

Terms and Conditions

TRADEFREEDOM™

Direct Investing



Disclaimer

Scotia Direct Investing offers Order Execution Only services. "Order Execution Only" means that Scotia Direct Investing does not provide recommendations or accept any responsibility to advise clients on the suitability of investment decisions or transactions. You alone will be responsible for your investment decisions and Scotia Direct Investing will not consider your financial situation, investment knowledge, investment objectives and risk tolerance when executing orders on your behalf.

Parties and Definitions

In this agreement (the "Agreement") words capitalized bear the meanings stipulated within the text of this Agreement.

In addition:

- (a) "you" and "your" refer to the owner and/or joint owner of a Scotia Direct Investing account and, when applicable, mean an individual who has made application to us, or provided a guarantee, for any financial or insurance product or service offered by us;
- (b) "we", "our" and "us" refer to Scotia Direct Investing and any member of the Scotiabank Group, as applicable, and include our directors, officers, agents and employees where appropriate;
- (c) "securities" includes securities and securities options;
- (d) "property" includes securities, commodities and other property;
- (e) "Scotiabank Group", means collectively Scotiabank and all of Scotiabank's subsidiaries with respect to their operations in Canada;
- (f) "Scotiabank Group Member" means Scotiabank or any one of its subsidiaries with respect to its operations in Canada;
- (g) "Electronic Services" means services delivered by us to you by means of a computer program or any electronic means used to initiate an action or to respond to electronic documents or actions, in whole or in part, without review by an individual at the time of the response or action, as requested by you by any electronic means including touching or clicking on an appropriately designated icon or place on a computer screen or otherwise communicating electronically in a manner that is intended to initiate or respond to an action;
- (h) "electronic" includes created, recorded, transmitted or stored in digital form or in other intangible form by electronic, magnetic or optical means or by any other means that has capabilities for creation, recording, transmission or storage similar to those means;
- (i) "Scotia OnLine Financial Services" means services delivered to you by us in respect of your account by means of Electronic Services.

Our Contract with You

This booklet sets out the essential terms and conditions that govern the operation of your account. These terms and conditions are incorporated into and form part of the contract formed between you and us. By opening an account with us, you agree to be bound by these terms and conditions.

Depending upon a variety of factors, including the type of account you wish to operate, the nature of the transactions you wish us to undertake on your behalf, and whether you wish to have online/electronic access to your account and our services by means of "Scotia OnLine Financial Services", you may be required to sign additional written agreements with us. The terms and conditions contained in this booklet are in addition to and not a substitute for these other written agreements. This booklet and the terms and conditions of all application forms and written agreements made between us respecting the operation of your account (collectively, "Contract Documents") in their totality constitute the terms of the contract between us.

For Quebec residents

If you live in Quebec, you have specifically requested that these agreements and related documents be in English.

Les parties aux présentes, si elles résident ou sont domiciliées au Québec, exigent expressément que ces conventions et les documents qui s'y rattachent soient rédigés en anglais.

Information for clients in the United States

Federal and state securities laws restrict our ability to deal with persons in the United States. In defined circumstances, Scotia Direct Investing is permitted to provide certain services to persons in the U.S. Such clients should be aware that Canadian Registered Retirement Savings Plan, Registered Retirement Investment Fund and similar retirement accounts are not regulated under U.S. securities laws and Scotia Direct Investing is not subject to the full regulations governing broker-dealers under U.S. federal and state securities laws.

A Summary of Your Responsibilities

This booklet, your account documentation and other agreements that you enter into with us are intended to clearly define and document our relationship with you and our mutual rights, responsibilities and obligations. You should always ensure that you read, understand and agree with what is set out in such documents.

You will receive a trade confirmation shortly after each purchase or sale of a security in your account. In addition, you will receive periodic account statements describing your account holdings and the activity in your account. It is your responsibility to review each trade confirmation, account statement, and other information about your account that we send to you and to inform us in a timely manner if you believe there is an error or omission, or if you otherwise do not agree with the information shown in such records.

See "Statements and Other Communications" under *General Terms and Conditions Applicable to All Accounts* on page 11 of this booklet for more information.

You will be deemed to have ratified the transactions and holdings in your account if you do not inform us of any errors or discrepancies within the time and in the manner specified in the relevant document or, if not specified, within a reasonable time period. For example, you must provide us with this notification in writing within 10 days from the date a trade confirmation is forwarded to you and within 60 days of the date of an account statement. Any legal action must be commenced within two years from the date the transaction, act or omission first occurred.

Should you have a concern or complaint respecting any aspect of the operation of your account, you should immediately contact us in writing or by phone:

- For ScotiaMcLeod Direct Investing, P.O. Box 603, Scarborough, ON M1K 5C5, 1 800 263-3430
- For TradeFreedom, Att: New Accounts Department, Tour Scotia, 1002 Sherbrooke Street West, 10th Floor, Montreal, QC H3A 3L6, 1 866 837-3336

Types of Accounts

Cash, COD and Margin Accounts

Securities transactions must be made in a Cash Account, a COD Account, or a Margin Account.

Cash Accounts

When you open a regular Cash Account, you are expected to make full payment for purchases or full delivery for sales on or before the regular settlement date. Proceeds from sales must remain in the account until settlement. "Regular settlement date" means the settlement date generally accepted according to industry practice for the relevant security in the market in which the transaction occurs, including foreign jurisdictions, as specified in your trade confirmation.

The normal settlement date is prescribed as the following number of business days after the transaction date:

- *Government of Canada treasury bills - same day as the transaction takes place;*
- *Other Government of Canada direct and guarantees maturing up to three years - two business days after transaction date;*
- *Options - the next day after the transaction date;*
- *New issues - the contracted settlement date as specified for that issue;*
- *All other securities - three business days after the transaction date.*

Interest will be charged on sale transactions where proceeds are withdrawn prior to settlement date.

COD (Cash On Delivery) accounts

When you open a COD account, you must have an existing arrangement with a Financial Institution, acceptable to Scotia Direct Investing, to act as your single custodian and clearing agent to take delivery of your security purchases or to deliver securities for sales on behalf of your Scotia Direct Investing account. You are expected to arrange to make full payment for purchases or full delivery of securities for sales on or before the settlement date, which is prescribed by industry rules and specified in your trade confirmation.

In the event that you do not make full payment on or before the settlement date, in your Cash and COD accounts we will charge you interest on the overdue balance.

Margin Accounts

Margin Accounts are for clients who wish to buy or sell securities on credit (or sell securities short) and initially pay only a portion of the full price of the transaction.

The word "margin" refers to the portion of the transaction amount you must personally provide to acquire or maintain the margined position. When you open a Margin Account, Scotia Direct Investing may, in its sole discretion, lend the remainder of the transaction amount to you, charging you interest on the loan. Interest is calculated daily on your debit balance, and charged to your account monthly. Scotia Direct Investing takes a charge against assets in your account as security for all amounts owed by you to us. Currently, Scotia Direct Investing can only accommodate Canadian and US margin loans due to funding and accounting restrictions.

It is important that you recognize the difference between Cash Accounts and Margin Accounts.

When you open a Cash Account, Scotia Direct Investing does not grant you credit. Our explicit understanding is that you have sufficient funds and/or equity in your account to cover your transactions and that you will settle all transactions on the settlement date.

When you open a Margin Account, it is on the explicit understanding that Scotia Direct Investing is granting you credit based on the market value and quality of the securities held by you, long (purchased) and/or short (sold) in the account.

Leverage / Margin Risk Disclosure Statement

The use of leverage may not be suitable for all investors. Using borrowed money (whether through a Margin Account or any other method of borrowing) to finance the purchase of securities involves greater risk than 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. In the case of a Margin Account, you are also required to satisfy margin calls as required by the margin terms.

See "Margin Terms" on page 10 within the *General Terms and Conditions Applicable to All Accounts* for details governing the operation of a Margin Account.

Deemed Insiders and Control Positions

A company that offers its securities for sale to the public in Canada is called a reporting issuer. Canadian securities legislation (the "Acts") generally require Insiders of a reporting issuer to file reports of their trading in its securities and to refrain from such trading when in possession of information obtained as an Insider that has not been disclosed to the public.

By regulating Insiders, the Acts attempt to ensure that in any securities transaction the buyer and seller both have access to the same information.

The rationale for this regulation is two-fold:

- (1) transactions by Insiders are material information that may affect investment decisions of outsiders; and
- (2) use of undisclosed information by an Insider confers an unfair advantage at the expense of those who trade without such inside information.

When we engage in transactions in securities on your behalf we assume that neither you nor your spouse is an Insider of the reporting issuer whose securities are traded. If either of you is an Insider, you must tell us before we act on your behalf.

The Acts generally define an Insider to include any of the following:

- *a director or senior officer of a corporation or of a subsidiary company;*
- *a person or company owning, directly or indirectly, or controlling more than 10% of the voting shares of a corporation;*
- *a director or senior officer of a company which is itself an Insider of a corporation by virtue of owning or controlling more than 10% of the voting shares of that corporation.*

Failure to file an Insider Report or giving false or misleading information are offences under provincial securities legislation and are usually punishable by fines. Insiders who trade with inside information may be subject to fines, imprisonment, and repayment of profits and may be liable in damages for their activities.

The Acts may also impose trading restrictions and obligations to file reports on a control shareholder, which means any person or company who either alone or together with other persons or companies holds a sufficient number of shares to materially affect control of an issuer. Anyone who alone or in combination with others holds more than 20% (10% in Manitoba, New Brunswick or Quebec) of an issuer's shares is deemed to be a control shareholder.

General Terms and Conditions Applicable to All Accounts

Contract Terms and Applicable Law

The operation of each account that you maintain with us for transactions in securities is governed by:

- *the laws, regulations and orders governing personal property and securities transactions (the "Applicable Law");*
- *the constitution, by-laws, rules, regulations and practices of the stock exchange or market on which a particular transaction is concluded (the "By-Laws");*
- *the terms and conditions contained in this booklet, which form part of the binding contract between you and us; and*
- *the terms and conditions of all other written agreements between us at any time respecting operation of your account; and*
- *Scotia Direct Investing Terms of Access, Legal, Copyright and Trademark Notices governing Electronic Services, set out in full below.*

When the Applicable Law or By-Laws change, the terms of the contract between us will be deemed to have been changed accordingly. If you have indicated in your Confidential Account Application that you are a resident of a province or territory of Canada, the Applicable Law shall be the laws of that jurisdiction and the laws of Canada applicable therein. Otherwise, the Applicable Law shall be the laws of the Province of Ontario and the laws of Canada applicable therein.

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

Your Representations And Warranties

You represent and warrant that:

- (a) You are of sound mind, legal age and legal competence;
- (b) You are the beneficial owner of the account and the assets and positions that you will hold in it;
- (c) If you seek to trade in futures or options transactions, you understand, accept, and can withstand the risks associated with trading in certain types of derivative products;
- (d) You do not require, expect or intend to rely on any investment advice from Scotia Direct Investing or its employees, agents or representatives;
- (e) You are not now an employee of any exchange, corporation in which an exchange owns a majority of the capital stock, a member of an exchange, an investment dealer, bank, trust, or insurance company, and in the event that you become so employed, you will promptly notify Scotia Direct Investing in writing of such employment;
- (f) The financial and other information provided by you to Scotia Direct Investing is true and complete and accurately reflects your current financial condition. You agree to notify Scotia Direct Investing promptly of any material changes in that information;
- (g) In determining your net worth you subtracted your liabilities from your assets;
- (h) In determining the value of your assets you included cash, deposits, securities, real estate (excluding your primary residence), the cash value of life insurance and other valuable assets;
- (i) In determining the amount of your liabilities you included all outstanding debts, including credit card debts, bank loans, mortgages (excluding primary residence), loans from relatives and other amounts owing;
- (j) In determining the value of liquid assets you have included only those assets that can be quickly (within one day's time) converted to cash.

Operation of Account

You appoint us as your agent to undertake transactions in securities, with power to buy, sell, borrow and lend securities and advance and disburse cash on your behalf in accordance with your instructions.

You warrant that all securities to be delivered to your account by you or on your behalf are owned by you and may be sold free of all liens, charges or encumbrances and without prior notice to or consent of any other party.

We will maintain a record of receipts and deliveries of securities and your resulting positions in the account.

We will credit to the account the net amount of any interest, dividend, proceeds of sale or other amount received in respect of securities held in the account and will debit to the account all amounts owed to us under the terms of the contract between us.

We may hold securities for your account at any location where it is customary or convenient for us to do so, and we will exercise the same degree of care with your securities as with our own. We are not required to deliver to you the specific certificates deposited to your account, but may deliver certificates for the same issue and aggregate amount.

Any cash balances held to your credit in any account need not be segregated and may be used by us:

- *as your debtor in the ordinary conduct of our business; or*
- *as your creditor to discharge obligations you owe to us in respect of other accounts you maintain with us, whether the accounts are held jointly with another or guaranteed by you.*

Without notice to you, we are entitled to set off any credit balance in your account against any deficit in any other account you have with us or any other debt or obligation you owe to us. In addition, we may transfer securities among your various accounts, including joint accounts and those guaranteed by you.

At our sole discretion, we can take any action we think necessary or advisable to protect our interests in connection with your account. This includes buying and selling short securities represented by options that have been handled, purchased or endorsed by us for your account at your own risk. You authorize us to make such transactions without notifying you in advance.

Unfunded accounts may be closed by us at any time at our discretion.

Operating Hours

Our office operating hours may vary.

Credit

You authorize Scotia Direct Investing or agents acting on behalf of Scotia Direct Investing to investigate your credit standing and in connection therewith to contact such banks, financial institutions and credit agencies as Scotia Direct Investing shall deem appropriate to verify information regarding you. You further authorize Scotia Direct Investing to investigate your current and past investment activity, and in connection therewith, to contact such futures commission merchants, exchanges, broker/dealers, banks, and compliance data centers as Scotia Direct Investing shall deem appropriate. Upon reasonable request made in writing by you to Scotia Direct Investing, you shall be allowed to review any records maintained by Scotia Direct Investing relating to your credit standing. You shall also be allowed, at your sole cost and expense, to copy such records.

No Waiver or Amendment

No provision of this Agreement may be waived or amended unless the waiver or amendment is in writing and signed by both you and an authorized officer of Scotia Direct Investing. No waiver or amendment of this Agreement may be implied from any course of dealing between the parties or from any failure by Scotia Direct Investing or its agents to assert its rights under this Agreement on any occasion or series of occasions. No oral agreements or instructions to the contrary shall be recognized or enforceable. This instrument and the attachments hereto embody the entire agreement of the parties, superseding any and all prior written and oral agreements and there are no other terms, conditions or obligations other than those contained herein.

Binding Effect

This Agreement shall be continuous and shall cover, individually and collectively, all your accounts at any time opened or reopened with Scotia Direct Investing irrespective of any change or changes at any time in the personnel of Scotia Direct Investing or its successors, assigns, or affiliates. This Agreement including all authorizations, shall inure to the benefit of Scotia Direct Investing and its successors and assigns, whether by merger, consolidation or otherwise, and shall be binding upon you and/or the estate, executor, trustees, administrators, legal representatives, successors and assigns of yours. You hereby ratify all transactions with

Scotia Direct Investing effected prior to the date of this Agreement, and agree that your rights and obligations in respect thereto shall be governed by the terms of this Agreement.

Termination

This Agreement shall continue in effect until termination, and may be terminated by you at any time when you have no open Currency position(s) and no liabilities held by or owed to Scotia Direct Investing upon the actual receipt by Scotia Direct Investing at its home office of written notice of termination, or at any time whatsoever by Scotia Direct Investing upon the transmittal of written notice of termination to you; provided, that such termination shall not affect any transactions previously entered into and shall not relieve either party of any obligations set out in this agreement nor shall it relieve you of any obligations arising out of any deficit balance.

Indemnification

You agree to indemnify and hold Scotia Direct Investing, its affiliates, employees, agents, successors and assigns harmless from and against any and all liabilities, losses, damages, costs and expenses, including attorney's fees, incurred by Scotia Direct Investing arising out of your failure to fully and timely perform your agreements herein or should any of the representations and warranties fail to be true and correct. You also agree to pay promptly to Scotia Direct Investing all damages, costs and expenses, including attorney's fees, incurred by Scotia Direct Investing in the enforcement of any of the provisions of this Agreement and any other agreements between you and Scotia Direct Investing.

Recordings

You agree and acknowledge that all conversations regarding your account(s) between you and Scotia Direct Investing personnel may be electronically recorded with or without the use of an automatic tone-warning device. You further agree to the use of such recordings and transcripts thereof as evidence by either party in connection with any dispute or proceeding that may arise involving you or Scotia Direct Investing. You understand that Scotia Direct Investing destroys such recordings at regular intervals in accordance with Scotia Direct Investing's established business procedures and you hereby consent to such destruction.

Arbitration Statement

Scotia Direct Investing is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"). A brochure entitled "Investor Protection for Clients of IIROC- Regulated Firms" is available from Scotia Direct Investing upon request. This brochure outlines your options should you have a complaint that cannot be resolved by Scotia Direct Investing.

Accepting Orders

We have the right to decline to accept or execute any order, direction, or request from you, if in our sole discretion we think it unreasonable or imprudent, having regard to factors such as the state of your account or accounts, the nature of the proposed transaction, and your financial position. Once we accept and act on your order you cannot amend or cancel your order and you are fully responsible for all consequences and costs of the order.

Filling Orders

We retain the exclusive right to determine the best way to buy and sell securities for your account. At our option, your transaction may be completed:

- *as an independent transaction;*
- *as part of a larger transaction for you and other clients, our agents and ourselves;*
- *by purchase from or sale to us or other clients of ours; or*
- *as part of broken lots and public or private sales.*

You acknowledge that Scotia Capital Inc. may be the vendor or purchaser acting as principal or for its own account in a transaction with you, including in connection with treasury or secondary offerings by prospectus or private placement. Scotia Capital Inc. may match an order executed on your behalf with an order from another party for whom it acts as agent and from whom it receives commission. You acknowledge that Scotia Direct Investing may receive a fee from an issuer for trades executed on your behalf, Scotia Direct Investing may also receive compensation on sales of new issues.

With respect to investment in mutual funds, you acknowledge that Scotia Direct Investing may receive from other persons ongoing trailer commissions on any mutual fund which you hold.

Multiple Markets in Canada

New securities marketplaces (Alternative Trading Systems or ATSs) are emerging in Canada. Securities which trade on the Toronto Stock Exchange or the TSX Venture Exchange, which are currently the primary markets, may also trade on an ATS. Further, ATSs may have different hours of operation than the primary markets.

Our policy is to effect trades on behalf of retail clients during the trading hours of the current primary markets. Any orders which are immediately tradable during those hours will be executed on the primary market or an ATS based on our determination of factors such as best price, historical liquidity and likelihood of execution. Any orders, including portions of orders, which are not immediately tradable will be booked into the order queue of the primary market for execution during that market's trading hours.

Market Volatility

In times of market volatility and high trading volumes, both at market opening and during the trading day, and including situations of high volume trading of so-called "hot stocks", you may experience delays in the execution of your orders which may expose you to the risk of trade execution at a market price that is significantly different from the market price at the time the order was placed. Once an order is placed, it may be difficult or impossible to cancel. In these circumstances, Scotia Direct Investing and its affiliates bear no responsibility to you for any discrepancy between the market price at the time of order placement and of trade execution. To minimize the risk, you should consider placing limit orders in lieu of market orders, limiting the price at which your order will be filled. Limit orders will be executed only at a specified price or better, rather than at the earliest opportunity without regard to price at the time of execution in the case of market orders. While the market may be such that your limit order does not get filled at all, this outcome may be more desirable than the risk of a fill at an undesirable price.

Risk Disclosure Document for U.S. Over-the-Counter Equities

This brief statement does not disclose all of the risks and other significant aspects of trading in U.S. over-the-counter (OTC) stocks, which include both OTC Bulletin Board and Pink Sheet stocks.

Because of the associated risks, you should undertake such transactions only if you understand the nature of the markets you are entering and the extent of your exposure to risk. You should carefully consider whether trading in these markets is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

In particular, the following characteristics and risks of these markets should be noted, and you should fully understand the consequences of these characteristics and risks before trading in these markets:

1. All OTC markets are dealer markets. This means that each stock has one or more market makers who make the market for each stock. The market maker acts as the other side of every client order. As such, no client bids or offers will be reflected in the stock's bid / offer quotation.
2. Scotia Direct Investing will direct client orders to the market maker of its choice. Scotia Direct Investing will choose the market maker for an order depending on the stock that is being traded and other factors. The choice of market maker is at our sole discretion.
3. Because much of the trading process is manually handled by the market makers (i.e. many OTC and Pink Sheet issues are not traded over an electronic trading system), fills and their reporting can be delayed. In times of heavy trading volume in a particular issue, these delays can be significant. Scotia Direct Investing will direct all client orders to the market maker as promptly as possible, but we do not make any guarantee of or accept any liability for delayed fills.
4. Markets for individual issues can sometimes become very illiquid, creating large spreads between the bids and offers. At times, the spread between bids and offers can be greater than the market value of the stock.
5. OTC issues are subject to a much greater chance of market manipulation due to the minimal regulatory oversight of both the issues and the market in general. There is no real-time surveillance of the OTC market unlike the real-time surveillance that occurs on a regulated stock exchange. The lack of surveillance increases the risk of market manipulation.
6. Because OTC markets are not defined as "prescribed exchanges" by Canada Revenue Agency, most issues listed on these markets are not eligible for registered plans.
7. There are few, if any, listing requirements for U.S. OTC stocks. Many issuers are incorporated overseas and have limited or no requirements for financial disclosure and reporting. As well, the ability of any person or regulator to pursue regulatory actions or legal recourse against such foreign entities is limited. It is imperative that you research your trades carefully before participating in this market.

By entering any subsequent trade on any U.S. OTC market, I acknowledge that I have understood and agree to the above.

Delivery of Securities

(a) Long Sales

You will not instruct us to sell a security unless we hold the security for you or you can deliver the security to us before the settlement date.

(b) Short Sales

You will not instruct us to sell a security that you do not then own unless you expressly notify us at the time of your order that you are ordering a short sale. To complete a short sale we borrow securities from others on a demand basis and sell them for your account. You agree to return the borrowed securities at any time by buying equivalent replacements at current market prices.

(c) Delivery by Us

To protect our own interests, we have the right to borrow or purchase securities and deliver them on your behalf and to buy for your account any options we consider necessary, all without notice to you:

- *if you fail to deliver securities by the settlement date of a long sale;*
- *if we are required by the owner of securities borrowed and previously delivered on your behalf for a short sale or by any regulatory authority to replace such securities; or*
- *if at any time we think it advisable to replace securities borrowed for your account for a short sale.*

You are responsible for all liability and expenses arising from such transactions.

Margin Terms

Upon your request and at our sole discretion, we may grant you credit for the purchase of securities, charging to your account interest calculated daily on your debit balance. In assessing the portion of each transaction that must be funded by you (the "margin"), we take into account the value of the underlying securities held by you. That value is always subject to changes in market prices so we must constantly reassess the margin we require from you to maintain your holdings and we may require you to increase it from time to time ("margin calls"). Consequently, we permit margin trading only on condition that we may at any time, without notice, and at our sole discretion:

- *require you to provide security in excess of margin required by applicable law;*
- *reduce or cancel the amount of credit provided to you;*
- *refuse to provide any further credit; or*
- *cancel any open order for the purchase or sale of any securities if we think the margin or deposit in any of your accounts is inadequate.*

You are responsible for meeting all margin calls issued by us. You authorize us to call you for margin whenever we think it necessary or advisable.

We reserve the right to immediately, and without notice, charge to your Margin Account the amount by which credit granted to you is reduced or cancelled by us. You agree to maintain the margin levels we require in your Margin Account(s) and to meet all margin calls promptly. Where you fail to meet a margin call, we reserve the right to liquidate securities from your account without further notice to you and apply such proceeds to satisfy your indebtedness to us. You will remain liable to us for any remaining deficiency in your account.

Service Charges, Interest and Foreign Exchange

You agree to pay to us on demand:

- *commissions and charges in respect of each transaction;*
- *interest on all credit granted to you by us, whether in respect of margin, or otherwise;*
- *a debit balance in any account;*
- *foreign exchange rates and costs arising from necessary currency conversions.*

Our commissions and charges and the interest we charge on loans to you, or pay on credit balances, will be calculated at our prevailing rates, which vary from time to time, and may be subject to certain minimums. Foreign exchange rates and costs are subject to market fluctuations that could increase your risk of holding securities denominated in foreign currencies. The rate and

amount of such commissions, charges, exchange and costs charged to you in any month will be disclosed on your account statements, and you waive any right to require any other notice of rates or changes in such rates.

If you make a trade involving a security that is denominated in a currency other than the currency of the account in which the trade is to settle, a conversion of currency may be required. In all such transactions and at any time a conversion of currency is made, we will act as principal with you in converting the currency at rates established or determined by us or parties related to us. Scotia Capital Inc., its employees and parties related to us may earn revenue, in addition to the commission applicable to such a trade, based on the difference between the applicable bid and ask rates for the currency and the rate at which the rate is offset either internally, with a related third party or in the market. Conversion of currency, if required, will take place at the trade date unless otherwise specified or agreed.

You may at the same time hold credit and debit balances within your Margin Account balances in Canadian dollars and United States dollars. The interest rate that we pay you for a credit balance in your accounts may differ and is typically lower than the interest rate that we charge you on a debit balance in your accounts in each of the two currencies. As a result, you may receive interest for a credit balance in your account in one currency while at the same time be charged interest for a debit balance in your account in another currency. At any time you may specifically request that a credit balance in one account be converted to pay a debit balance in another account and in another currency.

We do not currently permit foreign currency holdings in registered plans (e.g. RRSP, RRIF). As a result, any transactions in such accounts involving foreign currency will be automatically converted by us into Canadian currency as described above.

Withdrawal of a credit balance resulting from the sale of securities will be subject to interest charges if the withdrawal is made prior to the settlement date of the sale.

Ratification of Notices and Statements

We will send to you written confirmation of each transaction for your account. The transaction as confirmed will be deemed to be authorized, correctly transacted and ratified by you unless we receive written notice to the contrary within ten (10) days from the date the confirmation is forwarded to you.

Confirmations of transactions are subject to amendment to record the correct details of the transaction.

Statements and Other Communications

Scotia Direct Investing will issue a Statement of Account to you for an account registered in your name whenever there has been activity in that account within the preceding month. Accounts with security positions and/or money balances and no activity are issued Statements of Account on a quarterly basis. The Statement of Account is the statement of record. You agree to examine all statements upon receipt and to advise us of any errors, irregularities, discrepancies or omissions contained in those statements within 60 days of their date. After the 60 day period, and except as to any errors, irregularities, discrepancies or omissions brought to our attention within the 60 day period, all statements shall be conclusively deemed to be accepted by you as true and correct for all purposes.

Payments

You must pay us all amounts that are owed to us and provide whatever security we may demand until you do so. In particular, you must promptly pay for any services rendered or any property that you have asked us to buy for you, whether or not we have received it or delivered it to you. If you do not pay what you owe us as required, we may:

- *sell securities in any of your accounts to cover the debt;*
- *buy any securities of which your account may be short in order to close out a part or all of your account or to close out a part or all of the commitments made for your account;*
- *charge you, debit or off-set against your account balance, any losses incurred as a result of your failure to settle any trade for your account, any commissions, fees or other charges, or any indebtedness relating to your account;*

We are not required to notify you or make any demand on you if we are going to take any of these actions, however, if we do notify you or make any demand, we are not waiving our rights not to have to do so in the future. We are authorized to buy and sell either for ourselves or for other customers, free from any equitable or any other rights that you may have.

We will apply the proceeds of the sale to what you owe us. You will be responsible for the balance. We will add the costs of any purchase to what you owe us.

If we close part or all of any of your accounts, you must discharge all of your obligations to us and make good any deficiency when we ask you to do so. We will not recognize and you cannot enforce any oral agreement to the contrary.

Security Interest in Account Assets

As continuing collateral security for the performance of all your obligations to us, including the payment of all amounts now or in the future owed by you to us, which includes interest calculated daily at Scotia Direct Investing's prevailing rate on the debit balance of your accounts, you grant to us a security interest in and charge on, and in the province of Quebec a movable hypothec on, all securities, cash and other assets held in any of your accounts with us now or at any future time (the "Collateral"). In the province of Quebec, unless otherwise agreed between us in writing, the hypothec is granted for one million Canadian dollars bearing interest calculated daily at Scotia Direct Investing's prevailing rate, though we are not entitled to recover from the Collateral more than the actual amount of your debt to us. You agree that we may hold the Collateral through any third party of our choice and that delivery of the Collateral to such third party shall constitute evidence in writing of the hypothec or security interest.

Remedies

If you fail to pay any amount owing to us when it falls due or cause us any loss or liability by failing to fulfill any of your obligations under this contract, or if for any reason we consider it necessary for the protection of our interests, you agree that we may, in addition to other remedies available at law, take one or more of the following actions without notice to you:

- *take or retain possession of the Collateral;*
- *sell the Collateral or any part of it or buy it for our own account or that of other customers;*
- *purchase for your account securities necessary to honour any short or long sales made on your behalf;*
- *cancel any outstanding orders; or*
- *enter stop loss orders in respect of any securities of which your account may be long or short, and withdraw or change any such stop loss orders.*

We will apply the proceeds of all such remedies to reduce your indebtedness to us, but you will remain liable to us for any deficiency in the proceeds realized.

All such remedies shall be exercised in compliance with applicable law.

Client Information

You represent to us that you are of full legal capacity and that, unless you have notified us to the contrary in your Confidential Account Application, neither you nor your spouse is:

- *an Insider of any reporting issuer of securities; or*
- *singularly, or as part of a group, in a control position, as defined in Applicable Law, of any public company;*
- *a partner, director, employee, affiliate or associate of a member of any stock exchange, broker or investment dealer; or*
- *a non-resident of Canada within the meaning of the Income Tax Act; and*
- *you agree to notify us immediately of any change in your status.*

You authorize us to obtain financial information and credit reports about you from third parties required for the opening or operation of your account, and to disclose financial information about you to credit reporting agencies and others with whom you have or propose to have a financial relationship.

You certify to us that the information disclosed by you in any Contract Document is complete and accurate and not misleading in any material respect. You acknowledge that we are relying on the truth, accuracy and completeness of all such information in administering your account and you agree to notify us promptly in writing of any change or inaccuracy in information provided to us by you.

Communications with You

We may communicate with you by any available means, including letter, e-mail, fax and telephone. You will notify us of any change in your address, whether residential, telephonic or electronic, and we may rely on the last reported address in directing our communications to you.

Any communication sent by us to your last reported address will be deemed to have been received by you at noon:

- (1) *on the next business day, if sent by e-mail, fax or other electronic communication;*
- (2) *on the next business day following receipt by you if delivered by courier or other personal delivery;*
- (3) *on the third following business day if sent by prepaid ordinary or registered mail.*

You authorize us to act upon communications from you given by telephone and to rely on the electronic input of your account number in conjunction with a valid personal identification number or any recognized form of electronic identification for the purpose of authenticating any attached instructions or enquires and responding accordingly. However, in our sole discretion, we may decline to act upon such instructions if we doubt the authority or lawfulness of those instructions.

Access to designated accounts by means of Electronic Services is automatically available to all new Scotia Direct Investing clients. The terms and conditions governing such access are set out in the Scotia Direct Investing Terms of Access Legal, Copyright and Trademark Notices and are incorporated herein and set out in full below.

Risk and Liability

We act as your agent. You, as owner of your accounts, have full responsibility for your investment decisions and for transactions conducted for your account.

Scotia Direct Investing is not liable if we fail to act with regard to any transaction or prospective transaction, except in cases of gross negligence or willful misconduct on our part. You acknowledge that you are solely responsible for knowing about developments and reorganizations related to your investments, that Scotia Direct Investing is not obligated to notify you of such developments and reorganizations except where required by regulation, and that you are responsible for any errors resulting from any failure on your part to discharge your responsibilities in these areas.

You expressly release us from any liability for any loss, damage or expense that you incur as a result of:

- ***any act or failure to act on our part in respect of any transaction or proposed transaction, unless resulting from gross negligence or willful misconduct on our part;***
- ***delays in the transmission of orders and other circumstances beyond our control;***
- ***failure on our part to notify you of developments related to your investments, including stock splits, reorganizations and consolidations, unless required by Applicable Law;***
- ***any action taken by us to protect our own interests that is permitted by the terms of the contract between us.***

The liability from which you expressly release us includes:

- (a) *liability for loss of revenue or profits, failure to realize expected profits or savings, missed investment opportunities and other items of economic loss of any kind; and*
- (b) *liability for special, indirect, consequential, exemplary or incidental damages, in each case however caused, even if we have been advised of the possibility of such damages.*

Pledging and Lending

We can hold or carry your property in our general loans without notifying you that we are doing so. Then, from time to time and at any time, we may:

- *pledge, re-pledge or lend your property to ourselves as brokers or to others, with or without other property, for more than the amount due to us and without us having possession or control over property of the same kind and amount;*
- *lend your securities to others who may be holding short positions in those securities.*

We do not have to deliver to you what we purchased for any of your accounts, only property of the same kind and amount.

Set-off

At our discretion and without notice, we can apply and transfer your property or equity among your accounts, including any joint accounts and accounts guaranteed by you.

By equity, we mean the extent to which the amount you owe us is exceeded by the market value at that time of property in your accounts which would be good collateral for brokerage loans.

We can set off the credit balances in your accounts and any of our other liabilities to you against or on account of your indebtedness to us. This applies whether our or your indebtedness is fixed or contingent, due or not or liquidated or not.

When there is a credit balance in any of your accounts, the amount may be commingled with our funds and used for our general business purposes. Such a credit balance will be included in a debtor or creditor account between us and you will rely on our liability for it.

Amendment and Term

The contract between us can only be changed:

- *by changes in the Applicable Law or By-Laws;*
- *by a written amendment signed by you and on our behalf by an authorized signing officer;*
- *by amendments to Contract Documents published by us from time to time;*
- *by amendments to Scotia Direct Investing Terms of Access, Legal, Copyright and Trademark Notices governing Electronic Services.*

If you die or are declared by a court to be incompetent to manage your affairs, the contract between us will continue in effect and will be binding on your personal representatives.

This agreement will be for our benefit and for the benefit of any organization that succeeds us and will be binding on you and your estate, executors, liquidators of succession and administrators, as well as anyone to whom you transfer your property or rights.

Failure by you or by us to exercise any of our respective rights under any Contract Document shall be deemed not to be a waiver of such rights for the future. An account or any Contract Document may be terminated at any time by you or us by giving notice in writing to the other, and the termination will be effective on the date that written notice is received by the other.

Invalidity Provision

Whenever possible each provision of this and any other Contract Document shall be interpreted in such a manner as to be effective and valid under Applicable Law, but if any provision of this or any other Contract Document shall be prohibited by or invalid under Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity but the remainder of such provision or the remaining provisions of this or any other Contract Document shall remain in full force and effect.

Authority to Act

If the owner of any account to which any Contract Document is applicable is not a natural person but a corporation, cooperative, unincorporated association, general partnership, limited partnership, limited liability partnership, joint venture, trust or other legal entity (each one an "Organization"), you as signatory for such Organization represent and warrant that:

- (a) the Organization is duly constituted and validly existing; has the corporate power and authority to execute and deliver the Contract Documents and to perform its obligations under them; and has duly authorized, by all necessary corporate action, the execution, delivery and performance of each of the Contract Documents;
- (b) you are the duly authorized signatory of the Organization and have the power to bind the Organization to the terms of the Contract Documents; and
- (c) the Contract Documents do not contravene the articles, charter, by-laws or other such constituting documents of the Organization or any law, rule or regulation applicable to the Organization.

Additional Notice

It is the customer's responsibility to find out all necessary information about Scotia Direct Investing and make sure that all arrangements are discussed and clearly understood prior to any trading activity.

Your Joint Account Agreement

Additional Terms

This Joint Account Agreement is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this Joint Account Agreement.

Joint and Several Liability

Except for residents of Quebec, each owner of a joint account is responsible jointly with each other owner and severally, in his or her individual capacity, for the performance of all obligations of the account owner as though each were the individual owner of the account. In particular, each owner is individually liable for:

- *all debit balances in the account;*
- *all losses arising from any transaction in the account;*
- *all fees, commissions and expenses payable in connection with the operation of the account.*

In the province of Quebec, each holder of a joint account is liable for the performance of all obligations owed to us in respect of the account and performance of such obligations by one such holder of a joint account releases all other holders from their obligations.

In addition, each holder of a joint account may act as the sole holder of the account by giving unilateral instructions to us in respect of the account that are binding on all other holders of the joint account, thereby releasing us from any obligation to the other account holders.

Survivorship Election

Except for residents of Quebec, on opening a joint account all owners of the account must elect whether the account will be:

- *a joint tenancy; or*
- *a tenancy in common.*

If you elect a joint tenancy, each owner will have an undivided ownership interest in the whole account and when one member dies his or her ownership interest will be automatically extinguished in favour of the ownership interest of the surviving owner or owners.

If you elect a tenancy in common, each owner will have an individual ownership interest in a specific percentage of the account and when one member dies that interest will survive and be disposed of according to the deceased's will.

In the province of Quebec the Applicable Law requires that all joint accounts be tenancies in common.

Authorization, Ratification and Indemnity

Each joint account owner severally, in his or her individual capacity:

- *authorizes us to act on the instructions issued by any one joint account owner from time to time in respect of the joint account as though such instructions had been issued jointly by all owners of the joint account;*
- *releases us from any obligation to give separate notice to all owners of the joint account before or after acting on instructions issued by one of them;*
- *agrees to confirm and ratify the instructions received by us from any one joint account owner and to indemnify us against and promptly pay on demand all losses that we incur and all debit account balances that arise as a result of us acting on those instructions.*

We are entitled to act on the instructions of any one joint account owner without inquiring as to the purpose or propriety of the instructions or the rights or interests of any other owner of the joint account, even if the instructions involve the delivery of all securities and money held in the account to one owner of the joint account personally.

This authorization, ratification and indemnity is a continuing one. It may be revoked only by a written notice signed by a joint account owner and delivered to us, but no such notice can revoke any instructions already acted on by us or avoid loss or liability resulting from those instructions.

Communications

We will direct all communications to the last known address of the joint account owner identified as the Applicant in the Confidential Account Application and such communication shall be deemed to be communication with all owners of the joint account.

Death of One Owner of a Joint Account

If the joint account is a joint tenancy, on the death of one joint owner the account will become entirely the property of the surviving joint owner or joint owners. The interest of the deceased in the account is automatically extinguished and no longer forms part of his or her estate.

If the joint account is a tenancy in common, the proportionate share of the joint account that was the separate property of the deceased will survive and be disposed of in accordance with the will of the deceased. In this case, we have the right to freeze that portion of the joint account owned by the deceased and to convey it as separate property to the personal administrator of the deceased. The interests of the surviving owners will not be affected at all.

Your Scotia Self-Directed Retirement Savings Plan Agreement

This Agreement is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this Agreement.

To: The Bank of Nova Scotia Trust Company ("Scotiastrust")

You direct Scotia Capital Inc., as agent of Scotiastrust, to hold your Scotia Self-Directed Retirement Savings Plan(s) (the "Plan(s)") assets (other than cash) in accordance with securities industry practice and in accordance with any requirements or recommendations of any securities commission or stock exchange in Canada. Such assets may be released only on the annuitant's instructions or under the terms of the Declaration of Trust.

You acknowledge and agree that:

- (i) *Scotiastrust has the right to refuse the Scotia Self-Directed Retirement Savings Plan application;*
- (ii) *You have read the Declaration of Trust provided on account opening;*
- (iii) *Scotiastrust will have no responsibility whatsoever for determining the eligibility and suitability of any investment of the Plan(s) under the provisions of applicable tax legislation or for any tax consequences resulting from making investments or resulting from any accounts maintained by the Plan(s) being overdrawn;*
- (iv) *Scotiastrust will have no responsibility whatsoever for determining the amount of the contributions to the Plan(s) which may be claimed as a deduction of any personal income tax return in any taxation year, or the amount of any "excess contribution" refund under section 5 of the Declaration of Trust;*
- (v) *You will furnish proof of any information, including proof of your age and the age of your spouse when required by Scotiastrust; and*
- (vi) *Scotiastrust will have no obligation to provide any investment advice in connection with the purchase, retention or sale of any investment by the Plan(s).*

Your Options Trading Agreement

This Agreement is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this Agreement.

If we open an options account for you, the following provisions apply in addition to those in your Account Agreement.

Conditions

All of your option transactions are subject to the rules, by-laws, regulations, rulings, policies and customs:

- of the stock exchanges on which the options trade;

- of the clearing corporation that issues the option;
- of any other regulatory body which may have jurisdiction;
- our internal rules and policies.

Your options transactions are governed by these rules, by-laws, regulations, rulings, policies and customs whether they are in effect when the transaction begins or are subsequently adopted.

Such rules, by-laws, regulations, rulings, policies and customs include those regarding:

- position limits;
- maximum limits on short positions;
- exercise limits;
- margin requirements; and
- requirements for cash-only trades during certain periods such as the last ten business days before the expiry of the option.

You authorize us to report your options transactions to comply with orders issued by any applicable regulatory authority. All options transactions must also comply with our policies.

You authorize us to take whatever action we may consider necessary to ensure that your options account and the options held in it meet these various conditions. We do not have to notify you if we take this action.

Selling or Exercising Options

You are responsible for giving us timely written or verbal instructions when you want to dispose of or exercise an option. We are not required to take any action unless you do so.

Even if you do not give us instructions we are authorized to dispose of or exercise an option on your behalf within two business days of its expiry date. We do not have to do so, however. You agree to ratify any such transaction and to assume or indemnify us against any liability or costs we incur as a result of it.

Paying Expenses and Other Amounts Due

You agree to pay all of the expenses incurred by us in connection with your account. You authorize us to debit them to your account or, if you choose, you may pay them when they are due.

If you do not pay us what you owe us under this agreement, we will be entitled to exercise our rights under your Customer Agreement to collect these amounts.

Accepting Orders

We have the sole discretion to decide whether or not to accept an order from you to trade an option.

Ratifying Transactions

You agree to ratify any transaction in which we or one of our specialists or options attorneys acts as principal or market maker on the other side of the transaction, either for your account or as part of a larger transaction for your account and others. You also agree to pay the commissions of any such transactions.

Exercise Notices

We allocate exercise assignment notices on a random basis.

Settlement Dates

We may have earlier settlement dates for some options than the dates stated in a prospectus or similar document.

Liability For Errors

We are not liable to you for errors and omissions in the execution, handling, purchasing, exercise or endorsement of any option unless caused by our gross negligence or willful misconduct. This also applies if we do not sell or exercise an option for your account within two business days of its expiry.

Holding Certificates

Sometimes we hold certificates representing shares issued or acquired on exercising an option for our own account inside or outside the Province of Ontario.

Other Agreements

This Options Trading Agreement is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this Options Trading Agreement.

When you sign the Customer Agreement, you have acknowledged having received the Risk Disclosure Statement that has been approved by the Ontario Securities Commission and other provincial securities regulators in Canada (see below).

Risk Disclosure Statements for Derivatives Trading

This brief statement does not disclose all of the risks and other significant aspects of trading in derivatives including futures, options and foreign exchange trading. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. Effect of "Leverage" or "Gearing"

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2. Risk-reducing Orders or Strategies

The placing of certain orders (e.g. "stop-loss" order, where permitted under local law, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

Options

3. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. Put or Call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin

(see the section on Futures above). If the option is "covered", by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Additional Risks Common to Derivatives

4. Terms and Conditions of Contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

6. Deposited Cash and Property

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

7. Commission and other Charges

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

8. Transactions in other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

9. Currency Risks

The profit or loss in transaction in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

10. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house, and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

11. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

12. Off-exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

Disclosure Statement For Recognized Market Options (Quebec Only)

No securities commission or similar authority in Canada has in any way passed upon the merits of options referred to herein and any representation to the contrary is an offence. This document contains condensed information respecting the options referred to herein. Additional information may be obtained from your dealer.

A high degree of risk may be involved in the purchase and sale of options, depending to a large measure on how and why options are used. Options may not be suitable for every investor. See "Risks in Options Trading" and "Additional Information".

Introduction

This Disclosure Statement sets forth general information relevant to the purchase and sale of Put and Call options traded on a recognized market and cleared through a clearing corporation. Information concerning the underlying interests on which options are traded, the terms and conditions of these options, the recognized markets on which they trade and the applicable clearing corporations may be obtained from your dealer. Information on investment strategies and possible uses of options may also be obtained from your dealer.

This Disclosure Statement refers only to options and clearing corporations which have been recognized or qualified for purposes of this Disclosure Statement by provincial securities administrators where required. The options discussed herein trade on markets which, for the purposes of this Disclosure Statement only, are referred to as "recognized markets".

Nature of an Option

An option is a contract entered into on a recognized market between a seller (sometimes known as a writer) and a purchaser where all the terms and conditions of the contract (called the "specifications"), other than the consideration (called the "premium") for the option, are standardized and predetermined by the recognized market. The premium, paid by the purchaser to the seller, is determined in the market on the basis of supply and demand, reflecting such factors as the duration of the option, the difference between the exercise price of the option and the market price of the underlying interest, the price volatility and other characteristics of the underlying interest.

There are two types of options: Calls and Puts. A Call gives the purchaser a right to buy, and a Put the right to sell, a specific underlying interest at a stated exercise price and within a specified period of time or on a specific date. An option subjects the seller to an obligation to honour the right granted to the purchaser if exercised by the purchaser. Underlying interests can be shares of a specific corporation, bonds, notes, bills, certificates of deposit, commodities, foreign currency, the cash value of an interest in a stock index or any other interest provided for in the specifications.

An option transaction is entered into on a recognized market by a purchaser and a seller represented by their respective dealers. When the transaction is concluded it is cleared by a clearing corporation affiliated with the recognized market on which the

option is traded. When an option transaction is cleared by the clearing corporation it is divided into two contracts with the clearing corporation becoming the seller to the purchaser in the transaction and the purchaser to the seller. Thus on every outstanding option, the purchaser may exercise the option against the clearing corporation and the seller may be called upon to perform his obligation through exercise of the option by the clearing corporation.

Options may also be classified according to delivery requirements: actual delivery and cash delivery. An actual delivery option requires the physical delivery of the underlying interest if the option is exercised. A cash delivery option requires a cash payment of the difference between the aggregate exercise price and the value of the underlying interest at a specified time prior or subsequent to the time the option is exercised.

Options are issued in series designated by an expiration month, an exercise price, an underlying interest and a unit of trading. At the time trading is introduced in options with a new expiration month, the recognized market on which the option is traded establishes exercise prices that reflect the current spot prices of the underlying interest. Generally, three series of options are introduced with exercise prices at, below and above the current spot price. When the spot price of the underlying interest moves, additional options may be added with different exercise prices. Options having the same underlying interest and expiration month, but having different exercise prices, may trade at the same time.

Specifications of Options

Specifications of options are fixed by the recognized market on which they are traded. These specifications may include such items as trading units, exercise prices, expiration dates, last day of trading, and the time for determining settlement values.

An option may be bought or sold only on the recognized market on which the option is traded. The recognized market and the clearing corporation may each impose restrictions on certain types of transactions, and under certain circumstances may modify the specifications of outstanding options. In addition, a recognized market or a clearing corporation may limit the number of options which may be held by an investor, and may limit the exercise of options under prescribed circumstances.

Exercising Options

An option may have either an American style exercise or European style exercise irrespective of where the recognized market is located. An American style option can be exercised by the purchaser at any time before the expiration. To do this, the purchaser notifies the dealer through whom the option was purchased. A purchaser should ascertain in advance from his dealer the latest date on which he may give such notice to his dealer. A European style option may only be exercised by the purchaser on a specified date. Upon receiving an exercise notice from the purchaser's dealer, the clearing corporation assigns it to a member which may re-assign it to a client on a random or other predetermined selection basis.

Upon assignment, the seller must make delivery of (in the case of a Call) or take delivery of and pay for (in the case of a Put) the underlying interest. In the case of a cash delivery option, the seller must, in lieu of delivery, pay the positive difference between the aggregate exercise price and the settlement value of the underlying interest (in the case of both a Call and a Put).

A purchaser of an option which expires loses the premium paid for the option and his transaction costs. The seller of an option which expires will have as his gain the premium received for the option less his/her transaction costs.

Trading of Options

Each recognized market permits secondary market trading of its options. This enables purchasers and sellers of options to close out their positions by offsetting sales and purchases. By selling an Option with the same terms as the one purchased, or buying an option with the same terms as the one sold, an investor can liquidate his position (called an "offsetting transaction"). Offsetting transactions must be made prior to expiration of an option or by a specified date prior to expiration. Offsetting transactions must be effected through the dealer through whom the option was initially sold or purchased.

Price movements in the underlying interest of an option will generally be reflected to some extent in the secondary market value of the option and the purchaser who wishes to realize a profit will have to sell or exercise his option during the life of the option or on the specified date for exercise, as the case may be.

Costs of Options Trading

Margin Requirements

Prior to trading options, a seller must deposit with his dealer cash or securities as collateral (called "margin") for the obligation to buy (in the case of a Put) or sell (in the case of a Call) the underlying interest if the option should be exercised. Minimum margin rates are set by the recognized market on which the option trades. Higher rates of margin may be required by the seller's dealer.

Margin requirements of various recognized markets may differ. In addition, they are subject to change at any time and such changes may apply retroactively to option positions previously established.

Commission Charges

Commissions are charged by dealers on the purchase or sale of options as well as on the exercise of options and the delivery of underlying interests.

Risks in Options Trading

Options can be employed to serve a number of investment strategies including those concerning investments in or related to underlying interests. SOME STRATEGIES FOR BUYING AND SELLING OPTIONS INVOLVE GREATER RISK THAN OTHERS.

The following is a brief summary of some of the risks connected with trading in options:

- (i) Because an option has a limited life, the purchaser runs the risk of losing his entire investment in a relatively short period of time. If the price of the underlying interest does not rise above (in the case of a Call) or fall below (in the case of a Put) the exercise price of the option plus premium and transaction costs during the life of the option, or by the specified date for exercise, as the case may be, the option may be of little or no value and if allowed to expire will be worthless.
- (ii) The seller of a Call who does not own the underlying interest is subject to a risk of loss should the price of the underlying interest increase. If the Call is exercised and the seller is required to purchase the underlying interest at a market price above the exercise price in order to make delivery, he will suffer a loss.
- (iii) The seller of a Put who does not have a corresponding short position (that is an obligation to deliver what he does not own) in the underlying interest will suffer a loss if the price of the underlying interest decreases below the exercise price, plus transaction costs minus the premium received. Under such circumstances, the seller of the Put will be required to purchase the underlying interest at a price above the market price, with the result that any immediate sale will give rise to a loss.
- (iv) The seller of a Call who owns the underlying interest is subject to the full risk of his investment position should the market price of the underlying interest decline during the life of the Call, or by the specified date for exercise, as the case may be, but will not share in any gain above the exercise price.
- (v) The seller of a Put who has a corresponding short position in the underlying interest is subject to the full risk of his investment position should the market price of the underlying interest rise during the life of the Put, or by the specified date for exercise, as the case may be, but will not share in any gain resulting from a decrease in price below the exercise price.
- (vi) Transactions for certain options may be carried out in a foreign currency. Accordingly, purchasers and sellers of these options using Canadian dollars will be exposed to risks from fluctuations in the foreign exchange market as well as to risks from fluctuations in the price of the underlying interest.
- (vii) There can be no assurance that a liquid market will exist for a particular option to permit an offsetting transaction. For example, there may be insufficient trading interest in the particular option; or trading halts, suspensions or other restrictions may be imposed on the option or the underlying interest; or some event may interrupt normal market operations; or a recognized market could for regulatory or other reasons decide or be compelled to discontinue or restrict trading in the option. In such circumstances the purchaser of the option would only have the alternative of exercising his option in order to realize any profit, and the seller would be unable to terminate his obligation until the option expired or until he performed his obligation upon being assigned an exercise notice.
- (viii) The seller of an American style option has no control over when he might be assigned an exercise notice. He should assume that an exercise notice will be assigned to him in circumstances where the seller may incur a loss.
- (ix) In unforeseen circumstances there may be a shortage of underlying interests available for delivery upon exercise of actual delivery options, which could increase the cost of or make impossible the acquisition of the underlying interests and cause the clearing corporation to impose special exercise settlement procedures.

(x) In addition to the risks described above which apply generally to the buying and selling of options, there are timing risks unique to options that are settled by the payment of cash.

The exercise of options settled in cash results in a cash payment from the seller to the purchaser based on the difference between the exercise price of the option and the settlement value. The settlement value is based on the value of the underlying interest at a specified time determined by the rules of the recognized market. This specified time could vary with the option. For example, the specified time could be the time for establishing the closing value of the underlying interest on the day of exercise or in the case of some options based on a stock index the time for establishing the value of the underlying interest which is based on the opening prices of constituent stocks on the day following the last day of trading. Options for which the settlement value is based on opening prices may not, unless the applicable recognized market announces a rule change to the contrary, trade on that day.

The settlement value for options, futures contracts and futures options may not be calculated in the same manner even though each may be based on the same underlying interest.

Where the settlement value of a cash delivery option is determined after the exercise period, the purchaser who exercises such option will suffer from any unfavourable change in the value of the underlying interest from the time of his decision to exercise to the time settlement value is determined. With actual delivery options, this risk can be covered by a complementary transaction in the actual market for the underlying interest.

The seller of a cash delivery option is not informed that he has been assigned an exercise notice until the business day following exercise, at the earliest, and the seller will suffer from any unfavourable change in the value of the underlying interest from the time of determination of the settlement value to the time he learns that he has been assigned. Unlike the seller of an actual delivery option, the seller of a cash delivery option cannot satisfy his assignment obligations by delivery of the lower valued underlying interest, but must pay cash in an amount determined by the settlement value.

The type of risk discussed above makes spreads and other complex option strategies involving cash delivery options substantially more risky than similar strategies involving actual delivery options.

Tax Consequences

The income tax consequences of trading in options are dependent upon the nature of the business activities of the investor and the transaction in question. Investors are urged to consult their own professional advisers to determine the consequences applicable to their particular circumstances.

Additional Information

Before buying or selling an option an investor should discuss with his dealer:

- His investment needs and objectives
- The risks he is prepared to take
- The specifications of options he may wish to trade
- Commission rates
- Margin requirements
- Any other matter of possible concern

Specifications for each Option are available on request from your dealer and from the recognized market on which the Option is traded. Should there be any difference in interpretation between this document and the specifications for a given Option, the specifications shall prevail.

Your Electronic Funds Transfer Agreement

Electronic Funds Transfer ("EFT") services are available to all Scotia Direct Investing clients. Please contact us for details on how this service may be provided to you in respect of your account(s). EFT services are delivered expressly subject to the following terms (the "EFT Agreement"), and use of the EFT services by you shall constitute unqualified acceptance by you of those terms.

By utilizing the EFT services in whatever way to effect the transfer of funds, you authorize and direct Scotia Direct Investing to debit your Canadian dollar account(s) with the amount(s) and pay the funds to the financial institution(s) and account(s), all as indicated by you by means of the EFT services. You should refer to the other financial institution(s) for the prevailing charges, if any, imposed by such institution for transfers performed by means of EFT services with the use of its facilities.

In consideration of Scotia Direct Investing accepting and complying with each such direction, you waive notification of each such transaction and ratify any and all such transactions heretofore and hereafter made for your Scotia Direct Investing account. Scotia Direct Investing shall have no liability or responsibility for any loss or damage suffered or incurred by you in connection with the debits contemplated by any direction made by you by means of EFT services, including, without limitation, any loss of interest or other losses or damages, whether economic or otherwise, caused by or resulting from any delay in complying with any such direction. You are liable for all indebtedness, withdrawals and account activity contemplated by this Agreement resulting from your use of the EFT services, including all indebtedness, withdrawals and account activity by persons authorized by you to use such services on your behalf.

While Scotia Direct Investing will make commercially reasonable efforts to maintain continuous access to the EFT services, you agree and acknowledge that Scotia Direct Investing does not guarantee and is not offering continuous access to these facilities pursuant to this EFT Agreement.

Scotia Direct Investing makes no representation, warranty, covenant, promise, guarantee, agreement or condition, or any warranties or conditions of merchantability or fitness or adequacy for a particular purpose or use, or of quality, productiveness, capacity or adequacy, whether express or implied, statutory or otherwise or arising from a course of action or usage of trade, in respect of the EFT services or the equipment whereby they are delivered or otherwise relating to this EFT Agreement.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, Scotia Direct Investing SHALL NOT BE LIABLE TO YOU OR ANY THIRD PARTY FOR LOSS OF REVENUE OR PROFITS, FAILURE TO REALIZE EXPECTED PROFITS OR SAVINGS, MISSED INVESTMENT OPPORTUNITIES OR OTHER ITEMS OF ECONOMIC LOSS, OF ANY NATURE WHATSOEVER, OR FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES ARISING OUT OF OR RELATED TO USE OF THE EFT SERVICES, HOWEVER CAUSED, AND WHETHER ARISING UNDER CONTRACT, TORT (INCLUDING NEGLIGENCE), OR ANY OTHER THEORIES OF LIABILITY, EVEN IF Scotia Direct Investing HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

You agree to indemnify and hold Scotia Direct Investing harmless against, and will pay Scotia Direct Investing promptly on demand for, any loss, liability and expense, including legal costs, arising out of our compliance with any direction made by you by means of the EFT services.

This direction and indemnity is a continuing one and shall remain in full force and effect unless revoked by you by written notice addressed and delivered to Scotia Direct Investing, but such revocation shall not affect any liability resulting from, or the waiver of liability and indemnity relating to, transactions initiated prior to such revocation.

This EFT Agreement is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this EFT Agreement.

Your Terms of Access Agreement

Online Brokerage Services are automatically available to all new Scotia Direct Investing clients. The terms and conditions governing such access are set out in the Legal, Copyright and Trademark Notices page on the Scotia Direct Investing web site under scotiamcleoddirect.com Terms of Access Agreement (the "Agreement").

The Agreement (reproduced below) is expressly made subject to the *General Terms and Conditions Applicable to All Accounts*, which appear earlier in this booklet, all of which are incorporated into and form an integral part of this Agreement.

Scotia Online Brokerage Services Electronic Services Terms of Access

Please read carefully the following Terms of Access. If you do not agree with these terms you will not have access to the brokerage functions within the Scotia Online site.

"ScotiaMcLeod" is a registered trademark of The Bank of Nova Scotia. "ScotiaMcLeod Direct", "Scotia Direct Investing", "Scotia OnLine" and "Scotia OnLine Brokerage" are trademarks of The Bank of Nova Scotia. Scotia Capital Inc. is an authorized user of these marks. All other trademarks, service marks, registered trademarks, or registered service marks mentioned in the web site are the property of their respective owners. Scotia Capital Inc. is a wholly owned subsidiary of The Bank of Nova Scotia. ScotiaMcLeod and Scotia Direct Investing are divisions of Scotia Capital Inc. (the "Service Provider").

You agree to comply with the terms and conditions of the ScotiaCard Cardholder Agreement, as that agreement is amended by The Bank of Nova Scotia from time to time, in addition to the terms and conditions contained herein.

Where there is a conflict between the provisions of this Agreement and the ScotiaCard Cardholder Agreement, the provisions of this Agreement will govern. You acknowledge and understand that the range of services that you may use and the types of transactions that you may enter into in respect of your Designated Account(s) using the ScotiaCard may be different than those described in the ScotiaCard Cardholder Agreement. You agree that you may only use those services and enter into those transactions which the Service Provider makes available to you from time to time in its sole discretion. All capitalized terms not defined herein shall have the meaning set forth in the ScotiaCard Cardholder Agreement.

No portion of the content of the web site may be reproduced, other than for personal, non-commercial use, in any form or by any means, without prior written permission from the Service Provider.

Electronic Services

You agree that you may only use those services and enter into those transactions which the Service Provider makes available to users from time to time. Your access to all electronic and telephone services, including but not limited to the Scotia Online Brokerage services (the "Electronic Services"), may be temporarily suspended or terminated, without notice, where it is believed that you are using such services for inappropriate purposes.

The Electronic Services are intended to permit clients of the Service Provider to, among other things, transmit securities trading instructions, view account balances, access related information, effect Direct Payment transactions and pay bills to any participating business, company or utility, which services may vary from user to user depending upon level of access granted. The Service Provider reserves the right to charge for those services.

Transactions

Transactions entered into by you through Electronic Services will be posted to your account as follows: (i) transactions processed before 5 p.m. (Eastern Time) on any business day will be processed on that day and will appear on your account records on the following business day; and (ii) transactions processed after 5 p.m. (Eastern Time) will be processed as of the next business day, however, interest will be calculated as of the day on which the transaction was entered by you. For transactions processed after 5 p.m., your account records will reflect the transaction on the second business day after the transaction was entered.

You will receive a reference number or, if the transaction is by way of the Internet, a transaction record will be displayed on the computer screen. Where the Electronic Services are used to effect a Direct Payment transaction, third parties may provide the transaction record directly to you.

Fees

The Service Provider endeavours to keep the rates and fees posted on this web site current. However, rates, fees and related information are subject to change at any time with prior notice and may not be reflected. A list of charges and fees will be provided to you upon request. However, fees and rates imposed by other financial institutions may only be obtained from such financial institutions. For more information on fees, see the ScotiaCard Cardholder Agreement.

Security

You are solely responsible for the security and confidentiality of your Electronic Signature, which includes logon ids, passwords, access codes and personal identification numbers chosen by you. The Service Provider shall not be responsible for the unauthorized use of the service by any other person with your Electronic Signature, and the Service Provider is under no obligation to confirm the actual identity or authority of any user of the Electronic Signature.

You shall notify the Service Provider immediately upon becoming aware of any known or suspected unauthorized use of your Electronic Signature to gain access to the Electronic Services, or any other breach of security involving your Electronic Signature. You will be liable up to the maximum daily and weekly permitted purchase and withdrawal amounts through the ScotiaCard, ScotiaCard number and/or Electronic Signature for all account activity contemplated by this Agreement resulting from unauthorized use. For more information on security and unauthorized use, see the ScotiaCard Cardholder Agreement.

Transaction Acceptance

You acknowledge and agree that with regards to Electronic Services:

- (1) you are solely responsible for the accuracy of transactions;
- (2) the Service Provider may exercise its absolute discretion to accept and process transactions placed through your Electronic Signature, whether or not the transaction was placed by you, and will not incur any liability by reason of acting or failing to act in such respect;
- (3) all transaction requests will only be processed if your account is in good standing, you have sufficient funds to complete the transaction and the transaction is consistent with your stated objectives, where your stated objectives are applicable;
- (4) prior to processing, all brokerage order requests must be reviewed and approved by a licensed trader where applicable. If the order is not approved for any reason, it may be cancelled. You will be advised of the details and any necessary action by e-mail or telephone;
- (5) in certain circumstances the Service Provider may request additional confirmation of any transaction request before execution of the same;
- (6) for mutual protection, the Service Provider may keep records of all transactions and instructions received, though is not required by applicable law or regulatory requirements to do so. These records will be conclusive and binding on you in the absence of clear proof that the records are erroneous or incomplete; and
- (7) the Service Provider may pay a referral fee to its affiliates and their personnel as compensation for referring you to the Service Provider.

You must advise the Service Provider immediately if you:

- *placed a transaction and did not receive the applicable reference number;*
- *did not receive the written confirmation;*
- *received an inaccurate written confirmation; or*
- *received a written confirmation for a transaction not placed.*

Cancellation of Access

The Service Provider may at any time, without notice, withdraw or vary any Electronic Services. Any transactions posted subsequent to the withdrawal of such service will not be processed by the Service Provider.

Disclaimer

The information provided by the Electronic Services is provided "AS IS" with all faults. While the Service Provider believes the information to be correct when posted on the Electronic Services, neither the Service Provider nor its affiliates nor any third party owner, licensor or supplier of equipment, software, systems, services or facilities (the "Systems") used or made available in connection with the information used or made available through the Electronic Services, including market data, quotation information and databases, and including news, articles, text, graphs, audio clips, video clips, broadcasts and seminars ("Data") makes or is liable for any representation, warranty or condition, whether express or implied, concerning the Systems or Data or the use thereof, including, without limitation, that (i) the Systems or Data will meet your needs, will be of a merchantable quality and fitness for use at any particular time or for any particular purpose or will be error free or (ii) the Systems or Data is up-to-date, accurate, in sequence, reliable, complete or suitable for any purpose. Without limiting the foregoing, "real-time" quotes viewed on the web site, particularly in times of high volumes of trading and market volatility, may not be reflective of current trading prices. Further, all express or implied, direct or indirect, representations, warranties and conditions in respect of the Systems and Data arising or implied by statute, common law, custom, usage of trade, course of performance, course of dealing or otherwise, including, but not limited to, any warranties or conditions are expressly excluded.

Changes may be made at any time to the Electronic Services and the information contained therein without prior notice. For more complete and up-to-date information contact Scotia Direct Investing.

The Electronic Services are not intended to provide legal, accounting or tax advice and should not be relied upon in that regard.

All the Data is protected by copyright and each supplier of the Data reserves all proprietary and intellectual property rights therein. You shall not reproduce, retransmit, disseminate, sell, rent, distribute, publish, broadcast, circulate or commercially exploit the Data provided through the Electronic Services in any manner or furnish it to any other person without the prior written consent of the Service Provider and the relevant supplier. You shall use the Data accessible through the Electronic Services only for your individual use, and shall indemnify and hold harmless the Service Provider, its affiliates and each supplier of Data from any losses or liabilities incurred as a result of your breach of the foregoing provisions or other misuse of the Data. You agree that the terms of this Agreement may be enforced directly against you by each supplier of Data.

The Service Provider expressly disclaims any liability for losses or damages, whether direct, indirect, specific or consequential incurred by you of the Electronic Services and whether by contract, negligence or otherwise. In consideration for the Service Providers providing access to you of the Electronic Services, you shall release the Service Provider and all related companies and their respective directors, officers, employees and agents from all claims and proceedings for such losses, damages or consequences.

The Service Provider expressly disclaims any liability for your acts or omissions, such as errors regarding dollar figures, account numbers or other information required to complete an Electronic Service. You acknowledge that once you confirm the details of a transaction made through the Electronic Services, that transaction may not be revoked, other than for post-dated payments for which you provide a written request to stop payment at least five business days before the payment is due to be charged to your account.

All claims or disputes arising by virtue of you effecting (i) a permitted Direct Payment transaction or (ii) a permitted bill payment through the Electronic Services, the Service Provider will in no way be liable for (a) the quality or non-receipt of the goods or services purchased pursuant to (i) or (b) verifying that any purpose for which the payment in (ii) is made has been fulfilled. Any such claims or disputes must be settled directly with the third party merchant, business, company or utility. Similarly, the Service Provider shall not be liable if any merchant, business, company or utility does not accept your ScotiaCard number or Electronic Signature.

The Service Provider and its affiliates do not guarantee continuous access. From time to time interruptions, errors or other deficiencies in service may occur which are outside of the control of the Service Provider and its affiliates, including interruptions in the accessibility of the Internet, a system outage in facilities of a third party service and market conditions that may result in general market volatility, volatility affecting a particular security or class of securities, or heavy demand and high volumes of trading activity. Neither of the Service Provider nor its affiliates will be liable for any loss or damage resulting from use of the Systems, including but not limited to loss or damage resulting from failure of electronic or mechanical equipment or communications lines, the Internet, telephone or other inter-connect problems, power failure or third party system failure.

Information in the web site does not constitute a solicitation or offer to sell products or services of the Service Provider and its subsidiaries and affiliates or mutual funds normally distributed by them, or the securities or financial instruments of any issuer. The Service Provider does not guarantee investment results and is not liable for any loss or missed investment opportunities resulting from any investment decision made by you.

Links in this web site to other web sites or references to products, services or publications other than those of the Service Provider or its subsidiaries and affiliates should not be construed as an endorsement, recommendation or approval of such web sites, products, services or publications by the Service Provider or its subsidiaries and affiliates, rather are solely those of the third party and not of the Service Provider or its affiliates.

Information from the Electronic Services is intended for use only in Canadian jurisdictions where such services or products may lawfully be offered for use and/or for sale and neither use or sale is intended where prohibited by law. If you access the Site from outside of Canada, you do so on your own initiative. You will as a result be responsible for compliance with applicable local, national or international laws.

Canadian laws exclusively apply to the web site and to the use of the web site, notwithstanding domicile, residence or physical location of any user. Electronic services availability to persons residing in countries other than Canada may be subject to restrictions on the services which we make available.

General

This web site is not a secure medium for e-mail communications. Any confidential, proprietary or sensitive information transmitted by means of this web site through e-mail may be read and/or copied by unauthorized persons.

You are responsible, at your own expense, to obtain and maintain all necessary equipment, software and communication links as required in order to access the Electronic Services.

When using the web site, it is your responsibility to take reasonable precautions to scan for computer viruses and other items of a destructive nature. You should ensure to have a complete and current backup of the information on your computer system prior to using this web site.

You may not assign your rights under this Agreement without the prior written permission of the Service Provider. This Agreement shall be governed by the laws in force in the Province of Ontario (without reference to its conflicts of laws rules).

If the account subject to this Agreement is held as a joint account by more than one person, the liabilities and obligations hereunder shall be joint and several, other than in the Province of Quebec, and shall be carried out in accordance with the provisions of the applicable forms signed by you at the time the joint account was activated.

You acknowledge that you are also subject to all other agreements entered into with the Service Provider and its affiliates.

Your Scotiabank Group Privacy Agreement

Your privacy is important to Scotiabank. This Agreement sets out the information practices for Scotiabank Group Members, including what type of information is collected, how the information is used, and with whom the information is shared.

In this Agreement, "we", "our" and "us" mean, as applicable, any Scotiabank Group Member or the collective Scotiabank Group and include any program or joint venture any of these parties participates in: "you" and "your" mean an individual who has made application to us for any personal or business banking, insurance, brokerage or financial product or service offered by us ("Service"), including any co-applicants, guarantors or personal representatives.*

Collecting, using and disclosing your information

1. When you apply for, or provide a guarantee in respect of, or use any Service and while you are our customer, you agree that:
We may collect personal information from you and about you such as:
 - *Your name, address, occupation and date of birth, which is required by law;*
 - *Identification, such as a valid driver's license or passport. We may also ask for documents such as a recent utility bill to verify your name and address;*
 - *Your annual income, assets and liabilities and credit history;*
 - *Information about your transactions, including payment history and account activity;*
 - *Information we may need in order to provide you with a Service, such as health information if you are applying for certain insurance products. In some instances, providing this information is optional;*
 - *Information about third parties such as your spouse if you are applying for certain Services where this information is required by law.*

For legal entities such as businesses, partnerships, trusts, estates or investment clubs, we may collect the information referred to above from each authorized person, partner, trustee, executor and club member, as appropriate.

We may collect from, and use and disclose this personal information to, any person or organization for the following purposes:

- *To confirm your identity;*
- *To understand your needs;*
- *To determine the suitability of our Services for you;*
- *To determine your eligibility for our Services;*
- *To set up, manage and offer Services that meet your needs;*
- *To provide you with ongoing Service;*
- *To meet our legal and regulatory requirements;*
- *To manage and assess our risks;*
- *To investigate and adjudicate insurance claims; and*
- *To prevent or detect fraud or criminal activity or to manage and settle any actual or potential loss in connection with fraud or criminal activity.*

We will use health information strictly for the provision of an insurance Service.

We do not provide directly all the services related to your relationship with us. We may use third party service providers to process or handle personal information on our behalf and to assist us with various services such as printing, mail distribution and marketing, and you acknowledge that we may release information about you to them. Some of our service providers are located outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the law of these jurisdictions. When personal information is provided to our service providers, we will require them to protect the information in a manner that is consistent with Scotiabank Group privacy policies and practices.

2. We may collect, use and disclose your Social Insurance Number (SIN) for income tax reporting purposes, as required by law. In addition, we may ask you for your SIN to verify and report credit information to credit bureaus and credit reporting agencies as well as to confirm your identity. This allows us to keep your personal information separate from that of other customers, particularly those with similar names, and helps maintain the integrity and accuracy of your personal information. You may refuse to consent to its use or disclosure for purposes other than as required by law.
3. We may verify relevant information you give us with your employer or your references and you authorize any person whom we contact in this regard to provide such information to us. If you apply for a Service and during the time you have the Service, we may consult various financial service industry databases or private Investigative Bodies maintained in relation to the type of Service you have applied for or have. You also authorize us to release information about you to these databases and Investigative Bodies. In Canada, Investigative Bodies are designated under the regulations of the Personal Information Protection and Electronic Documents Act (PIPEDA) and include such organizations as the Bank Crime Prevention and Investigation Office of the Canadian Bankers Association and the Investigative Services Division of the Insurance Bureau of Canada.
4. We may monitor or record any telephone call we have with you. The content of the call may also be retained. We may inform you prior to proceeding with the call of this possibility. This is to establish a record of the information you provide, to ensure that your instructions are followed properly and to ensure customer service levels are maintained.
5. If you have a Service with us, we may use, disclose to and collect from credit bureaus or financial service industry databases, credit and other information about you in order to offer you pre-approved credit products or margin facilities. We may also do this after the Service has ended. You may withdraw your consent at any time by giving us reasonable notice (see below).
6. We may give information (except health information) about you to other members of the Scotiabank Group (where the law allows this) so that these companies may tell you directly about their products and services. The Scotiabank Group includes companies engaged in the following services to the public: deposits, loans and other personal financial services; credit, charge, debit and payment card services; full-service and discount brokerage services; mortgage loans; trust and custodial services; insurance services; investment management and financial planning services; and mutual funds investment services. This consent will apply to any companies that form a part of the Scotiabank Group in the future. You also agree that we may provide you with information from third parties we select. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).

For a list of Scotiabank's affiliates and subsidiaries in Canada, please refer to the *Public Accountability Statement/Corporate Social Responsibility Report* available at any Scotiabank branch or on the Scotiabank website at www.scotiabank.com.

7. We may ask you for contact information such as your telephone number or fax number, and keep and use this information as well as disclose it to other members of the Scotiabank Group so that we or any of these companies may contact you directly through these channels for the purpose of marketing including telemarketing. This consent will also apply to any companies that form a part of the Scotiabank Group in the future. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).
8. If we sell a company in the Scotiabank Group or a portion of the business of a Scotiabank Group Member, we may release the information we hold about you to the prospective purchaser. We will require any prospective purchaser to protect the information provided and to use it in a manner that is consistent with Scotiabank Group privacy policies and practices.
9. We may keep and use information about you in our records for as long as it is needed for the purposes described in this Agreement, even if you cease to be a customer.
10. All information that you give us will, at any time, be true and complete. If any personal information changes or becomes inaccurate or out of date, you are required to advise us so we can update our records.

Refusing or withdrawing consent

Subject to legal, regulatory and contractual requirements, you can refuse to consent to our collection, use or disclosure of information about you, or you may withdraw your consent to our further collection, use or disclosure of information at any time in the future by giving us reasonable notice. Depending on the circumstances, however, withdrawal of your consent may impact on our ability to provide you or continue to provide you with some Services or information that may be of value to you.

We will act on your instructions as quickly as possible but there may be certain uses of your information that we may not be able to stop immediately.

You cannot refuse our collection, use and disclosure of information required by third party service providers essential for the provision of the Services or required by our regulators, including self-regulatory organizations. Some of our service providers are located outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the law of these jurisdictions.

You can tell us at any time to stop using information about you to promote our Services or the products and services of third parties we select, or to stop sharing your information with other members of the Scotiabank Group.

If you wish to refuse consent or to withdraw consent as outlined in this Agreement, you may do so at any time by contacting the branch or office with which you are dealing or by calling us toll-free.

Scotiabank	1-800-4SCOTIA
ScotiaMcLeod Direct Investing	1-800-263-3430
ScotiaMcLeod and Scotia Private Client Group	1-866-437-4990
ScotiaLife	1-800-387-9844
TradeFreedom	1-866-837-3336

In addition, if you apply for, accept, or guarantee, a line of credit, term loan, mortgage or other credit account with us:

When you apply for, accept, or guarantee a loan or credit facility or otherwise become indebted to us, and from time to time during the course of the loan or credit facility, we may use, give to, obtain, verify, share and exchange credit and other information (except health information) about you with others including credit bureaus, mortgage insurers, creditor insurers, registries, other companies in the Scotiabank Group and other persons with whom you may have financial dealings, as well as any other person as may be permitted or required by law. We may do this throughout the relationship we have with you. You also authorize any person whom we contact in this regard to provide such information to us.

If you have a VISA** account with us, we may give information (except health information) about you to VISA Canada Association, VISA International Service Association and their employees and agents, for the purpose of processing, authorizing and authenticating your VISA card transactions, providing you with customer assistance services, and for other purposes related to your VISA account. We may also give this information in respect of your participation in contests and promotions administered by the Association on our behalf.

If you have a mortgage account with us, we may give information about you, including credit information, to mortgage insurers for any purpose related to mortgage insurance. Information retained by Canada Mortgage Housing Corporation will be subject to federal access to information and privacy legislation.

During the term of the loan or credit facility, you may not withdraw your consent to our ongoing collection, use or disclosure of your personal information in connection with the loan or other credit arrangement you have with us or have guaranteed. We can

continue to disclose your personal information to credit bureaus even after the loan or credit facility has been retired, and you may not withdraw your consent to our doing so. We do this to help maintain the accuracy, completeness and integrity of the credit reporting system.

In addition, if you accept an insurance Service with us:

When you apply for, or sign an application in respect of, or accept an insurance Service from us, we may use, give to, obtain, verify, share and exchange information about you with others including references you have provided, from hospitals and health practitioners, from government health insurance plans, from other insurers, from medical information and insurance service bureaus, from law enforcement representatives, from private investigators, and from other groups or companies where collection is necessary to underwrite or otherwise administer the Service requested, including the assessment of claims. You also authorize any person whom we contact in this regard to provide such information to us.

If you accept an insurance Service with us, or if an insurance Service is issued on your life, you may only withdraw your consent as noted above so long as the consent does not relate to underwriting or claims where the Scotiabank Group member must collect and report information to insurance service bureaus after the application has been underwritten or the claim has been adjudicated. This is necessary to maintain the integrity of the underwriting and claims systems.

Further information

You acknowledge that we may amend this agreement from time to time to take into consideration changes in legislation or other issues that may arise. We will post the revised agreement on our website listed below and make it available at our branches. We may also send it to you by mail.

For further information about any Scotiabank Group Member's privacy policies, please refer to the brochure: *The Scotiabank Group & You: A Question of Privacy* available at any Scotiabank Group Member's branch or office, or the Scotiabank website at www.scotiabank.com or call us toll-free at 1-800-4-SCOTIA. Copies of our entire formal *Privacy Code* as well as the *Scotiabank Guidelines for Business Conduct* are available to the public on the Scotiabank website at www.scotiabank.com. These documents form part of the Scotiabank Group Privacy Agreement.

Last revised January 2008

* For the purposes of this Agreement, Scotiabank Group means, collectively, Scotiabank and all of Scotiabank's affiliates and subsidiaries with respect to their operations in Canada. Scotiabank Group Member means Scotiabank or any one of its affiliates and subsidiaries with respect to its operations in Canada.

**VISA Int./Lic. user The Bank of Nova Scotia.

National Instrument 54-101

Communication With Beneficial Owners of Securities of a Reporting Issuer

Explanation to Clients

Based on your instructions, the securities in your account with us are not registered in your name but in our name or the name of another person or company holding your securities on our behalf. The issuers of the securities in your account may not know the identity of the beneficial owner of these securities. We are required under securities law to obtain your instructions concerning various matters relating to your holding of securities in your account.

Disclosure of Beneficial Ownership Information

Securities law permits reporting issuers and other persons and companies to send materials related to the affairs of the reporting issuer directly to beneficial owners of the reporting issuer's securities if the beneficial owner does not object to having information about it disclosed to the reporting issuer or other persons and companies.

Part 1 – Client Response Form – Disclosure of Beneficial Ownership Information

Allows you to tell us if you **OBJECT** to the disclosure by us to the reporting issuer or other persons or companies of your beneficial ownership information, consisting of your name, address, electronic mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of your beneficial ownership information to matters relating to the affairs of the reporting issuer.

- If you **DO NOT OBJECT** to the disclosure of your beneficial ownership information, please mark the first box in Part 1. In those circumstances, you will not be charged with any costs associated with sending securityholder materials to you.
- If you **OBJECT** to the disclosure of your beneficial ownership information by us, please mark the second box in Part 1. If you do this, all materials to be delivered to you as a beneficial owner of securities will be delivered by us. You will be charged with any costs associated with the sending of securityholder materials to you.

Part 2 – Receiving Securityholder Materials

For securities that you hold through your account, you have the right to receive proxy-related materials sent by reporting issuers to registered holders of their securities in connection with meetings of such securityholders. Among other things, this permits you to receive the necessary information to allow you to have your securities voted in accordance with your instructions at a securityholder meeting. Objecting beneficial owners may be charged with the costs in connection with the sending of securityholder materials.

Securities law permits you to decide if you would like to receive securityholder materials. The three types of securityholder materials are:

- proxy-related materials, including annual reports and financial statements, that are sent in connection with a securityholder meeting;
- annual reports and financial statements that are not part of proxy-related materials; and
- materials that a reporting issuer or other person or company sends to securityholders that are not required by corporate or securities law to be sent to registered holders.

Part 2 of the Client Response Form – you should mark the corresponding box in Part 2 to show what materials, of the three types of materials described above, you want to receive.

- If you want to receive **ALL** securityholder materials that are sent to beneficial owners of securities, please mark the first box in Part 2.
- If you want to **DECLINE** to receive **ALL** securityholder materials referred to above, please mark the second box in Part 2. Note that even if you decline to receive these types of materials, a reporting issuer or other person or company is entitled to send these materials to you at their own expense.

- If you want to receive ONLY proxy-related materials that are sent in connection with a special meeting, please mark the third box in Part 2.

Important Note: These instructions do not apply to any specific request you give or may have given to a reporting issuer concerning the sending of interim financial statements of the reporting issuer. In addition, in some circumstances, your instructions will not apply to annual reports or financial statements of an investment fund that are not part of the proxy-related materials. An investment fund is also entitled to obtain specific instructions from you on whether you wish to receive its annual report or financial statements, and where you provide specific instructions, the instructions you have provided to us with respect to financial statements will not apply.

The costs to deliver these materials to you are charged by the security issuer, and are subject to change at their discretion. Details of these costs are available upon request. If you do not object to the disclosure of your account information noted above, you will not be charged with any costs associated with sending these materials.

Contact

If you have any questions or want to change your instructions in the future, please contact us:

- For ScotiaMcLeod Direct Investing, P.O. Box 603, Scarborough, ON M1K 5C5, 1 800 263-3430
- For TradeFreedom, Att: New Accounts Department, Tour Scotia, 1002 Sherbrooke Street West, 10th Floor, Montreal, QC H3A 3L6, 1 866 837-3336

Related Mutual Funds (as at March 2009)

Canadian securities regulations (in particular, National Instrument 81-105 on Mutual Fund Sales Practices) require that we provide certain disclosure to our clients regarding related mutual funds and that we obtain your prior written consent before effecting any trades for you in such funds.

The Bank of Nova Scotia ("Scotiabank") is the parent of each of Scotia Capital Inc. ("SCI") and of Scotia Securities Inc. ("SSI"). Consequently, SCI and SSI are affiliated to each other and to Scotiabank. ScotiaMcLeod Direct Investing and TradeFreedom are each services of Scotia Direct Investing, a division of SCI. ScotiaMcLeod is also a division of SCI.

ScotiaMcLeod is the manager of a family of mutual funds, collectively known as the Pinnacle Funds and is affiliated with SSI, the manager of a family of mutual funds, collectively known as the ScotiaFunds.

Scotiabank owns approximately 35.5% of CI Financial Corp. ("CI Financial"). CI Financial is the parent company of CI Investments Inc. ("CII") which is the parent of United Financial Corporation ("UFC"). CII is the manager of families of mutual funds known as the CI Funds. UFC is the manager of families of mutual funds known as the United Funds, the Artisan Portfolios and the Institutional Managed Portfolios (collectively the "UFC funds").

SCI may from time to time execute trades on your behalf of units of the Pinnacle Funds, the ScotiaFunds, the CI funds and/or the UFC funds. You hereby consent to our execution on your behalf of trades of units in such funds in accordance with instructions that you may from time to time provide to us.

Information on our related issuers and registrants generally, together with other information in that regard, is separately available.

