

What is the dealer rebate?

The *dealer rebate* represents the amount that an order-execution only (OEO) dealer, such as NBDB, will give a client for investment funds with trailing commissions held in an account without advice. This amount will be the amount of trailing commission that the investment fund manager (IFM) will pay the dealer, as long as the client holds the fund.

For what reasons will NBDB grant such a rebate?

In order to ensure a transition in connection with the prohibition on the payment of trailing commissions resulting from the amendments to *National Instrument 81-105 Mutual Fund Sales Practices*, which came into effect on June 1st, 2022, the Canadian Securities Administrators have authorized the implementation of dealer rebates granted by the dealer. Accordingly, NBDB will grant a rebate for funds with trailing commissions in certain circumstances.

Under what circumstance will I receive a rebate?

You will receive a rebate from NBDB if you hold an investment fund with trailing commissions fund in your account, and no redemption for that fund is available, and no management fee rebate is available from the IFM.

What happens if I transfer investment funds with trailing commissions into my NBDB account(s)?

- If a switch to a series of the same fund with no trailing commissions is not available¹, and no dealer rebate is available from the IFM, you will receive a rebate from NBDB as indicated above;
- If a series of the same fund with no trailing commissions is available and the fund does not have a redemption fee, NBDB will switch your fund within days of the transfer;
- If a series of the same fund with no trailing commissions is available but the fund is subject to a redemption fee:
 - NBDB will switch the units of the fund that are no longer subject to the redemption fee, if applicable, within one month of the transfer. You will receive a rebate for the portion of the units that could not be switched²; or
 - NBDB will pay you a rebate for all units held if no switch can be made, i.e. no units have reached the maturity date for free redemption³.

How will the rebate amount be calculated?

The amount of the rebate granted by NBDB, which will be paid to you, will correspond to the amount of trailing commission that NBDB will receive from the IFM, for the units held in your account.

¹ Effective June 1, 2022, CSA regulations prohibit redemption fees for investment funds. Some funds purchased prior to this prohibition have a redemption fee (deferred sales charge) that investors must pay when they sell units of the fund. Some funds allow the redemption of an annual pre-established percentage of units at no charge, usually 10%. This redemption fee decreases progressively based on the number of years the units were held.

² Please note that as a result of this partial switch, you will hold two (2) series of the same fund in your account: one series with trailing commissions and one series without trailing commissions.

³ Please note that NBDB will be validating the maturity dates of the redemption fees on a recurring basis. Therefore, it is possible that a switch of a portion of your fund may be made by NBDB during the year. As indicated in Note 2, following a partial switch, you will hold two (2) series of the same fund in your account.

How will the rebate payment be made?

NBDB will proceed with the payment of the rebate, by depositing in cash the amount thereof, in the account in which you hold the fund.

What will be the payment frequency?

NBDB will deposit the rebate in your account, as soon as possible, after receipt of the trailing commissions, paid by the IFM. As a guideline, most IFMs make monthly payments to dealers. Therefore, the rebate granted by NBDB will often be made monthly.

Where can I view the rebate payment?

You will be able to see the deposit of the rebate in your account activity history, via the online brokerage platform, the day after the deposit. This transaction will also appear on your next portfolio statement in the “Cash Flow Summary” and the “Activity Details” sections.

What will be the tax impact of this rebate?

We remind you that NBDB does not provide tax advice. Consequently, we invite you to consult a tax specialist or any other expert as to the tax treatment applicable to this rebate. Please note that no tax slip will be issued for this rebate.