

## **IFIC GUIDELINES FOR USE OF LIMITED AUTHORIZATION FORM (for client name mutual fund accounts only – Individual and Joint Accounts)**

These guidelines are provided to assist Dealers in the completion and use of the Limited Authorization Form (“LAF”) and for the information of Fund Companies. Unless defined below, all capitalized terms used herein have the same meanings as described in the LAF.

### **Use of LAF**

- 1. The LAF is only intended for use in connection with individual and joint accounts held in client name only.** It may not be used for intermediary accounts, nominee accounts, corporate held accounts, “in trust for” accounts or any other type of accounts.
- A LAF covers all existing and future accounts conducted by an Investor/s. A single LAF is required for purposes of providing trading instructions on all accounts held by a single Investor. In the case of joint accounts, a separate jointly signed LAF is required for all accounts conducted by the same joint Investors. Two or more Investors cannot operate their jointly held accounts under the authority of separately signed LAFs.
- A copy of the LAF must accompany the initial trade authorization conveyed to each Fund Company. Thereafter, [unless specifically required by a Fund Manager] the Instruction Confirmation Notice (see paragraph 9 below) must accompany each subsequent trade authorization for the purchase, redemption, in cash transfer, switch of mutual fund securities or setup and modification of Pre-Authorized Cheque (PAC) plans, Systematic Withdrawal Plan (SWP), Systematic Switching Plan (SSP) and Automatic Withdrawal (AWD) plans on all accounts in the name of the Investor/s where the Investor/s signature/s is/are normally required to execute those transactions by the Fund Company. A switch entails a change of investments between different mutual funds administered by the same Fund Company and does not include a transfer of investments between mutual funds administered by different Fund Companies.
- The LAF cannot be used to convey non-financial changes to the Fund Company in respect of the accounts of the Investor/s. For example, for an address change a written authority from the Investor/s must be provided to the Fund Company. Some Fund Companies may accept non-financial changes without requiring it to be confirmed in writing by the Investor/s.
- NO DISCRETIONARY TRADING MAY BE CARRIED OUT UNDER THE AUTHORITY OF THE LAF. A Dealer may only initiate a trade following receipt of prior specific instructions thereon from the Investor/s. The Dealer Representative should advise each Investor that by signing the LAF, the Investor is/are not granting discretionary trading authority and, accordingly, there will not be any trading on the accounts of the Investor/s without in each case the prior specific authorization of the Investor/s.**
- The LAF can be used for all purchases, switches, redemptions, in cash transfers and setup and modification of Pre-Authorized Cheque (PAC) plans, Systematic Withdrawal Plan (SWP), Systematic Switching Plans and Automatic Withdrawal (AWD) plans on all current and future accounts (once opened) held in the name of the Investor/s. However, a Dealer cannot instruct a Fund Company to open new accounts for an Investor under the authority of the LAF.
- The manner in which a Dealer will accept instructions from the Investor/s is subject to the Dealer’s own internal policies and may, for example, include an acceptance of instructions by telephone, facsimile or other electronic means. Dealers may also exclude specific transactions based on their own internal policies, but the LAF may not be altered in any manner to reflect such internal policies.

8. **For residents of all provinces and territories, firms and investors have the option of using the April 2005, December 2013, April 2017 or February 2019 version.** LAFs that are used for setup and modification of Pre-Authorized Cheque (PAC) plans, Systematic Withdrawal Plan (SWP), and Automatic Withdrawal (AWD) must use the December 2013, or any subsequent version.

#### **Instruction Confirmation Notice (“ICN”)**

9. As indicated in paragraph 3 above, a copy of the signed LAF must accompany the initial trade authorization conveyed to each Fund Company. To avoid the necessity of providing a copy of the LAF on all subsequent trades, a Dealer may elect (but is not obliged) to utilize a copy of the ICN. The ICN is only one page in length and can more easily be faxed to a Fund Company. Some Fund Companies may reject the use of the ICN.

#### **Dealer Representative Code**

10. The Dealer Representative code indicated on a trade authorization must be the same as the one reflected on the accounts of the Investor/s. For example, when the Dealer Representative is on vacation and another dealer representative is dealing with the Investor on his or her behalf, the code of the Dealer Representative named in the LAF must be included on any trade instructions, in addition to the name and dealer representative code of the substitute dealer representative who took the instructions from the Investor/s. Some Dealers may not permit a ‘substitute’ dealer representative to accept or implement trade instructions on behalf of the Dealer Representative named in the LAF.

#### **Recording Instructions**

11. It is important that the trade instructions of the Investor/s are retained for purposes of subsequent review by a Fund Company, the Investor/s or the appropriate securities regulatory authorities.
12. The records retained must include the date, time and manner under which the instructions were given, the account number/s of the Investor/s, the particulars of the securities to be purchased, redeemed or switched, confirmation as to any agreement reached on fees to be paid on the transaction/s and, in the case of redemptions, a notation of the instructions as to where the proceeds of redemption are to be sent or reinvested. In the case of setup and modification of Pre-Authorized Cheque (PAC) plans, Systematic Withdrawal Plan (SWP), Systematic Switching Plan (SSP) and Automatic Withdrawal (AWD) appropriate evidence must be maintained. It is recommended that these records be retained for a minimum period of seven (7) years from the date of each trade. This is not intended to be an exhaustive list and may be supplemented in accordance with the Dealer’s internal policies and the requirements of the applicable regulatory authority.
13. All instructions must be confirmed to the Investor/s through the normal trade confirmation process. Dealers should check trade confirmations to ensure that the transactions correspond to the instructions received from the Investor/s.

#### **Witnesses**

14. The LAF is not intended to be a power of attorney, but rather a form of limited agency. As such, it need not comply with the witness provisions of any legislation. A single witness should witness the signature of the Investor/s. While the Dealer Representative can act as a witness, he/she may not guarantee the signature/s of the Investor/s.
15. If the Fund Company requires a guarantee of the signature/s of the Investor/s, then a person duly authorized to do so on behalf of a bank, trust company or the Dealer, as the case may be, must sign the signature guarantee portion of the LAF. The Dealer Representative named on the LAF cannot act as guarantor to the signature/s of the Investor/s.

16. As an alternative to a signature guarantee, the Dealer may choose to use the Securities Transfer Agents Medallion Program (“STAMP”) which has been endorsed by the Securities and Exchange Commission in the United States. The STAMP Program allows a dealer to purchase insurance, which entitles the dealer to use a special stamp as a signature guarantee. The insurance will operate to cover any losses resulting from the stamp being applied incorrectly, or if fraud or other losses occur.

### **Bankruptcy and Insolvency Information**

17. Under the Additional Information, which is part of the LAF, there is important information provided regarding the status of accounts administered under the authority of the LAF in the event of the Dealer’s bankruptcy.
18. The securities regulatory authorities requested inclusion of this information in the LAF and it is important that Investor/s be made aware of the possible consequences to the assets in their accounts in the event of the bankruptcy of the Dealer.

### **Retention of LAF and ICN**

19. Dealers should retain the original LAF and ICN for a period of at least seven (7) years from the date of the last trade completed in reliance upon the LAF. However, Dealers may be required to retain these documents for such longer periods as may be prudent given the applicable provisions of the proceeds of crime and money laundering legislation or the statutes of limitations legislation in the jurisdictions in which the Investors and Dealers are resident.
20. The securities regulatory authorities, Fund Companies, and other authorized third parties may request access to, or require copies of, the original or imaged versions of the LAF and ICN.