Conflict of Interest Disclosure

The Canadian Securities Administrators has developed new regulations known as, Client-Focused- Reforms, that come into effect this year (2021). The purpose of these reforms is to bring a heightened and more prescriptive focus on certain compliance activities such as reporting and record-keeping.

The first of these enhanced compliance requirements, Conflict of Interest, applies to all registered Advisors and takes effect June 30, 2021. Below is the Queen Financial Group Inc. (QFGI) Conflict of Interest disclosure for clients that outline how conflicts must be identified, assessed avoided, documented and remediated.

At Queen Financial Group Inc. ., our Advisors have always operated with a client-first philosophy and in the best interests of their clients – <u>**this will not be changing**</u>. If you have questions about the conflict of interest, speak to your Advisor.

Conflict of Interest

What is a conflict of interest?

A conflict of interest includes any circumstance where:

- The interest of the Advisor (or the dealer) is divergent from or is placed above that of the client
- The Advisor is influenced to put their interests ahead of their clients' interests (e.g. Through monetary or nonmonetary incentives)

It's possible that conflicts of interest may arise when conducting business with our clients. In the event such a conflict arises, we will immediately advise the client in writing of the conflict and will ensure that the conflict is addressed in a way that is in the client's best interest.

This conflict disclosure will:

- Specify the nature and extent of the conflict of interest
- Identify the potential impact and risk that it may pose to the client
- Indicate how the conflict has been or will be addressed

QFGI must comply with the legislative requirements regarding any conflicts of interest that arise while performing activities as a mutual fund dealer. QFGI must ensure that any actual or potential conflict of interest is promptly disclosed to the client.

QFGI must address material conflicts of interest by either avoiding those conflicts or by using controls to mitigate those conflicts sufficiently so that the conflict is addressed in the client's best interest.

Dual Occupation & Outside Activities

A QFGI Advisor may be involved in outside activities (occupations or volunteer), provided that it is approved by QFGI. If QFGI determines that this outside activity presents a conflict that can be **managed** through proper disclosure, the QFGI (Advisors) will provide the client with clear disclosure.

Dual License Disclosure Statement

An Advisor is sponsored by QFGI to offer mutual funds and other investment products. As a licensed life insurance representative, the QFGI Advisor may also market and sell insurance products offered by a life insurance company. Depending on the products the client is purchasing, the client will be working with one or a combination of companies. The Advisor will be compensated by the companies providing the insurance products, mutual funds, and investment products that the client purchases. QFGI does not foresee any conflict of interest arising from the Advisor being dually licensed as a life insurance representative for insurance products and as a mutual fund Advisors for investment products, as disclosed above. All business activities undertaken by the Advisor that are not specifically designated as QFGI business interests are not the responsibility of QFGI, nor does QFGI assume any liability for such activity.

Outside Business Activity

When assessing an Advisor's outside Business activity for approval, QFGI will consider the following:

- Whether the individual will have sufficient time to properly carry out their registerable activities including remaining current on securities law and product knowledge
- Whether the individual will be able to properly service clients
- The risk of client confusion
- Whether the outside business activity presents a conflict of interest for the individual and whether that conflict should be avoided or can be appropriately controlled
- Whether the outside business activity places the individual in a position of power or influence over clients or potential clients, in particular clients that may be vulnerable
- Whether the outside business activity provides the individual with access to privileged, confidential or insider information relevant to their registerable activities

There are a number of activities that may be restricted or prohibited and take into account that the activity potentially places the Advisor in a position of power or influence over clients, and in particular, vulnerable clients.

Outside Business Activity Disclosure

Once an Advisor has received approval from QFGI to engage in an outside activity, the Advisor will provide an Outside Activity Disclosure to the client at the time of the KYC /NCAF update.

At the time of the disclosure, the advisor should include the following points in their discussion.

- The nature and extent of the conflict of interest
- If a conflict of interest exists, the potential impact and risk to the client
- How the conflict of interest has been, or will be, addressed?

Where Outside Business Activity pertains to volunteerism, if there is no conflict of interest, disclosure is unnecessary.

This disclosure will be given to the client before opening an account when applicable. In cases where there has been a considerable time lapse between providing the client with the conflict of interest disclosure and the actual time when the activity is to take place, the Advisor will disclose the transaction-related conflict to the client shortly before the engagement of the transaction.

Compensation

As a Mutual Fund Dealer, QFGI is permitted to receive monetary or nonmonetary compensation relating to the sale of mutual funds to investors as outlined in National Instrument 81-105. All monetary compensation and nonmonetary compensation must be paid directly to QFGI and not to any Advisor, employee, director or officer of QFGI.

Deferred Sales Charge (DSC) & Low Load (LL) Commission

QFGI receives compensation from the mutual fund company and not the client when purchases are made under either the DSC or the LL option. If the client makes any redemption within a specific time period, the client will be charged a redemption fee. The Fund Facts provide the client with detailed information regarding these types of purchases prior to any transaction. Please note that, as part of CFR enhancement, effective June 01, 2022, the DSC purchase option will be discontinued in all jurisdictions in Canada.

Trailing commission

Trailer fees provided by mutual fund companies are generally comparable. QFGI does not promote one fund company over the other based on trailer fees. QFGI will monitor sales activities to make sure Advisors do not promote a mutual fund that pays higher trailing commissions than other comparable funds.

Fee for Service

Fees charged for fee-based accounts are restricted to a maximum amount and will generally not exceed fees charged by an embedded fee structure model. Advisors also evaluate on an ongoing basis whether a feebased compensation arrangement is in the best interest of the client given the client's circumstances, investment needs and objectives, and the level of account activity. QFGI has implemented controls to make sure that fees are not charged on funds with embedded fee structure.

Compensation & product suitability

It is the client's interest, not the Advisor's interest that must guide the recommendations made by an Advisor to their clients. Advisors must put clients' interest first when recommending one product or service over another. Advisors must not recommend a product or service because it pays them better than suitable alternative products available.

Fund Company Incentives & Promotional Items

QFGI is responsible to ensure that its Advisors do not receive excessive nonmonetary benefits from fund companies that have the potential to influence them to act in a manner that is not in the best interest of their client.

Nonmonetary benefits may include but are not limited to:

- Trips, food, beverages, entertainment, sporting event tickets, rounds of golf, invitations to seminars or conferences and any other goods or services that could be perceived to be of benefit to the recipient. QFGI is prohibited from providing financial incentives to Advisors in order to promote the sale of one mutual fund over another. The commissions paid directly to QFGI may vary by Fund Company; however, commission rates paid to Advisors will be constant regardless of the individual mutual fund sold. Only QFGI can pay commission to an Advisor. Under no circumstances should an Advisor solicit or accept commission directly from a fund company.

Cash in any amount must not be accepted or given as a gift or favor under any circumstances.

QFGI annually tracks fund company incentives and requires fund company confirmation of its promotional item policies and limits. Permission for ongoing fund company events is contingent upon the fund company's cooperation with QFGI.

Referral Arrangements

Advisors must determine that making a referral is in the client's best interest and that the benefits received by the client outweigh other alternatives. Referral fees paid to QFGI are disclosed in the referral fee disclosure document and are paid to QFGI by the entity participating in the referral arrangement. These fees are deducted from the management fees charged by the participating entity and are not charged to the client.

Referral Arrangement Disclosure

QFGI Advisors must provide clients that are deemed suitable to engage in a referral arrangement a disclosure document prior to any transaction taking place. This document will include the names of the parties involved in the referral arrangement; the services offered by each party, any conflicts of interest that may arise from this referral arrangement and the method of calculating the referral fee.

Advisors would be considered acting beyond the limits of their registration if they:

- Assisted a client in completing account opening documents for the other entity to which they are being referred
- Provided advice with respect to the products or services the other entity is able to provide
- Received or accessed account information from the other entity detailing the trading activities conducted outside of QFGI, without written consent from the client
- Participated (provide input or comments) in meetings where clients are given investment advice with respect to an account of the other entity
- Recommended specific products (e.g., stock of a particular company)

Loans

Advisors are prohibited from engaging in personal financial dealings with clients. Borrowing from or lending to clients for any reason is not permitted.

Gifts

Advisors are not allowed to accept or provide clients with gifts over a specified value. Entertainment is allowed, but should not be of excessive or unreasonable value. Cash in any amount must not be accepted or given as a gift or favor under any circumstances.

Power of Attorney (POA), Executor & Trustee

Advisors cannot act as a POA, Executor or Trustee for a client unless the client is a Related Person of the Advisor, as defined by the Income Tax Act (Canada).

Financial or Business dealings with Clients

Advisors must not have personal financial or business dealings with an individual or company who does business with QFGI. Business relationships with clients other than those involving QFGI products and services should be avoided. Private investment schemes or clubs are prohibited. The buying or selling of property or other items from, to, or with a client can affect an Advisor's dealings with the client and must be avoided. Contributions to a client's account or paying for adjustments to a client's investments without QFGI's knowledge and approval are not allowed.

Other Types of Conflicts

Advisors are not permitted to establish Pre-Authorized Contributions (PAC) or a Systematic Withdrawal Plan (SWP) which links a mutual fund account in their own name to a client's bank account. Similarly, a client's mutual fund account must not be linked to an Advisor's bank account. The address of any client on the records of QFGI must be that of the client or such other address as the client may direct. It cannot be that of the investment representative's personal or business address.

Related and Connected Issuers/ entities

Under certain circumstances, QFGI may deal with you, or for you, in securities-related transactions, where the issuer of those securities has a related or connected relationship with QFGI. As a result of common ownership, QFGI is related to the following party:

- RIFO Fintech Group Inc. (Holding company of QFGI);
- Queen International Group Inc. (related company owned by the shareholders of QFGI;
- RIFO Mortgage Services Inc.-License # 12803 (Related company owned by RIFO Fintech Group Inc.);
- RIFO Realty Trust Fund (Related company owned by RIFO Fintech Group Inc. and different shareholders);
- RIFO Realty Capital Inc; (Related company owned RIFO Fintech Group Inc. and by different shareholders);

In addition to applicable regulatory and contractual provision respecting any business arrangements that may exist between QFGI and the above entities, as well as Advisors, the directors, officers, and employees are subject to guidelines, codes of conduct and regulatory obligations.

Information on QFGI & Affiliates

QFGI is an affiliate company owned by RIFO Fintech Group Inc. QFGI branches and sub-branches must display adequate signage in the office.

Business Titles & Designations

Advisors are not permitted to use business titles that are misleading or are perceived as qualification and experience in areas where the advisor has not received any proficiency training. A registered individual in a client-facing relationship is not permitted to use a corporate officer title, such as president or vice president. Advisors who wish to use a business title or designation on their business cards and other stationery must submit this request along with evidence of proficiency to QFGI compliance for approval.

Handling Complaints

All client complaints and concerns, (including previous clients or any person acting on behalf of a client and has written authorization to so act whether written or verbal must be referred to QFGI compliance immediately for handling. Under no circumstances are advisors permitted to offer compensation as a means of resolving a client complaint. As further conflicts of interest arise, QFGI will determine if these conflicts can be managed in the client's best interest. For those situations where that are not possible, the activity will not be permitted.

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Any litigation arising out of or in connection with the use of this site shall be exclusively in the province of Ontario courts of Canada.

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