

CONFLICTS OF INTEREST

General Description

Actual, potential and perceived conflicts of interest exist in almost all human interactions. Our relationship with you is no different. For instance, Beacon Securities Limited (Beacon) is a “for profit” firm and as such, has a responsibility to maximize economic returns for our shareholders. We believe the best way to achieve our goal is to provide you with trusted advice and personalized financial solutions that help you achieve your financial goals in order to retain your continued patronage and encourage you to recommend our services and products to others.

Description of Member Firm

Beacon is a “full service” investment firm; providing a broad range of retail client service, corporate finance, institutional trading and research. As a retail client your investments are held by our “carrying broker”- which generally executes, settles, and reports your trade activity to you – and provides to us (and effectively, you) with a contractual indemnity assuring that the investments on their statements are as shown on your statements. The “full service” nature of our business, does, however, make us susceptible to conflicts of interest as we may represent both sides of the transaction, namely the buyer and the seller. An example of this would be if Beacon were a part of a syndicate to raise money for a company and was offering those shares to you.

You can learn more about our firm at www.beaconsecurities.ca

The general types of conflicts of interest which can arise are:

- Conflicts of interest between you and us, and
- Conflicts of interest between you and our other clients

Description of Role of an Investment Dealer

As an investment dealer, we are a financial intermediary. As is the common practice in the brokerage industry, sometimes we may be the party on the other side of the transaction (referred to as a “principal” trade) where we own the security we sell to you. On other occasions, we simply facilitate a transaction between you as our client and a third party on the other side of the transaction through an “agency” trade where we have no ownership interest in the security traded. In still other cases, we advise an issuer of securities on how to best raise funds by selling securities, while contemporaneously recommending that our clients buy those same securities.

Management of Conflicts of Interest

In general, we deal with and manage relevant conflicts as follows:

Avoidance: This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.

Control: We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.

Disclosure: By providing you with information about conflicts, you are able to assess independently their significance when evaluating our recommendations and any actions we take.

The following information is intended to assist you in understanding and assessing material potential and actual conflicts of interest, including how we address them. This is an overview of a complex subject. Despite that, we believe the simplest control is the most effective – your continued satisfaction and patronage. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, you should never hesitate to say so and ask your advisor for an explanation and more information.

More Information

Canada has comprehensive and extensive securities regulatory rules and regulations, many of which are directed at protecting client and investor interests, including dealing with conflicts of interest. We suggest that you refer to the websites and publications of the provincial securities commissions through the Canadian Securities Administrators (CSA) and Investment Industry Regulatory Organization of Canada (IIROC) for more information on how Canadian securities regulations address conflicts of interest in order to safeguard the investing public.

We document our core values and standards, including general standards for how we deal with conflicts of interest in our internal policies and procedures.

Possible Conflicts and How They Are Managed

Conflict of Interest	Addressed By	How Conflicts Will Be Addressed
Ongoing Conflicts of Interest		
1. Beacon will earn compensation by selling products and services to you for which you pay us.	Disclose	Beacon will inform you of fees, commissions and other compensation in advance so that you know what you will be paying.
	Control	Depending on the product or account type you choose, Beacon will offer a variety of pricing options to choose from.
2. Different products and services have differing levels of compensation.	Disclose	Our compensation is disclosed to you and Beacon will offer pricing alternatives intended to reduce the conflicts associated with commission-based pricing.
	Control	Beacon is required by industry regulations and firm policy only to make suitable investment recommendations.
	Avoid	Beacon may choose not to offer a complex product that carries a high commission.
Conflict Of Interest May Occur		
3. Beacon may receive compensation from securities issuers and other third parties based on their products we sell to you. For example, trailer fees on mutual funds or finders fees on private placements.	Disclose	Beacon will disclose to you the situations and type of third party compensation Beacon may receive. Securities regulations require issuers to provide specific disclosure in the offering document (ie. prospectus) of such arrangements and the compensation Beacon will receive.
4. Beacon is compensated in other ways as a result of the business you may do with us, including interest spreads on uninvested cash deposits with us and foreign exchange spreads when you convert currencies.	Disclose	Beacon will disclose to you the situations and various forms of compensation Beacon may receive.
5. Beacon may sell you securities which we own (called principal trades) and profit by doing so.	Disclose	Beacon will tell you whether Beacon acted as principal or agent for each transaction on the trade confirmation.
6. Beacon may need to select which clients will be offered certain securities if availability is limited.	Control	Beacon currently does not have managed accounts. Should we develop them we will have a fair allocation policy.
	Control	For non-discretionary accounts, individual advisors make the determination based on individual client relationships.
7. Beacon provides investment research on securities of companies that may have other business relationships with us.	Control	Beacon provides full disclosure of any conflicts of interest in all research reports disseminated.
	Control	Our research and recommendations are subject to extensive and detailed regulatory requirements and internal standards.
8. Beacon engages in trading of securities for our own account (called proprietary trading).	Control	Beacon maintains information barriers between our corporate trading activities and retail advisory business.
	Control	Beacon and employee trades are identified as such and client trades are given priority to firm and employee trades in accordance with industry client priority regulations.
9. We are paid by issuers of securities when we advise on, underwrite or syndicate on a new issue basis which we may recommend to you.	Disclose	For any issuer we may advise on, the offering documents provide full disclosure of all relationships we may have with the issuer.
10. When we advise on or syndicate a new issue, we are acting for the issuer that wants to obtain the highest price while recommending the investment to purchases who are interested in obtaining the lowest price.	Control	We operate our corporate finance and retail advisory businesses separately and all relationships and other material facts about our relationship with the issuer are described in the offering documents.
11. If you hold an applicable security, we may be paid by issuers, offerors or others to solicit your proxy or vote in their favour with respect to takeover bids, corporate reorganizations, solicitation of proxies and other corporate actions.	Disclose	Securities regulations require specific disclosure of such arrangements and the compensation we will receive in documents such as information circulars, takeover bid circulars and issuer bid circulars.
12. As a result of business relationships with issuers of securities, we may know confidential information that we cannot disclose to you when we recommend the securities to you, even if that information might lead us not to recommend buying the securities.	Control	We operate our corporate finance and retail advisory businesses separately so that such information is tightly controlled and not shared by corporate finance with our retail advisory businesses.
	Control	Our internal information barriers are designed to ensure regulatory requirements are complied with and retail advisory employees do not have access to any non-public information that may be available to our corporate finance businesses.
13. We may have access to commercially sensitive or inside information.	Avoid	We may decline to provide a service to avoid insider trading provision in securities legislation.
	Control	We have specific procedures for responding to conflicts of interest that involve inside information and for complying with insider trading provisions.

Conflict of Interest	Addressed By	How Conflicts Will Be Addressed
14. Our other relationships with issuers of a security may mean we directly benefit from you buying the issuer's securities, such as when Beacon executes market transactions on behalf of the issuer based on the purchase you have made.	Control	Confidential information that cannot be publicly disclosed is protected through internal information barriers so that it is not shared and does not influence any retail advisory activities.
	Disclose	We will disclose to you where we execute transactions on behalf of an issuer whose securities you intend to purchase or we are recommending that you purchase prior to the execution of the transaction.
15. Your advisor or representative may make personal investments in the same issuers that they recommend to you or purchase on your behalf.	Disclose	If you have an advisory account, your advisor or representative is required to disclose the existence of such investment to you prior to executing any transaction on your behalf.
16. Beacon <u>does not</u> receive compensation by trading destinations. Regardless, Beacon observes industry requirements.	Avoid	Industry regulations dictate our best price and best execution obligations to you.
	Disclose	We will disclose to you our ownership interests in marketplaces and maintain policies and procedures for order routing should such ownership arise.
17. Beacon may permit certain individuals who are registered with us (including your investment advisor) to be employed by, participate in, or accept compensation from other persons or firms, outside the scope of his/her relationship with Beacon.	Avoid & Control	Beacon has adopted internal policies and procedures that supplement the regulatory requirements. Such arrangements are closely monitored.
18. Individuals may serve on a board of directors or take on other activities that could take time or attention away from your account.	Avoid	Securities legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm.
	Control	When an advisor or representative sits on a board of directors of a charity or undertakes other community activities in any substantive way, they are subject to regulatory guidance on the disclosure and approval of outside business activities.
19. Individuals may serve as a director of a publicly traded company.	Disclose	When Beacon is involved in research of a publicly traded company where an individual sits on the board, it will be disclosed. When Beacon is involved in investment banking of a publicly traded company where an individual sits on the board it will be disclosed.
	Control	Beacon has internal policies and procedures to mentor and supervise any potential conflicts of interest where an individual is a member of a board of directors of a publicly traded company.

Disclaimer: The information and examples contained in this document have been compiled to the best of our ability and are not meant to be exhaustive of all possible conflicts of interest but rather a compilation of those conflicts that we have identified to date. Other potential conflicts may arise from (1) gifts and entertainment from third parties; (2) directorships with other firms or organization; (3) connections to outside political or charitable activities; and (4) other outside activities. Beacon actively seeks to identify such potential conflicts and, where required, will monitor, supervise, and disclose such situations to clients.

Further Commentary: Canada has comprehensive securities regulatory rules and regulations which are directed at protecting client and investor interest such as dealing with conflicts of interest. For further information on how Canadian securities regulations address conflict of interest in order to protect investors, Beacon recommends that interested parties refer to the publications and websites of the provincial securities commissions. These are available through the Investment Industry Regulatory Organization of Canada (IIROC) at www.iiroc.ca and the Canadian Securities Administrators (CSA) at www.securities-administrators.ca