

HOW RICHARDSON GMP HOLDS AND SAFEGUARDS YOUR ASSETS

How safe are my assets at Richardson GMP?

Your assets are very safe at Richardson GMP, for three main reasons:

1. Investment safekeeping practices have evolved over time to keep pace with the growth of the industry. Millions of shares and billions of dollars of bonds and treasury bills are traded each day, with an exceedingly low rate of error. This safekeeping system, although complex, makes it possible to have efficient, liquid markets while providing ample protection for Canadian and offshore investors.
2. At Richardson GMP, providing security is our top priority. With our founders James Richardson & Sons, Limited, established in 1857, our firm has been built on a tradition of excellence, integrity and responsibility for generations. This information may help you to understand how carefully your assets are held and safeguarded at Richardson GMP.
3. Richardson GMP has purchased additional securities protection, with certain underwriters at Lloyd's of London, to complement the existing insurance provided through the Canadian Investor Protection Fund (CIPF). That means that as one of our clients, your combined general and combined retirement accounts each have coverage up to \$2 million. This extra coverage* is yet one more indication of how committed we are to enhancing the safety of your assets.

What regulatory organizations does Richardson GMP belong to?

We are members of the Investment Industry Regulatory Organization of Canada (IIROC), which requires us to adhere to regulations governing consumer protection, fiduciary responsibilities and stringent record keeping. For more information, visit www.IIROC.ca

We are also members of the Canadian Investor Protection Fund (CIPF), which ensures your assets are protected within defined limits in the unlikely event that our firm should become insolvent. Through CIPF, each account is provided with protection of \$1 million for assets including cash, securities and certain other property such as segregated funds. For more information, visit www.CIPF.ca

* Subject to an aggregate policy limit of \$30 million.



Why Richardson GMP?

Trusted. Canadian. Independent.

Richardson GMP is Canada's largest independent wealth management firm, entrusted with over \$28 billion in client assets. With offices across the country, we are home to some of Canada's most distinguished Investment Advisors.

We are proudly Canadian. Fiercely independent. And dedicated to earning and rewarding your trust as stewards of your wealth.

www.RichardsonGMP.com

How are my assets held in custody at Richardson GMP? Are they managed differently than they would be at a bank-owned firm?

Like banks and trust companies, we hold securities through centralized clearing agencies:

- For Canadian securities, we use The Canadian Depository for Securities (CDS) www.CDS.ca and The Canadian Derivatives Clearing Corporation (CDCC) www.CDCC.ca
- For U.S. securities, we use The Depository Trust Company (DTC) www.DTCC.com
- For European securities, we use Euroclear www.Euroclear.com

We follow rigorous management practices. Richardson GMP complies strictly with all regulatory and safeguarding disciplines. Increasingly, the transacting and safekeeping of securities in Canada is based less on the exchange of paper-based certificates and more on electronic transfers, which tend to eliminate the risks associated with transporting securities in physical form. We deploy highly advanced mechanisms to ensure that your electronic transfers are encrypted.

With few exceptions, none of the securities you purchase through our firm are sent to you or physically held on our premises. Instead, they are entrusted to the custody of our centralized clearing agencies/depositories, which make financial transactions more efficient and secure. As our Carrying Broker, GMP Securities L.P. balances our clients' book positions with the clearing agencies/depositories daily.

- **Physical securities** are safeguarded in a vault at one of the major Canadian banks. Securities are counted monthly and reconciled.
- **Cash for registered accounts** (RRSPs, RRIFs, RESPs, RDSPs, etc.) is wired daily to our trustee and net settled at the end of each day. Registered accounts are unique in that they are governed by a trust at the largest global trustee, Computershare Trust Company.
- **Cash for non-registered accounts** is held at one of the major Canadian banks and reconciled daily.
- **For mutual funds**, all purchases are made via our Carrying Broker, GMP Securities (GMP) and recorded in parallel between GMP and the respective fund company. The fund company is ultimately the book of record and GMP reconciles their recorded positions against the mutual fund companies to ensure we are in balance. The mutual fund companies issue all tax slips directly to clients.
- **All cash balances** for both registered and non-registered accounts must be held in bank accounts, or as cash equivalents, at one of the major Canadian banks, as mandated by our agreement with our Trustee.

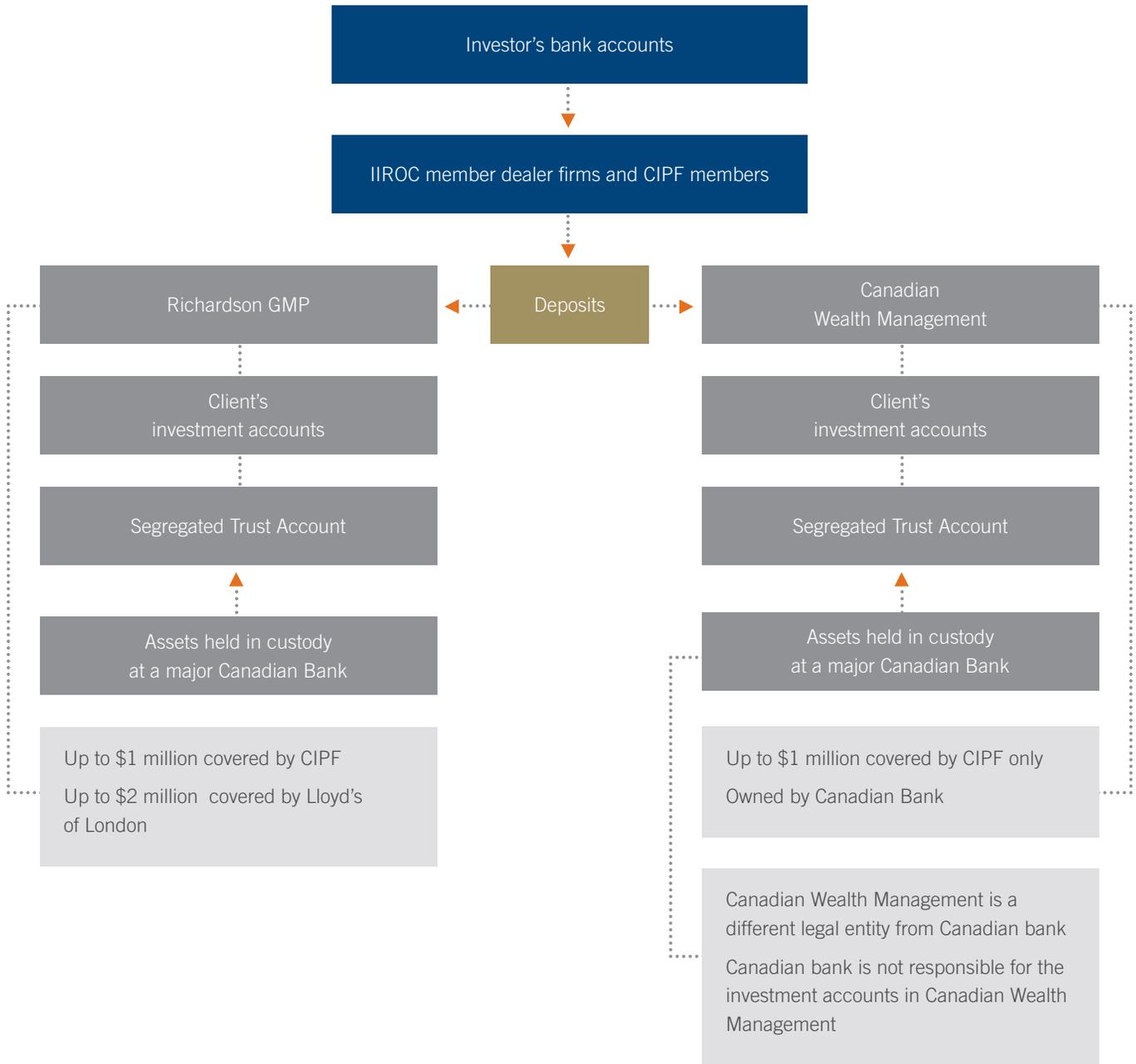
Here is an example of how your assets are safeguarded when we make a transaction on your behalf:

- When one of our clients sells shares to a client of another financial institution, the change of ownership is simply reflected by offsetting journal entries in each institution's account with the clearing agency.
- Corresponding entries in each firm's internal accounts are then made: we will show the 100 shares being removed from our client's account, and the other institution will show the same number of shares being added to their client's account.
- Furthermore, the settlement period for securities transactions has been shortened considerably in recent years. This makes the efficiency of centralized clearing even more essential.

Is Richardson GMP allowed to use my money?

No, never. All our client assets are held in segregation, which means that your fully paid securities are accounted for separately from margin securities or any other security that we hold, such as those belonging to our firm. This ensures that in the highly unlikely event that Richardson GMP became insolvent, creditors seeking repayment would have absolutely no access to securities owned by our clients. Highly evolved accounting mechanisms and regular verification by independent auditors as well as by the industry's self-regulating organizations serve to enforce this fundamental segregation rule.

Asset custody chart



How can I learn more?

If you have any questions about the safekeeping of your assets, or would like additional information about the operational side of the securities industry, your Investment Advisor will be glad to be of service.

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