

## **CUSTODIAL AGREEMENT**

made the                      day of                      , 20     .

**B E T W E E N:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

("Member")

OF THE FIRST PART

- and -

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

("Custodian")

OF THE SECOND PART

### **WHEREAS:**

- A. the Member is a member of the Mutual Fund Dealers Association of Canada (the "MFDA"), a self-regulatory organization;
- B. the Custodian provides custodial and depository services and meets the criteria as an acceptable securities location set out in the by-laws, rules and policies of the MFDA (the "Rules");
- C. the Custodian provides services, including custodial and/or depository services, to the Member in connection with the segregation obligations of members of the MFDA;

- D. the Rules require that the terms upon which any securities are deposited with the Custodian for the Member or its customers include certain written provisions to the effect of subparagraphs 1(a), (b) and (c) hereof;
- E. the parties hereto desire to comply with the Rules;

**IN CONSIDERATION** of these premises and other good and valuable consideration received and acknowledged by each of the parties hereto, the parties agree as follows:

### **1. Terms of Segregation**

The Custodian shall ensure, in respect of any securities deposited with and held by it for the Member or customers of the Member in accordance with the Rules that, subject to securing the payment of the reasonable and agreed administration fees and charges in respect of the custodial and depositary services provided:

- (a) no use or disposition of such securities shall be made without the prior written consent of the Member;
- (b) certificates representing such securities shall be delivered to the Member promptly on demand or, when certificates are not available and the securities are represented by book entry by the Custodian, the securities shall be able to be transferred either from the Custodian or to the account of any other person maintaining an account at the Custodian promptly on demand; and
- (c) securities shall be held in segregation for the Member or its customers free and clear of any charge, lien, claim or encumbrance of any kind in favour of the Custodian including, without limitation, such of the same as may otherwise arise in respect of margin account dealings.

### **2. Records**

The Custodian shall maintain records in readily accessible form sufficient to identify the securities and other property held by it for the Member and its customers pursuant to this agreement separate and distinct from any other securities or property held by the Custodian. Accounts for securities and property held hereunder shall be in the name of the Member. The Custodian shall permit access to such records or provide confirmation of their contents to the auditors of the Member within seven business days of written request. The Member shall be entitled to receive a report from the Custodian not less frequently than monthly disclosing the state of any account of the Member held by the Custodian including the amount, value and identification of securities by issue held for such account, any deficiencies, and accrued and unpaid fees or charges.

### **3. Indemnity**

The Custodian shall indemnify and save harmless the Member against and from any and all losses of the Member as a result of the failure of the Custodian to return to the Member any securities or property held by it in accordance with this agreement, provided that the liability of

the Custodian under this paragraph shall be limited to the market value of the securities and property as at the time which it was required to deliver to the Member the securities and property.

**4. Terms**

This agreement shall remain in full force and effect as long as the Custodian holds any securities on behalf of the Member or its customers.

**5. Binding Effect**

This agreement shall extend to and enure to the benefit of and be binding upon the successors and assigns of the parties hereto but shall not be assigned by the Custodian without the prior written consent of the Member.

**6. English Language**

This agreement has been drawn up in the English language at the request of the parties. Les parties ont requis que la présente convention soit rédigée en anglais.

The parties have executed this agreement under the hands of their authorized officers as of the date set out above.

**[CUSTODIAN]**

By: \_\_\_\_\_

Position: \_\_\_\_\_

**[MEMBER]**

By: \_\_\_\_\_

Position: \_\_\_\_\_