

SERVICE AGREEMENT (Securities Representative)

TABLE OF CONTENTS

	PAGE
RECITALS	7
0.00 INTERPRETATION.....	8
0.01 Definitions.....	8
0.01.01 Agreement.....	8
0.01.02 Applicable Laws	8
0.01.03 Breach	8
0.01.04 Change in Control.....	9
0.01.05 Confidential Information	9
0.01.06 Force Majeure	10
0.01.07 Intellectual Property.....	10
0.01.08 Legal Representatives.....	10
0.01.09 PARTY	10
0.01.10 Person	11
0.01.11 Prime Rate	11
0.01.12 Regulations	11
0.01.13 Regulatory Authority	11
0.01.14 Related Person	11
0.01.15 Securities.....	11
0.01.16 Subsidiary	11
0.01.17 Tasks	12
0.01.18 Territory	12
0.02 Entire Agreement	12
0.03 Governing Law.....	12
0.04 Non-Compliance	12
0.04.01 Severability.....	12
0.04.02 Substitute Provision.....	13
0.05 Miscellaneous.....	13
0.05.01 Cumulative Rights	13
0.05.02 No Waiver.....	13
0.05.03 Time and Days.....	13
a) Time of the Essence	13
b) Computation of Time	13
c) Delays.....	14
0.05.04 Financial References.....	14
0.05.05 Cross-References	14
0.05.06 Gender and Number.....	15
0.05.07 Headings	15

SERVICE AGREEMENT (Securities Representative)

0.05.08	Presumptions.....	15
0.05.09	Knowledge.....	15
0.05.10	Approval.....	15
0.05.11	Accounting Standards.....	15
1.00	PURPOSE.....	15
1.01	Mandate to Act as Representative.....	15
1.02	Acceptance of Mandate.....	16
1.03	Tasks.....	16
1.04	Collaboration.....	16
1.05	Clients.....	16
1.06	Conditions.....	16
1.06.01	Required by the CORPORATION.....	16
1.06.02	Required by the REPRESENTATIVE.....	17
1.06.03	Choice.....	17
2.00	CONSIDERATION.....	17
2.01	Commission.....	18
2.02	Amendment to Commission Rates.....	18
3.00	TERMS OF PAYMENT.....	18
3.01	Commission.....	18
3.01.01	Calculation.....	18
a)	Net Monthly Commission.....	18
b)	Deduction.....	18
c)	Compensation.....	18
3.01.02	Payment.....	18
3.01.03	End of Agreement.....	19
a)	Deduction.....	19
b)	Final Audit.....	19
c)	Balance in Favour of REPRESENTATIVE.....	19
d)	Balance in Favour of CORPORATION.....	19
3.02	Advances.....	19
3.02.01	Amount.....	19
3.02.02	Procedure.....	19
3.03	Interest.....	20
3.04	Loss of Term.....	20
4.00	SECURITY.....	20
5.00	MUTUAL REPRESENTATIONS AND WARRANTIES.....	20
6.00	REPRESENTATIONS AND WARRANTIES OF CORPORATION.....	20
6.01	Status.....	20
6.02	Authority.....	20

SERVICE AGREEMENT (Securities Representative)

6.03	Binding Agreement	21
6.04	Insurance	21
7.00	REPRESENTATIONS AND WARRANTIES OF REPRESENTATIVE	21
7.01	Registration	21
7.02	Canadian Resident.....	21
7.03	Insurance	21
7.04	Information.....	21
7.05	Health	22
7.06	Independent Legal Advice	22
8.00	MUTUAL DUTIES AND OBLIGATIONS	22
9.00	DUTIES AND OBLIGATIONS OF CORPORATION	22
9.01	Registration	22
9.02	Client Documentation	22
9.03	Research	23
9.04	Regulatory Support	23
9.05	Representative Manual.....	23
9.06	Training and Supervision	23
10.00	DUTIES AND OBLIGATIONS OF REPRESENTATIVE	23
10.01	Registration	23
10.02	Activities	23
10.03	Compliance	24
10.04	Material	24
10.05	REPRESENTATIVE's Expenses	24
10.06	Income Taxes and Other Remittances.....	24
10.07	Accounts Receivable	24
10.08	Representatives' Manual.....	24
	10.08.01 Compliance	24
	10.08.02 Amendments.....	25
	10.08.03 Precedence	25
10.09	Indemnification	25
10.10	Reserve Fund.....	25
	10.10.01 Creation	25
	10.10.02 Minimal Amount	26
	10.10.03 Authorized Deduction.....	26
	10.10.04 Adjustment.....	26
	10.10.05 Dissolution.....	26
10.11	Books of Account.....	26
10.12	Insurance	26
	10.12.01 General Liability	26
	10.12.02 Professional Liability.....	27
	10.12.03 Amount of Coverage	27

SERVICE AGREEMENT (Securities Representative)

a) General Liability	27
b) Professional Liability	27
10.12.04 Insurer	27
10.12.05 Prior Notice.....	27
10.12.06 Co-insured	27
10.12.07 Insurance Certificates	27
10.12.08 Notice of Amendment or Cancellation	28
10.13 Conduct	28
10.14 Confidential Information.....	28
10.14.01 Acknowledgement and Undertaking	28
10.14.02 Request for Return	28
10.14.03 Penalty	28
10.15 Non-Competition.....	29
10.15.01 Scope of Undertaking	29
10.15.02 Breach of Undertaking.....	29
a) Automatic Penalty.....	29
b) Payment.....	29
c) Protective Measures	29
10.15.03 Additional Remedy	29
10.16 Non-Solicitation of Clients	29
10.16.01 Scope of Undertaking	29
10.16.02 Breach of Undertaking.....	30
a) Automatic Penalty.....	30
b) Payment.....	30
c) Protective Measures	30
10.17 Non-Solicitation of Personnel	30
10.17.01 Scope of Undertaking	30
10.17.02 Breach of Undertaking.....	30
a) Automatic Penalty.....	31
b) Payment.....	31
c) Protective Measures	31
10.18 Business Opportunities.....	31
10.19 Conflict of Interest	31
10.20 Intellectual Property	31
10.20.01 Assignment and Waiver.....	31
10.20.02 Use	32
11.00 SPECIAL PROVISIONS	32
11.01 Assignment Prohibition.....	32
11.02 Transfer by CORPORATION.....	32
11.02.01 Internal.....	32
11.02.02 External.....	32
11.03 Relationship Between the PARTIES	32
11.04 Remedies	33

SERVICE AGREEMENT (Securities Representative)

11.04.01	Choice	33
11.04.02	No Limitations	33
12.00	GENERAL PROVISIONS	33
12.01	Notice	33
12.02	Dispute Resolution	33
12.02.01	Good Faith Negotiations	33
	a) Written Notice	34
	b) Meeting	34
12.02.02	Mediation	34
	a) Process	34
	b) Mediator	34
	c) Settlement	34
	d) Legal Proceedings [OR Arbitration]	34
12.02.03	Arbitration	34
12.03	Choice of Forum	35
12.04	Counterparts	35
12.05	Amendment	35
12.06	No Waiver of Rights	35
12.07	Electronic Transmission and Signature	35
12.08	Language	35
13.00	TERMINATION	36
13.01	Mutual Consent	36
13.02	By the CORPORATION	36
13.03	By the REPRESENTATIVE	36
13.04	Cessation of Relationship	36
14.00	EFFECTIVE DATE	36
15.00	DURATION	37
15.01	Probation Period	37
15.02	Initial Term	37
15.03	Renewal	37
15.04	Non-Renewal	37
15.05	Survival	37
16.00	SCOPE	38

**SERVICE AGREEMENT
(Securities Representative)**

SCHEDULES

	PAGE
SCHEDULE 2.01– COMMISSION RATES TABLE	39
SCHEDULE 10.16.01 A – NON-SOLICITATION - CLIENTS.....	39
SCHEDULE 10.16.01 B – NON-SOLICITATION - PRODUCTS AND SERVICES.....	39

○ ○ ○ ○ ○

© edilex inc.
www.edilex.com

SERVICE AGREEMENT (Securities Representative)

SERVICE AGREEMENT entered into in the City of, Province of,
Canada.

BETWEEN: (*corporate*), a legal person duly incorporated under the
Act (name of statute under which the corporation was incorporated), having its principal
place of business at (*civic number and street name*), in the City of
..... (*name of city*), Province of (*name of province*),
....., (*postal code*), and duly registered under the designating number
..... in accordance with the *Act (name of the applicable statute*
governing the legal registration of the corporation);

(to be added, if an authorized representative)
, represented by (*name of representative*), its (*title of*
representative), duly authorized for the purposes hereof, as he/she so declares;

HEREINAFTER REFERRED TO AS THE "CORPORATION";

AND: (*name of individual*), (*occupation*), domiciled and
residing at (*civic number and street name*), in the City of
..... (*name of city*), Province of (*name of province*),
..... (*postal code*);

HEREINAFTER REFERRED TO AS THE "REPRESENTATIVE";

HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PARTIES".

RECITALS

THE PARTIES DECLARE AS FOLLOWS:

- (A) The CORPORATION is a securities brokerage firm;
- (B) The CORPORATION wishes to perform its activities in the field of securities
brokerage through independent representatives acting in accordance with the
applicable securities legislation;

CORPORATION	REPRESENTATIVE

SERVICE AGREEMENT (Securities Representative)

- (C) The REPRESENTATIVE holds a valid representative's licence issued by the regulatory authorities having jurisdiction in the area of securities;
- (D) The CORPORATION wishes to retain the services of the REPRESENTATIVE;
- (E) The PARTIES wish to record the terms of their agreement regarding such purpose in a private instrument;
- (F) It is the intent of the PARTIES that their agreement be construed as a contract by mutual agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

0.00 INTERPRETATION

0.01 Definitions

Unless otherwise indicated herein or inconsistent with the context, capitalized words and expressions appearing in this agreement [and in any ancillary or subordinate documentation] will be interpreted as follows:

0.01.01 Agreement

means this agreement including its recitals and schedules, any related or ancillary documentation identified therein, as well as any amendments thereto that the PARTIES may make from time to time in accordance with Section 12.05 herein;

0.01.02 Applicable Laws

means all laws regulating securities-related activities in force in the jurisdictions where the CORPORATION carries on business;

0.01.03 Breach

means:

- a) any misrepresentation, inaccuracy, error, or failure to disclose;
- b) any non-compliant performance or failure to perform an obligation; or
- c) any non-compliance, infringement, default or failure to satisfy any other provision;

CORPORATION	REPRESENTATIVE

SERVICE AGREEMENT (Securities Representative)

0.01.04 Change in Control

means, regarding any PARTY that is a legal person, any of the following events:

- a) the direct or indirect acquisition of more than FIFTY PERCENT (50%) of such PARTY's voting rights by any Person, other than a Person already holding shares in that PARTY;
- b) the acquisition by any Person, other than a Person holding shares in such PARTY, of the right to elect or appoint a majority of the directors in that PARTY;
- c) an agreement for the sale or disposition of all or substantially all of that PARTY's assets;
- d) a restructuring of that PARTY leading to an assignment of its rights under the Agreement to a Related Person;
- e) an amalgamation involving that PARTY; or
- f) the approval by the shareholders of that PARTY of a plan for its complete liquidation;

0.01.05 Confidential Information

means any information (commercial, technical, scientific, financial, legal, personal or other information) that a PARTY discloses [before and] during the term of the Agreement and that the receiving PARTY, exercising reasonable business judgment, understands to be confidential, including, in particular, any information related to its Activities, business strategies and opportunities, finances, Intellectual Property, suppliers, clients or employees, but excludes:

- a) information known to the receiving PARTY prior to the date of its disclosure;
- b) information known by or available to the public prior to the date of its disclosure;
- c) information that becomes known by or available to the public after the date of its disclosure and that does not result from a breach of the confidentiality undertaking by the receiving PARTY;
- d) information received at any time by a Person who is not bound to one of the PARTIES by a confidentiality undertaking with regard to that information;
- e) information independently produced by the receiving PARTY;

CORPORATION	REPRESENTATIVE

SERVICE AGREEMENT (Securities Representative)

- f) personal information provided by an individual when such information is being used for the purpose for which it was previously disclosed or any other purpose permitted by Law;

0.01.06 Force Majeure

means any event beyond the control of a PARTY that could not have been reasonably foreseen and against which it could not have protected itself such as any natural disaster, epidemic, fire, accident, act of war (whether declared or not), insurrection, riot, act of terrorism, wildcat strike, spontaneous work stoppage or slowdown, lock-out, change in market conditions, power or communication breakdown, intervention by civil or military authorities, or non-compliance with any order issued by any governmental authority, court, tribunal or public authority [OR (identify any other event that is relevant in the context of the agreement)];

0.01.07 Intellectual Property

means all the intellectual assets of any PARTY, including:

- a) those protected by contract, such as know-how, trade secrets, recipes and other similar assets; and
- b) those protected by any Law relating to patents, copyright, trademarks, industrial designs, integrated circuit topographies or plant varieties;

and includes any application made to a public authority for the purpose of securing intellectual property rights to such assets;

0.01.08 Legal Representatives

means, in respect of each PARTY or, if applicable, its duly authorized assignee:

- a) when a natural person, the executors of his estate or administrators of his property, his legal heirs, legatees, successors or mandataries, as the case may be;
- b) when a legal person, its directors, officers, shareholders, employees or representatives, as the case may be; and
- c) when a partnership, joint venture, collaboration or any other group of persons, its authorized partners, general partners, mandataries or members, as the case may be;

0.01.09 PARTY

refers to a signing party to the Agreement and includes its Legal Representatives;

CORPORATION	REPRESENTATIVE