisor is responsible for the advice given and must show an appropriate degree

of prudence, make suitable investment recommendations and provide unbiased investment advice. **You will need to stay informed and to participate actively in making investment decisions since you will ultimately be responsible for all decisions made.** This type of account allows you to work closely with your investment advisor to select individual investments. Buying or selling commissions normally paid to your investment advisor are replaced by fees based on the value of your assets at the end of each month. However, depending on the type of agreement, operation fees may be charged as described in the fee-based advisory account agreement that you will be asked to sign.

#### MANAGED ACCOUNTS

##### Managed account

If you open a **managed account**, investment decisions will be made by your portfolio manager. Your portfolio manager will therefore make no recommendations and you will have no decisions to make since your account will be managed according to a pre-established investment policy statement based on your investment objectives, risk tolerance and time horizon. Account fees will be based on a pre-established agreement with your portfolio manager as described in Section 8 – Account and Product Administration Fees and Charges.

##### Third-party managed account

If you open a **third-party managed account**, investment decisions will be made by an external portfolio manager as selected by you and IAS. The external portfolio manager will therefore make no recommendations and you will have no decisions to make since your account will be managed according to a pre-established investment policy statement based on your investment objectives, risk tolerance and time horizon. Account fees will be based on a pre-established agreement with the external portfolio manager as described in Section 8 – Account and Product Administration Fees and Charges.

All types of accounts described above may be subdivided as follows:

### **NON-REGISTERED ACCOUNTS**

- › **Cash account** – for clients who plan to settle each transaction in full.
- › **\*Margin account** – for clients who are considering borrowing funds guaranteed by securities already held in the account.
- › **Option account** – account with a margin in which options may be processed.
- › **Short sale account** – margin account in which you may sell, under certain conditions, securities which you do not own.
- › **Cash on delivery account** – payments are settled via another financial institution or other broker firm which also acts as securities custodian.

These accounts are also available in U.S dollars.

### **REGISTERED ACCOUNTS (with tax advantages) (subject to government-established restrictions)**

- › **Self-directed RRSP and RRIF** – for clients who wish to grow a range of eligible tax-free investments.
- › **LIRA / LIF** – type of account in which a person can transfer the amount from his or her supplemental pension plan or locked-in retirement account (LIRA)
- › **Tax-Free Savings Account (TFSA)** – for clients who wish to grow tax-free investments with the option of withdrawing funds for an emergency, or any other reason, with no tax consequences.
- › **Registered Education Savings Plan (RESP)** – for clients who wish to grow tax-free investments to finance a child's education.
- › **Stock Savings Plan II (SSP)** – for private individuals in Quebec who wish to deduct an amount from their taxable income to invest in common shares (eligible shares) issued on the primary market.

### **OTHER SERVICES OFFERED BY IAS**

- › **RRSP loan** – this service allows clients to borrow the funds they need to contribute to an RRSP or use their unused contribution room;
- › **\*\*Leverage loan** – this service allows clients to borrow funds in order to boost the performance of an investment. This type of investment is designed for clients who have high risk tolerance and a stable financial situation. It is available by way of a signed agreement with some financial institutions.
- › **Automatic revenue transfer** – this allows clients to transfer investment dividends and interest from the revenue account to a bank account at any financial institution (available soon).

## **B) INVESTMENT PRODUCTS OFFERED BY IAS**

### **Before investing your money**

With the help of your investment advisor, make sure you fully understand how the investment product works and identify all costs connected to it. Also make sure that it matches your objectives and risk tolerance. The better the potential performance of an investment, the higher the risk:

\*A margin account allows you to make transactions on securities within the margin consented by IAS, which may vary daily. Since this constitutes a loan, the risk level is higher than with cash purchases and may increase your personal debt. Should you wish to borrow money to purchase securities, you are responsible for repaying the loan consented by IAS in the form of a margin as well as any outstanding interest, even if the value of the securities purchased decreases. You must state that all risks connected to a margin account are fully understood and accepted.

\*\*Any person who uses a loan to purchase securities is exposed to a greater risk that when settling the transaction with his or her own funds. Any person who borrows in order to purchase securities is under obligation to repay the loan and corresponding interest as stipulated in the loan agreement even if the value of the securities purchased decreases.

investments with high returns and low risk simply do not exist. To obtain the best performance, you must accept the associated risks.

### **Low-risk cash products**

These offer the option to cash an investment product quickly and at a low cost.

- › **Treasury bond** – this constitutes a short-term loan to the Government that issues it. The duration of treasury bonds is less than a year. Treasury bonds do not pay interest: they are sold at a discount and, when matured, are reimbursed to the bearer at their nominal value. The resulting difference replaces the interest. Treasury bonds entail practically no credit risk. They may also be redeemed before maturity.
- › **Savings bond** – this constitutes a loan to the Government that issues it and is guaranteed by the State's power to impose taxes. Most savings bonds have a yearly fixed interest rate guaranteed until expiry. Some have a minimum interest rate which may be increased by the issuer depending on the economic climate. Savings bonds are guaranteed by the issuing State and therefore entail practically no credit risk.
- › **Guaranteed Investment Certificate (GIC)** – a title certifying a deposit held, issued by a financial institution. The duration of GICs ranges between 30 days and 10 years. Most GICs produce interest at a fixed rate until maturity. In some cases, repayment rates may be indexed as per, for example, a market index. Most GICs, however, must be kept until maturity.
- › **Money Market Fund** – this is an open-ended mutual fund which invests in short-term fixed income securities. Money market fund securities are usually issued at a fixed price of \$10 per unit. Performance will depend on investments made by the Fund. The risk is usually low as investments are made in short-term, "high quality" securities.

### **Fixed income securities**

When you subscribe to bonds or another type of fixed income security, you are lending money to the Government or issuing organization for a certain amount of time. In return, the issuer promises to pay interest at a fixed rate at set times and to repay the face value of the security when it matures.

Fixed income securities may be purchased or sold at a price higher or lower than their face value, which varies with the interest rates. Value is also a function of the issuer's credit rating. The risk associated with this type of product ranges from low to high.

Below is in a non-exhaustive sampling of securities considered to be of the fixed income type:

- › **Bonds** – the duration of bonds ranges mostly between one and 30 years. In general, interest is paid at a fixed rate determined at the time of issue. Performance varies with interest rates and the issuer's credit rating.
- › **Debentures** – these function along the same principles as bonds, but they are not guaranteed.
- › **Strip bonds** – the duration of strip bonds usually ranges between 18 months and 30 years. They are sold at a discount and, upon expiry, are repaid at face value with the difference representing the interest. Longer durations offer proportionally greater discounts.

- › **Mortgage-backed securities** – titles representing participation in a mortgage portfolio. The duration of mortgage-backed securities ranges between one and 10 years. Mortgage-backed securities offer a fixed rate of return, typically on a monthly basis. Monthly revenues are composed of a part of the payments on principal and interest from mortgage loans.

### **Equity securities**

- › **Common shares** – common shares are issued by companies and entitle the shareholders to participation in that company's ownership. The risk associated with this type of product ranges from moderate to very high.
- › **Flow-through shares** – these shares are issued by certain oil, gas and mining companies and entitle the shareholders to certain tax deductions. The risk associated with this product is very high.
- › **Preferred shares** – preferred shares are issued by companies and usually entitle the shareholders to a fixed dividend. They may be convertible: the shareholders may then convert them to common shares at a pre-established price. The risk associated with this product ranges from moderate to high.

### **Investment fund securities**

- › **Mutual funds** – these are investment funds consisting of sums pooled by investors and administered by a portfolio manager on their behalf. These may easily be bought or resold at their asset value. The risk associated with this type of product varies from low to very high.
- › **Exchange-traded funds (ETF)** – selection of investments mirroring a market or bond index. The risk associated with this product ranges from low to high.

- › **Leveraged exchange-traded funds** – these are highly speculative short-term investments designed to double or even triple the daily performance of a stock index. They are unsuitable for investors who wish to hold their investments for more than a few days. The risk associated with this product is very high.

- › **Income trusts** – these are issued by a trust holding the securities or assets of one or several companies. Shares represent participation in the profits generated by the assets held by the trust. Income trusts are designed for the regular distribution of revenue to securities bearers. The risk associated with this product ranges from moderate to high.

### **Other products**

- › **Structured notes** – structured notes are securities by which the issuer, generally a financial institution, acknowledges a debt. Duration usually ranges between five and 10 years. Some structured notes are capital-protected investments, whereas others offer no capital protection. Such securities do not always offer a fixed interest rate. Their performance may vary according to a benchmark portfolio related to one or more indices, goods, currencies, hedge funds, etc.
- › **Options** – options allow the bearer the right, but do not impose the obligation, to buy or sell an underlying asset at a fixed price during a determined period of time. The bearer of an option may sell it, exercise it or let it run its course. The risk associated with this product ranges from moderate to very high.
- › **Subscription rights and warrants** – these entitle the bearer to purchase additional shares at a fixed price for a determined period of time.
- › **New issues** – initial issue of shares or bonds by a company.

## **3 Investment Suitability Assessment**



For some types of accounts, IAS must assess the suitability of the recommended investments before conducting any trade.

If you have a **managed account** or a **third-party managed account**, IAS is not under obligation to discuss the suitability of trades conducted since these transactions will comply with the objectives, risk tolerance and time horizon that you have established. Suitability assessment is conducted on a continuing basis by your portfolio manager or the external portfolio manager in view of the criteria described below.

If you have a **fee- or commission-based advisory account**, your investment advisor must assess the suitability of a new investment being considered before conducting the trade. Before advising a transaction, whether buying, selling or exchanging securities, your investment advisor must assess whether this transaction suits your needs with regard to information provided by you as well as your personal and financial situation. It is therefore very important that this information be kept up to date and that you inform your investment advisor of any change in your personal or financial situation **as soon as it happens**. This will make it possible for your investment advisor to make sure that your investments match your situation and to advise you against certain transactions.

The factors guiding your investment advisor in assessing the suitability of your investments include what he or she believes to be your current situation with regard to:

- › **Your personal circumstances** – your age, your marital status, the number of dependents, your occupation, your employer and if you are an insider or a significant shareholder.
- › **Your current financial situation** – your assets (including your sources of income) relative to your debts: IAS will evaluate the value of the transaction being considered in light of the net value of your assets (assets minus debts).
- › **Your investment knowledge** – this will be evaluated based on your past experience and on your own assessment of your knowledge of certain products and of the risks associated with investment products and complex strategies.
- › **Your investment objectives and risk tolerance** – this is what you have described to us as being your specific financial objectives: your wish to protect your investments (avoid loss of capital), increase your revenue or your capital via market growth as well as your comfort level if faced with the possibility of losing part of your money, even if you have many years in which to invest and save.
- › **Your time horizon** – this is the moment when you will need all or part of your capital, whether to buy a property, retire, or for any other need.

## 4 Investment Suitability Assessment Process



Here is a brief summary of the process used by IAS to assess the suitability of your investments with regard to the information you have provided.

1. During your initial conversation with your investment advisor and based on your answers to the questions in the account opening form, your investment advisor will help you determine your investment objectives and time horizon as well as your risk tolerance. This information will also assist in establishing your global financial situation and investment knowledge.

**You will be given a copy of all the information obtained and documented at the time of account opening and whenever there are material changes to this information.**

**It is your responsibility to notify us without delay about any errors in the information contained in these documents.**

2. Your investment advisor will evaluate whether the proposed investment is suitable for you with regard to your overall portfolio, your time horizon and your personal and financial situation.

3. Using a highly sophisticated system based on specific criteria, the branch manager will evaluate the risk level of the transactions. The compliance department will also conduct a second-tier supervision.

**Should you ask your investment advisor to conduct a transaction which we deem to be unsuitable for you with regard to your information and investor profile, we will advise you not to carry out this transaction.**

Your investment advisor will explain the reasons why this transaction is unsuitable for you. If, in spite of this explanation, you still want to carry out this transaction, your investment advisor will ask you for a letter stating that you have been advised against it and have been made aware of the associated risks. The investment advisor and IAS reserve the right to refuse to carry out the transaction.

## 5 Frequency of Investment Suitability Assessment



In order to make sure that your investments remain suitable as time passes, your investment advisor will assess the investments in your account at least once every five years. In addition, IAS will assess the suitability of the investments in your account with regard to the criteria described above whenever:

1. a trade is accepted on your instructions;
2. a recommendation is made by your investment advisor;
3. securities are transferred or deposited into your account;
4. there is a change of the investment advisor or portfolio manager responsible for your account;

5. there is a significant change to the information concerning your personal or financial situation.

**Please note that an investment suitability reassessment will not necessarily be conducted in the event of significant market fluctuations. Feel free to contact your investment advisor if necessary.**

Should your investment advisor find a discrepancy while assessing the suitability of your investments, he or she will contact you to discuss it. Such conversations may be documented as required by applicable regulations or in compliance with best business practices.

## 6 Client Account Reports



In its relationship with you, IAS will send you a number of reports to help you monitor the progress and performance of your investments:

**Trade confirmation** – IAS will send you confirmation for every transaction in your account itemizing relevant information connected to it. This confirmation will be sent on the business day after the closing of the transaction.

**It is your responsibility to closely examine each confirmation and to inform us of any error or omission and of any transaction unauthorized by you within 15 days following receipt of the confirmation.** It is our understanding that if you do not contact us within this time, you confirm and approve each transaction listed in the confirmation as well as the completeness and accuracy of other details connected to each transaction.

**Account statement** – IAS will send you a monthly account statement whenever a trade is conducted in your account no later than the 15th day of the following month. If there is no trade in your account, the account statement will be sent each quarter (March, June, September, December). This account statement provides you with an overall view of all your accounts plus an itemized description of each individual account. The types of account that you have are clearly identified as well as all of the securities and their market value, and an itemized list of all trade conducted including, in particular, purchases and sales of securities and dividends paid to your account. IAS obtains the market value of your securities from sources considered reliable, but IAS may not guarantee the accuracy of this information especially since market value is subject to market fluctuations.



In addition, your account statement will indicate the purchase price, when available, or the market value of the security at the moment of transfer into your account.

**It is your responsibility to closely examine each account statement and to inform us of any error or omission and of any transaction unauthorized by you within 15 days following receipt of the account statement.** It is our understanding that if you do not contact us within this time, you confirm and approve each transaction listed in the account statement as well as the completeness and accuracy of all other information in the account statement.

### Performance benchmarks

You can judge how your investments are doing by comparing the rate of return on the securities you hold to a performance benchmark. Your rate of return is affected by, among other things, changes in the value of your securities, dividends and the interest you earn, as well as when you make deposits and withdrawals.

There are many different benchmarks. When choosing a benchmark, pick one that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

#### Note:

- › Keep in mind that benchmarks should be used as a guide only.
- › Benchmarks do not factor in commissions or other costs to invest and often don't include low-earning assets that you hold to cash in case of emergencies. This means benchmark returns will seem higher than what you would earn on your account if you held the same securities as the index.

- › Benchmark rates of return are calculated using a specified method. For a better comparison, be sure this is how the rate of return on your account is calculated.
- › Remember that benchmarks are based on how a sample portfolio performs and that other factors, such as tax considerations, will affect your returns.

Please speak to your investment advisor or your portfolio manager if you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.

**Performance reports** – new additions to the existing regulations will eventually require all brokers to supply many other types of account reports to their clients.

These include:

- › annual reports specifying original costs;
- › reports on revenues and realized or unrealized capital gain;
- › percentage of annual return over 1, 3, 5 and 10 years and variation of dollar value of your portfolio over the last year and since opening the account.

IAS closely monitors new regulatory developments. When new laws on performance reporting are implemented, we will make the information relevant to your account available to you in compliance with applicable regulations.

## 7 Disclosure of Conflicts of Interest

Throughout its diverse activities, IAS is committed to placing the best interest of its clients above all else. In addition, as a securities brokerage firm and member of IIROC, IAS must effectively address any situation which may give rise to a conflict of interest.

A conflict of interest arises when the interests of different persons, particularly your interests and those of IAS or one of its employees (representatives, administrators, managers, associates, staff, agents) are incompatible or divergent. A conflict of interest may be existing, potential or apparent.

More specifically, an employee, or IAS, is in a conflict of interest when he, she or it is in a situation of any nature which causes **(existing conflict of interest)**, may cause **(potential conflict of interest)** or could be perceived to cause **(apparent conflict of interest)** this individual or it to act in his, her or its own interests or that of a related person against your own interests.

Accordingly, conflicts of interest may occasionally happen:

- › between you and IAS or you and your investment advisor;
- › between you and other clients whom we represent. We must therefore spread investment opportunities fairly amongst all our clients so as not to favour one above the other;

- › between you and a person or company with whom we have a relationship.

IAS has adopted a number of policies and internal procedures to effectively address conflicts of interest. The organizational structure of IAS is designed to effectively control conflicts of interest.

- › IAS **avoids** any conflict of interest prohibited by law and any conflict of interest which we are unable to address effectively.
- › IAS **controls** conflicts of interest by implementing measures such as separating its Research Department and Corporate Financing Department from other departments to prevent any communication of confidential or privileged information or undue influence of one department over another.
- › IAS **discloses** any material conflict of interest which an investor would expect to be informed of. IAS will also provide you with a conflict of interest management protocol when opening your account and a statement of principles relative to conflicts of interest. In addition, a "related to issuer" mention will show up for each transaction on products to which IAS is considered related in your confirmation reports.

- › IAS **discloses** to its clients when a commission sharing agreement is established following a client referral. Disclosure is made no later than the time when the service figuring in the Referral Agreement is provided.

Despite these measures, no firm or employee can completely avoid conflicts of interest. Any existing or potential conflict of interest that is

unavoidable will immediately be disclosed to you whenever an investor would expect to be informed of it. To help you better understand and evaluate the different types of conflicts of interest that may occur, IAS has implemented a Policy on Managing Conflicts of Interests which describes several examples. This policy is available online at: <http://www.iasecurities.com/en/conformite/conflicts>.



## Account and Product Administration Fees and Charges



Existing regulations require IAS to disclose any fees and charges related to the acquisition, disposal and holding of your investments which you may or will incur, according to the type of account or service. These fees and charges may vary depending on the products and services offered. They may change with time, in which case you will be advised of the change in writing at least 60 days before the change is effective:

- › Fees and charges for commission-based advisory accounts
- › Fees and charges for fee-based advisory accounts
- › Fees and charges for managed accounts

Your investment advisor will provide you pre-trade cost disclosure. If information about actual commissions is not available, a reasonable dollar estimate will be provided.

### Commission-based advisory accounts

In the case of **commission-based advisory accounts**, IAS will charge you a commission for every transaction in your account (sale or purchase) based on the following:

- › The amount of the transaction
- › The value of the security
- › The number of units traded
- › The type of investment

*(A minimum commission may be charged)*

The commission charged will appear on the trade confirmation which will be sent to you.

In the case of mutual funds, fund managers normally charge administration and transaction fees that are deducted from the returns of the fund.

Here is a description of the types of administration and transaction fees that may be associated with investment transactions in mutual funds:

- › **Front load** – front load fees represent between zero and 5% of the amount invested. This is a negotiable commission paid to the investment advisor.
- › **Low load** – low load fees are reduced brokerage fees paid by you to the investment advisor by the mutual fund company at the moment of acquisition by a mutual funds investor. Fees charged usually decrease over time. They may vary from 3% upon redeeming in the first year after initial share funds purchase to 0% if redemption takes place three years or more after initial investment.

- › **No load** – with no load fees, no acquisition costs are charged upon purchase of units in a no load mutual fund. In general the MER of no load funds is higher than those of front load or deferred sale charge funds.
- › **Deferred sale charges** – no commission is charged when you purchase mutual fund units. It is the fund company that pays a commission up to 5% of your assets to the advisor. Fees apply when funds are redeemed. They may represent up to 7% and decrease. For example, if redeeming your funds in the first year, you will pay 7% of the asset whereas you will pay nothing after six years.
- › **Short-term trading fees** – redeeming or exchanging shares from a fund against those from another fund in the 90 days following their purchase may incur short-term trading fees which may represent up to 2% of the amount received at the moment of redeeming or exchanging units between funds. Short-term trading fees are payable directly to the funds and do not apply to a fund's cash equivalent.
- › **Switch fees** – apply to an exchange of units from one mutual fund to another of the same family. Trading fees may apply.

The **management expense ratio (MER)** represents a percentage of the assets in the funds that is deducted yearly of your assets to pay portfolio managers and meet operating costs such as research, analysis and marketing. The MER is indicated in the fund's prospectus and is usually between 1% and 3%. Part of these charges, usually between 0.25% and 1.25% of your assets, is distributed yearly by the funds company to IAS and your investment advisor as long as you are a shareholder of these funds; this is sometimes referred to as 'trailer fees'. This commission compensates the ongoing service and advice offered by your advisor. Trailer fees are included in the management costs and the rate varies with the costs option (described above) that you have chosen.

Some costs may not apply in your case. We recommend that you read the prospectus for further information on charges and costs applicable to the investments you are considering and discuss the matter with your advisor.

### New issue

No commission is charged when you purchase a New Issue. It is the issuer that pays a commission to your investment advisor. Please refer to the prospectus or offering document in which fees and commissions are fully disclosed.

### Fee-based advisory accounts

In the case of **fee-based advisory accounts**, fees are charged (monthly, quarterly) to your account. These are calculated on the value of your monthly assets. Rates may vary up to a maximum of 2.25% yearly with a minimum of \$125 monthly.

## **Managed accounts**

For managed accounts, the fee schedule varies according to assets under management.

0 to 1 million: up to 2.25%

1 to 2.5 million: up to 1.75%

2.5 million and above: up to 1.50%

## **Third-party managed accounts**

For **third-party managed accounts**, the fee schedule varies with and is established by the external manager. It may range from 2.75% to 1%.

For all accounts listed above, IAS may charge additional administration fees (transaction, administration, maintenance, transfer, inactivity, account closing, etc.)

A management fee schedule will be sent to you when opening the account. It is also available online at [www.iasecurities.com](http://www.iasecurities.com) or from your advisor.

# 9 Client Complaint Handling Process

In order to meet its primary responsibility, IAS is committed to its obligation to handle client complaints in a fair and equitable manner. Upon receiving a complaint from a client, we aim to understand the issues at hand in an impartial manner and to respond adequately to each person's particular situation.

On opening an account, IAS will send clients a written summary of the procedure applicable to handling complaints and a copy of the brochure issued by IIROC entitled *An Investor's Guide to Making a Complaint*.

The procedure used in handling client complaints is available at all times online at [www.iasecurities.com](http://www.iasecurities.com).

Upon receipt of a complaint, IAS will send an acknowledgment letter to the complainant within five business days.

After analyzing the complaint, a detailed response letter and a copy of the brochure issued by IIROC entitled *An Investor's Guide to Making*

a *Complaint* will be sent as soon as possible within 90 calendar days following the date of receipt.

Should IAS be unable, for any particular reason, to send its final response within 90 days, you will be informed of the reason for the delay and of the new timeline for completion of the process.

In case of any dissatisfaction or complaint, IAS invites you to contact your advisor or call our head office at 514 499-1066 or 1 800 361-7465.

You may also submit your complaint in writing to the following address:

### Attn Complaint Officer

Industrial Alliance Securities Inc  
6700 Pierre-Bertrand Boulevard  
Suite 205  
Quebec City, QC G2J 0B4

# 10 Disclosure Regarding Sharing of Office Premises and Referral Arrangements

Industrial Alliance Insurance and Financial Services Inc.(IA) is the primary shareholder of Industrial Alliance Securities Inc. (IAS).

Some IAS investment advisors or portfolio managers may share office space with IA or another financial entity related or affiliated to IA:

- › IA Clarigton Investments Inc.
- › Industrial Alliance Trust Inc.
- › Industrial Alliance Investment Management Inc.
- › Investia Financial Services Inc.
- › FundEX Investment Inc.
- › T.E. Investment Counsel Inc.
- › T.E. Financial Consultant Ltd.
- › JovFinancial Solutions Inc.
- › Leon Frazer & Associates Inc.
- › Sarbit Advisory Services Inc.

- › Hanh Investment Stewards & Company Inc.
- › Fit Private Investment Counsel Inc.
- › IA Securities (USA) Inc.

Some offices may share a common receptionist.

Referral arrangements may exist from time to time with IAS and other IA affiliates and other regulated and non-regulated entities. A referral arrangement is where a prospective client is referred to or from IAS by a party and that party or IAS may receive a referral fee. The purpose of referrals is to introduce our clients or potential clients to qualified persons who are best suited to help you achieve your financial objectives.

If a referral arrangement is in place, a written disclosure will be provided to you wherein the specific referring party will be disclosed along with the specific fee being received.

If you have any questions about these disclosures, please contact your investment advisor or the IAS Compliance Department.

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## Your Account Documentation



After opening your account, IAS will supply several documents containing the information you need to play an active role in managing your accounts. These documents are as follows:

- › Welcome letter
- › A copy of your Account Opening Form
- › A copy of the acknowledgment of receipt of this Client Relationship Disclosure guide
- › The agreements applicable to the type(s) of account(s) you hold
- › A description of the administrative fees and charges applicable to your accounts
- › A description of the risks associated with strip bonds operations entitled *Information Relative to Strip Bonds*
- › A description of the risks associated with options if you have opened an options account
- › Industrial Alliance Securities' policy on client complaints
- › A brochure entitled *Investor's Guide to Making a Complaint* issued by the Investment Industry Regulatory Organization of Canada (IIROC)
- › CIPF official brochure (Canadian Investors Protection Fund)
- › Our *Policy on Managing Conflicts of Interest*
- › Our protocol designed to minimize potential conflicts of interest

# Acknowledgment of Receipt: Client Relationship Disclosure Guide



Please **check** the type(s) of service(s) and account(s) that you have chosen.

Account number: \_\_\_\_\_

## Types of services

- |                                                            |                                                      |
|------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Commission-based advisory account | <input type="checkbox"/> Managed account             |
| <input type="checkbox"/> Fee-based advisory account        | <input type="checkbox"/> Third-party managed account |

## Types of accounts

- |                                                          |                                                            |
|----------------------------------------------------------|------------------------------------------------------------|
| <input type="checkbox"/> Cash account                    | <input type="checkbox"/> LIRA                              |
| <input type="checkbox"/> Margin account                  | <input type="checkbox"/> RRIF                              |
| <input type="checkbox"/> Options account                 | <input type="checkbox"/> LIF                               |
| <input type="checkbox"/> Short sale account              | <input type="checkbox"/> Tax-Free Savings Account          |
| <input type="checkbox"/> Income account (available soon) | <input type="checkbox"/> Registered Education Savings Plan |
| <input type="checkbox"/> Cash on delivery account        | <input type="checkbox"/> Stock Savings Plan (SSP)          |
| <input type="checkbox"/> RRSP                            | <input type="checkbox"/> Other, specify: _____             |

## Other service offered

- Leverage loan

## Investment products

- My advisor has explained which of the investment products would suit my profile.

I, the undersigned \_\_\_\_\_ hereby certify that the information contained in this document was handed to me, have been explained and that I have had the opportunity to ask any questions to fully understand the content.

I also certify that the services and accounts that I have chosen above, were explained to me.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Dated

**!** **Whether investing via an investment advisor or by yourself, never invest in a product that you do not fully understand. Never rush investment decisions and never sign any documents without having read them thoroughly.**

NOTE: As the context may require, the use of the singular includes the plural, and vice versa.



**Thank you for placing your trust in  
Industrial Alliance Securities Inc.**

There for you  
from coast to coast

Industrial Alliance Securities  
has several offices in Canada.

Contact our head office or visit  
our website to find the advisor  
nearest you or for the complete  
list of our branch offices.

**Industrial Alliance  
Securities Inc.**

2200 McGill College Avenue,  
Suite 350

Montreal, QC H3A 3P8

Telephone: 514 499-1066

Toll-free: 1 800 361-7465

[www.iasecurities.com](http://www.iasecurities.com)

[info@iasecurities.com](mailto:info@iasecurities.com)

IAS is a member of the Investment  
Industry Regulatory Organization of  
Canada (IIROC) and the Canadian  
Investor Protection Fund (CIPF).



**The elephant and Industrial Alliance**

Over time, the elephant has naturally been associated with Industrial Alliance based on the many attributes that the company has in common with this magnificent animal:

- › Strength and energy
- › Solidity
- › Longevity
- › Strong sense of family and responsibility

The elephant,  
a symbol of Industrial Alliance's  
120 years of strength and solidity

