

# Important Changes to TD Waterhouse Canada Inc. Account Holder Information

Effective: January 1, 2015



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## **Cash Account Agreement**

### **2. Services: Amended Second Paragraph**

You will be responsible for all obligations arising out of the account, including those authorized by any person you have appointed as your authorized agent, including all obligations under any trading platform agreement or agreement for access to services provided by third parties available through any trading platform. Where we open a Delivery Against Payment (DAP) account for you, and a trade in the account fails, we may without further notice to you either buy in the security or sell from the account to cover the failed trade and will provide temporary custodial services for the security or cash until settlement of that buy or sell trade.

### **16. Leverage Risk Disclosure: New third paragraph**

An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money.

## **Client Problem Resolution Process**

### **Concerns related to Insurance Matters or Services: New last paragraph**

Some Financial Planners and many Investment Advisors are also licensed as life insurance licensed agents and are agents of TD Waterhouse Insurance Services Inc. A concern with respect to any insurance matters or services must be escalated to the Branch Manager and Senior Regional Manager immediately with a copy to Insurance Services Management and Wealth Insurance Compliance. Contact your Financial Planner or Investment Advisor for additional information should you have a concern.

## **Mutual Fund Trading Agreement**

### **2. Net Asset Value Guarantee: Amended**

Currently, our deadline to guarantee receipt of the next available net asset value is 3:00 p.m. ET. This deadline may be changed without notice to you.

### **5. Commissions: Amended**

We reserve the right to charge fees or commissions which are not noted in the fund's prospectus or Fund Facts. All such fees will be communicated to you in writing.

### **6. Minimum Investment: Amended**

We reserve the right to set our own minimum purchase or redemption amount, which may be higher than what is noted in the fund's prospectus or Fund Facts.

### **8. Pre-Authorized Plans: New**

If you purchase securities of a mutual fund through a Systematic Investment Plan (SIP) or redeem securities of a mutual fund through a Systematic Withdrawal Plan (SWP) monthly or more frequently, you waive the right to receive

trade confirmations after the initial transaction for (a) all future transactions for the SIP or SWP; and (b) all future SIPs or SWPs that you may establish in your account.

#### **10. Rights of Withdrawal: Amended**

We will only accept requests to withdraw from an agreement to purchase if such requests are made in writing and within two (2) business days of receipt of the Fund Facts for the fund, or within 48 hours of the receipt of the trade confirmation/Fund Facts of the purchase. The trade confirmation/Fund Facts will be deemed conclusively to have been received in the ordinary mail by you within five (5) days of the date it is mailed.

#### **11. Disclosure of Equity Interests: Renaming of clause title, amended second paragraph**

TD Waterhouse participates in the distribution of the securities of a number of different mutual funds including, without limitation, the TD Mutual Funds (the "TD Funds") and the TD Managed Assets Program ("TD MAP"). The TD Funds and TD MAP are the only mutual funds distributed by TD Waterhouse in respect of which a member of the organization of the mutual fund has an equity interest in TD Waterhouse. TD Asset Management Inc. is the manager of the TD Funds and TD MAP. Epoch Investment Partners, Inc. is a portfolio adviser for certain of the TD Funds. TD Asset Management Inc., Epoch Investment Partners, Inc., and TD Waterhouse are all subsidiaries of TD. By opening this account, you are acknowledging these relationships and consenting to the completion of any such trades.

#### **12. Market Timing Policy: Amended third paragraph**

While many fund companies will charge an early redemption fee if a mutual fund is sold within a specified number of days of purchase, securities regulators do not specify what period of time constitutes frequent trading but consider that any repeated buying and selling of mutual funds is harmful to other unit holders, and could be perceived as being frequent trading.

### **Statement of Policies**

#### **d) Connected Issuers to TD Waterhouse Canada Inc.: Amended second section**

The following are connected issuers to TD Waterhouse Canada Inc.:

- Genesis Trust
- Investment funds that have "TD", "TDAM", or "Epoch" in their name
- TMX Group Limited
- York Receivables Trust III

#### **e) TD Products and Services: Amended title**

**f) Disclosure: Amended**

Where a client deals in securities of The Toronto-Dominion Bank or other related or connected issuers to TD Waterhouse Canada Inc., whether or not TD Waterhouse Canada Inc. has advised the client about the trade, any confirmation or report of trades in respect of such transaction will indicate that the issuer is related or connected to TD Waterhouse Canada Inc.

**g) Related Canadian Registrants: Amended**

In addition to TD Waterhouse Canada Inc., the following dealers and advisors registered in Canada are subsidiaries of The Toronto-Dominion Bank: Epoch Investment Partners, Inc., TD Asset Management Inc., TD Investment Services Inc., TD Waterhouse Private Investment Counsel Inc. and TD Securities Inc. TD Securities Inc. may act as an underwriter of new issue securities. Certain directors and officers of TD Waterhouse Canada Inc. may also be directors and officers of one or more of these related registrants.

**k) Side by Side Management of Different Types of Accounts and Performance-Based Fees: Amended**

Investment advice may be provided to a variety of different accounts including, but not limited to, accounts containing long-short positions and other alpha strategies and accounts that pay performance-based fees. A potential conflict exists where TD Waterhouse Canada Inc. or an affiliate, in its capacity as a portfolio manager, could hold the same security short in one portfolio and long in another portfolio. Investment decisions are made and securities traded based on the investment objectives, strategy, guidelines and other relevant factors of each account.

There may also be differing compensation arrangements for portfolio managers managing performance-based fee accounts as compared to non-performance based fee accounts. This may create a potential conflict of interest for portfolio managers, as the differences in the compensation arrangements may provide the portfolio manager with an incentive to favour the performance-based fee accounts when, for example, placing securities transactions that the portfolio manager believes could more likely result in favourable performance.

**n) Referral Fee Disclosure: Amended fourth paragraph, fourth bullet**

- TD Waterhouse Private Investment Counsel Inc. is registered as a portfolio manager and exempt market dealer. It provides discretionary investment management services for both individual and institutional clients

**n) Referral Fee Disclosure: New last paragraph**

Pursuant to a commission arrangement in place between TD Waterhouse Canada Inc. and TD Waterhouse Insurance Services Inc., TD Waterhouse Canada Inc. currently receives a portion of the commission payable upon the completion of an insurance transactions (currently 70%, but subject to

change). TD Waterhouse Canada Inc. may pay a percentage of this commission or a flat fee to the client's financial planner or investment advisor.

## **TD Waterhouse Tax-free Savings Account Declaration Of Trust**

### **1. Registration: Amended**

Subject to the Holder having attained the age of majority, the Trustee will elect, in the form and manner prescribed by the Act and any applicable provincial income tax legislation relating to tax-free savings accounts as designated from time to time in writing by the Holder (the Act and such provincial income tax legislation being hereinafter collectively referred to as "Applicable Tax Legislation"), to register the qualifying arrangement governed by this Declaration of Trust as a tax-free savings account under the Social Insurance Number of the Holder. For greater certainty, unless the Holder has attained at least 18 years of age at the time that this arrangement is entered into, it shall not constitute a qualifying arrangement, as that term is defined in subsection 146.2(1) of the Act, susceptible of being registered as a tax-free savings account.

### **3. Survivor: Amended title**

### **7. Investment: New fourth paragraph**

The Holder shall be responsible for ensuring that an investment is and continues to be a Qualified Investment and determining whether any such investment is not and continues not to be a Prohibited Investment. The Trustee shall exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the Account holds a non-Qualified Investment.

### **7. Investment: New last paragraph**

"Prohibited Investment" means property (other than prescribed excluded property as that term is defined in the Act) that is:

- (a) a debt of the Holder;
- (b) a share of the capital stock of, an interest in or a debt of:
  - (i) a corporation, partnership or trust in which the Holder has a significant interest;
  - (ii) a person or partnership that *does not deal at arm's length* with the Holder or with a person or partnership described in subparagraph (i);
- (c) an interest in, or right to acquire, a share, interest or debt described in paragraph (a) or (b); or
- (d) prescribed property (as that term is defined in the Act).

"Qualified Investment" means any investment which is a qualified investment for a tax-free savings account according to the Act.

### **8. Distributions: Amended**

Subject to the terms of any investment, the Holder may request that the Trustee pay to the Holder all or any part

of the assets held in the Account in satisfaction of all or part of the Holder's interest therein (a "Distribution"). Notwithstanding the terms of any investment, or any limit on the frequency of Distributions or any minimum Distribution requirement identified in the Application or other notice given under the terms of this Declaration of Trust, the Trustee may make Distributions in order to reduce the amount of tax otherwise payable by the Holder as a result of excess contributions made contrary to Applicable Tax Legislation. No one other than the Holder and the Trustee shall have rights under the Account relating to the amount and timing of Distributions, and the investing of funds held in the Account.

#### **11. Death of the Holder: Amended**

Subject to Applicable Tax Legislation, where there is a Survivor and the Holder has validly designated the Survivor as successor holder, the Survivor shall become the Holder. In the event of the death of the Holder where there is no Survivor or the Survivor has not been designated as a successor holder, the Trustee shall, upon receipt of satisfactory evidence thereof, realize the interest of the Holder in the Account. Subject to Applicable Tax Legislation and to the deduction of all proper charges, including taxes, if any, required to be withheld, the proceeds of such realization shall be paid by the Trustee, as the case may be, to the estate of the Holder or to the Holder's designated beneficiary upon furnishing the Trustee with such releases and other documents as may be required or as counsel may advise.

#### **14. Trustee Fees and Taxes: Amended**

The Trustee will be entitled to such reasonable fees and other charges as it may establish from time to time for the Account and to reimbursement for disbursements and expenses reasonably incurred by it in performing its duties hereunder. All such fees and other charges will, unless paid directly to the Trustee, be charged against and deducted from the assets of the Account in such manner as the Trustee determines, and the Trustee may realize assets of the Account in its absolute discretion for the purposes of paying such fees and other charges. Any such realization shall be made at such price or prices as the Trustee or the Agent at its sole discretion may determine and neither the Trustee nor the Agent shall be responsible for any loss occasioned by any such realization.

All taxes, other than those taxes for which the Trustee is liable and that cannot be charged against or deducted from the assets of the Account in accordance with the Act, will be charged against and deducted from the assets of the Account in such manner as the Trustee determines.

#### **17. Liability: Amended**

Except as provided herein, neither the Trustee nor the Agent shall be liable for ascertaining whether any investment made on the direction of the Holder is or

remains a Qualified Investment for purposes of a tax-free savings account, or whether any such investment constitutes a Prohibited Investment or for any tax payable in respect of any non-Qualified or Prohibited Investment by the Holder or by the trust established hereunder, and the Holder acknowledges and assumes the sole responsibility in respect of the foregoing. Neither the Trustee nor the Agent shall otherwise be liable for the making, retention or sale of any investment or reinvestment as herein provided or for any loss or diminution of the assets comprising the Account.

The Holder and his or her successors, executors and administrators shall at all times indemnify and save harmless the Trustee and the Agent in respect of any taxes, assessments or other charges levied or imposed by any governmental authority upon or in respect of the Account, except for those taxes, assessments or other charges for which the Trustee is liable in accordance with the Act.

Neither the Trustee nor the Agent shall be liable for any taxes, assessments or other charges levied or imposed by any governmental authority upon or in respect of the Account except for those taxes, assessments or other charges for which the Trustee is liable in accordance with the Act, or for any loss incurred by the Account, by the Holder or by any beneficiary designated for the purposes of the Account resulting from the Holder ceasing to be a Canadian tax resident.

#### **19. No Advantage: Removed**

The Holder or a person with whom the Holder does not deal at arm's length may not receive an advantage as that term is defined in subsection 207.01(1) of the Act.

### **Important Information Regarding Leverage Risk**

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only.

If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same, even if the value of the securities purchased declines.

An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money.

### **Important Notice for Insiders and Significant Shareholders**

#### **TD Direct Investing**

In an effort to maintain a level playing field for all investors, Canadian securities industry regulations require insiders



and significant shareholders of publicly traded companies to disclose their status when opening a brokerage account and advise of any changes of status as they occur.

In addition, insiders and significant shareholders are required to disclose their status when placing trades on equities and options issued by, or related to, the company with which they are associated, when the trades are entered on any Canadian exchange or market.

The same declaration requirement applies if you have trading authority or power of attorney on another person's account and are placing trades on his or her behalf, and either you or the other person is an insider or a significant shareholder of the issuer's securities. This requirement also applies to accounts where an insider/significant shareholder has a financial interest.

TD Direct Investing clients who are insiders of publicly traded companies can declare their status when placing orders on WebBroker or the Active Trader platform. These orders cannot be placed through TeleMax or TalkBroker; however you can place orders through an Investment Representative and indicate insider/significant shareholder status. There are restrictions that apply to the sale of securities on the TSX when one is a significant shareholder.

At TD Direct Investing, we value and appreciate your business. If you have questions, or to update your information regarding your insider or significant shareholder status, including whether you are a reporting insider, please call an Investment Representative at 1-800-465-5463. We would be pleased to assist you anytime, 24 hours a day, seven days a week.

## **TD Wealth Financial Planning**

In an effort to maintain a level playing field for all investors, Canadian securities industry regulations require insiders and significant shareholders of publicly traded companies to disclose their status when opening a brokerage account and advise of any changes of status as they occur.

In addition, insiders and significant shareholders are required to disclose their status when placing trades on securities issued by, or related to, the company with which they are associated, when the trades are entered on any Canadian exchange or market.

The same declaration requirement applies if you have trading authority or power of attorney on another person's account and are placing trades on his or her behalf, and either you or the other person is an insider or a significant shareholder of the issuer's securities. This requirement also applies to accounts where an insider/significant shareholder has a financial interest.

Insiders and significant shareholders must contact their TD Wealth Financial Planner and disclose their connection to the company before placing any such orders.

At TD Wealth, we value and appreciate your business. For further information, or to update your information with regard to your insider or significant shareholder status, including whether you are a reporting insider, please contact your Financial Planner.

### **TD Wealth Private Investment Advice**

In an effort to maintain a level playing field for all investors, Canadian securities industry regulations require insiders and significant shareholders of publicly traded companies to disclose their status when opening a brokerage account and advise of any changes of status as they occur.

In addition, insiders and significant shareholders are required to disclose their status when placing trades on securities issued by, or related to, the company with which they are associated, when the trades are entered on any Canadian exchange or market.

The same declaration requirement applies if you have trading authority or power of attorney on another person's account and are placing trades on his or her behalf, and either you or the other person is an insider or a significant shareholder of the issuer's securities. This requirement also applies to accounts where an insider/significant shareholder has a financial interest.

Insiders and significant shareholders must contact their Investment Advisor and disclose their connection to the company before placing any such orders.

At TD Wealth, we value and appreciate your business. For further information, or to update your information with regard to your insider or significant shareholder status, including whether you are a reporting insider, please contact your Investment Advisor.

### **Statement of Disclosure of Rates and Fees (Effective March 15, 2015)**

As of March 15, 2015, the fee for Non-Sufficient Funds (NSF) will change from \$45 to \$48 per item. If you have any questions, please contact us.

For a complete copy of the amended TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents, please contact us at the number on your account statement.



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