FORM 10

**ANNUAL QUESTIONNAIRE TO BE COMPLETED BY
A PORTFOLIO MANAGER FOR ITS AUDITOR**

Instruction: *This form may be used as a guideline for the purpose of assisting in the auditing of the financial statements of a portfolio manager and is not required to be filed.*

A - **1** Will the scope of the audit be unrestricted?

2 Have generally accepted accounting principles been maintained during the current year?

3 Have such principles been maintained on a basis consistent with the previous year and if there has been a change in such principles, has there been disclosure of the nature and effect of those changes?

4 Have all meetings of shareholders, directors and committees provided for in the by-laws been held?

5 Have all resolutions passed by the shareholders during the period been acted on?

6 Have directors or their equivalent formally approved all material corporate transactions during the period?

7 Have minutes of all meetings been approved and appropriately signed?

8 Have the terms of every indenture, note, agreement or other material contract affecting financial statements been adhered to?

9 Were all transactions with officers and directors, of which you have knowledge, in the ordinary course of business?

10 Does the present system of accounts provide suitable breakdowns for preparation of proper financial statements?

11 Have all adjusting journal entries been placed on the books?

12 Has adequate provision been made in your accounts for all known liabilities?

13 List all material changes in your financial position subsequent to the year-end.

14 In what provinces are you registered or licensed to do business?

B - **1** Have arrangements been made that cash and securities of clients are never in your possession or the possession of an affiliate?

2 Do you have, on file, with respect to all new accounts opened during the period, evidence of each client's acknowledgement of the arrangements made with respect to the management of his investment portfolio?

3 Where clients retain a custodian, have proper instructions been given by the client to the custodian?

4 Do you have insurance of the kind and in the amount required under the *Alberta Securities Commission Rules*?

5 Are fees collected in advance accounted for as deferred income?

6(1) Are your clients charged directly for services rendered?

(2) Are the charges based on the market value of the clients' portfolios?

7 Where you have purchased or sold a security on behalf of more than 1 client has a procedure ensuring equity in allocation of the cost or proceeds of the transaction to each client been followed?

8 Is each client account supervised separate and distinct from that of other clients?

9 Have you complied with the following requirements:

(a) that no registrant or any partner, officer or associate shall have a direct or indirect interest in any other registrant without the approval of the Executive Director under the Securities Act;

(b) that you shall not knowingly cause any investment portfolio managed by you to

(i) invest in any issuer in which a responsible person as defined in section 192 of the *Securities Act* or an associate of the responsible person is an officer or director unless that fact is disclosed to the client and the client's written consent is obtained prior to the purchase;

(ii) purchase or sell securities of any issuer from or to the account of the responsible person referred to in subclause (i), any associate of the responsible person or the portfolio manager;

(iii) make a loan to the responsible person referred to in subclause (i), an associate of the responsible person or the portfolio manager.

10   Except where the client has expressly directed otherwise, have confirmations of trades, in the form set out in section 90 of the Securities Act promptly been sent or delivered by you to those clients on whose behalf orders are executed in your name or who are identified to dealers only by means of a code or symbol?

11   What is the aggregate market value of portfolios under management as at the last valuation date?