

# SAFEKEEPING AGREEMENT

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

BETWEEN HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, (the “Province”) represented by the Minister of Finance (the “Minister”).

AND \_\_\_\_\_, a Canadian Financial Institution having a branch at \_\_\_\_\_ (the “Financial Institution”)

AND \_\_\_\_\_ having a business address at \_\_\_\_\_ (the “Applicant”)

## WHEREAS:

- A. Pursuant to the \_\_\_\_\_ Act, the Applicant has been issued the instrument described in Schedule “A” (the “Permit”);
- B. It is a condition of the Permit that the Applicant post certain security with the Province;
- C. The security to be posted by the Applicant is described in Schedule “B” (the “Security” and as the context required, Security includes Replacement Security as defined in section 6); and
- D. The Financial Institution has agreed to safekeep the Security.

NOW THEREFORE THE PARTIES agree as follows:

### Safekeeping

1. The Applicant hereby deposits the Security with the Financial Institution for safekeeping in accordance with the terms of this Agreement.

### Good Title

2. The Applicant represents and warrants to the Province and to the Financial Institution that the Security is genuine and is free and clear of all hypothecations, mortgages, liens, charges, security interest or encumbrances.

### Delivery of Security

3. Subject to sections 6 and 9, the Financial Institution will safekeep the Security until the Province gives notice in writing to the Financial Institutions to deliver the Security to the Province or the Applicant.

### Duty to Inquire

4. The Financial Institution will not have any duty to inquire whether or not the Province is entitled to give notice pursuant to section 3 or 9 and any notice given by the Province pursuant to section 3 or 9 will be conclusive authority for the Financial Institution to act under section 3 or 9, as the case may be, whether or not the Province is entitled in fact or in law to give such notice.

### Interest

5. Until the Financial Institution receives a notice pursuant to section 3 or 9, it will collect any interest payable in respect of the Security and pay such interest to the Applicant as such interest is payable in respect of the Security.

### Reinvestment

6. If the Security matures while in safekeeping, the Financial Institution will:
  - (a) hold the Security until the Financial Institution receives instructions from the Applicant to redeem the Security for re-investment of the proceeds in a security specified by the Applicant and approved in writing by the Province (the “Replacement Security”); and
  - (b) safekeep the Replacement Security in accordance with the terms of this Agreement as if it were the Security.

### Safekeeping Fees

7. The Applicant will pay to the Financial Institution all fees charged by the Financial Institution for safekeeping the Security, and the Financial Institution may, notwithstanding section 5, apply interest payable to the Applicant under the Security in payment of such fees.

### Duty of Care

8. In performing its obligations under this Agreement the Financial Institution will safekeep and deal with the Security with the same care as if the Security belonged to the Financial Institution.

### **Proceeds of Sale**

9. Notwithstanding section 3, the Province may provide written notice to the Financial Institution to sell or redeem the Security for the account of the Province, wherein the Financial Institution will:
  - (a) not more than seven (7) days after receiving notice under this section, mail a cheque to the Province for a sum equal to the gross proceeds of the sale or redemption of the Security, less:
    - (i) the reasonable cost of effecting the sale or redemption of the Security, including broker's fees; and
    - (ii) any fees for safekeeping the Security remaining unpaid by the Applicant;
  - (b) use its best efforts to obtain the fair market value for the Security in the sale or redemption of the Security; and
  - (c) if unable to sell or redeem the Security in accordance with this section, within fourteen (14) days after receiving notice under this section, deliver the Security to the Province.

### **No Lien or Set Off**

10. Except as provided in this Agreement, the Financial Institution will not have any lien, charge, or right of set-off against the Security or the proceeds from the sale or redemption of the Security.

### **Indemnity**

11. The Applicant will indemnify and save harmless the Province or the Financial Institution, or both, as the case may be, from and against all claims, demands, damages, losses, costs and expenses arising from any breach, violation or non-performance by the Applicant of any obligation of the Applicant under this Agreement or the Permit.

### **Assignment**

12. Neither this Agreement, nor any right under this Agreement, will be assigned, either directly or indirectly, by the Applicant or the Financial Institution.

### **Termination**

13. The Financial Institution may terminate this Agreement upon ninety (90) days written notice to the Applicant and the Province, provided that the Applicant has entered into a substitute agreement satisfactory to the Province.

### **Authority to Act**

14. Any obligation or discretion of the Province under this Agreement may be exercised by the Minister of Finance, the Deputy Minister of Finance, and any person authorized to act for or on their behalf under this Agreement.

### **Incumbency**

15. The Financial Institution may rely on the delegation matrices, as amended from time to time, issued by the Province to the Canadian Bankers' Association for purposes of determining whether or not a person has authority to act for the Province, pursuant to section 14.

### **Miscellaneous**

16. (a) The Security shall be registered in the name of (unless otherwise required) the Minister of Finance, *for principal only*. All Security must mature in three years or less.
- (b) Any notice, document, statement, report, demand or payment desired or required to be given or made under this Agreement, will be in writing and may be given or made by personal delivery to the party it is to be given or made, or by mailing in Canada with postage prepaid addressed,

if to the Province and/or the Minister:

*The delegated Ministry making this Agreement*

and if to the Financial Institution:

and if to the Applicant:

Any such notice, document, statement, report, demand or payment so mailed will be deemed given to and received by the addressee on the third business day after mailing of the same except in the event of disruption of postal services in Canada in which case any such notice, document, statement, report, demand or payment will be deemed given to and received by the addressee when actually delivered to the particular address set out above.

- (c) A party may, from time to time, advise the others by notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified will, for purposes of the proceeding section, be deemed to be the address of the party giving such notice.
- (d) In addition to sub-paragraph 16(b), any notice, direction or document transmitted by facsimile transmission from any party will be conclusively deemed validly given to and received by the intended recipient when so transmitted if transmitted to the following numbers, as such numbers may be changed by notice in writing from any party whose number is to be changed to the other parties:

If to the Province: \_\_\_\_\_

If to the Financial Institution: \_\_\_\_\_

If to the Applicant: \_\_\_\_\_

- (e) A reference to a statute in this Agreement, whether or not that statute has been defined, means a statute of the Province of British Columbia unless otherwise stated and includes every amendment to it, every regulation made under it and any enactment passed in substitution therefore or in replacement thereof.
- (f) Unless the context otherwise requires, any reference to “this Agreement” means this instrument and all of the Schedules attached to it and any reference to any section or subsection by number is a reference to the appropriate section or subsection in this Agreement.
- (g) The heads or captions in this Agreement are inserted for convenience only and do not form a part of this Agreement and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Agreement.
- (h) In this Agreement, “person” includes a corporation, firm, association and any other legal entity and wherever the singular and masculine is used it will be construed as if the plural or the feminine or the neuter, as the case may be, had been used where the context or the parties so require.
- (i) Each Schedule attached to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- (j) This Agreement constitutes the entire agreement between the parties and no understanding, representations or agreements, oral or otherwise, exist between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and the Permit.
- (k) If, as between the Province and the Applicant, there is a conflict between the terms of this Agreement and the Permit, the terms of the Permit will govern.
- (l) Each of the parties will, upon the reasonable request of the other, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the better or more perfect and absolute performance of the terms and conditions of this Agreement.
- (m) This Agreement will enure to the benefit of and be binding upon the Province, the Financial Institution and the Applicant, and their successors.
- (n) All dollar amounts expressed in this Agreement refer to lawful currency of Canada.
- (o) No waiver by a party of a breach or default by another party in the observance, performance or compliance of any of its obligations under this Agreement will be effective unless it is in writing and no such waiver will be deemed or construed to be a waiver of any other breach or default and failure or delay on the part of a party to complain of an act or failure of another party or to declare such another party in default, irrespective of how long such failure or delay continues, will not constitute a waiver by such party of any of its rights against another party.
- (p) Time will be of the essence of this Agreement.
- (q) This Agreement will be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia.

IN WITNESS WHEREOF the parties have executed this Agreement in the presence of their duly authorized representative in that behalf as of the date first above written.

SIGNED on behalf of HER MAJESTY THE QUEEN IN )  
RIGHT OF THE PROVINCE OF BRITISH COLUMBIA) )  
by a duly authorized representative of the Minister of )  
Finance in the presence of: )  
)  
)  
)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
For the Minister of Finance

SIGNED on behalf of (Name of Financial Institution) )  
by its duly authorized signatory(ies) in the presence of: )  
)  
)  
)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Financial Institution

\_\_\_\_\_  
Branch Manager

*FOR COMPANIES REQUIRED TO USE COMMON/CORPORATE SEAL:*

THE COMMON SEAL OF )  
)  
)  
\_\_\_\_\_  
Company Name )  
was hereunto affixed in the presence of: )  
)  
)  
)

\_\_\_\_\_  
Signature

(C/S) Imprint Corporate Seal Here

\_\_\_\_\_  
Title

\_\_\_\_\_  
Address

\_\_\_\_\_  
Name of Corporate Applicant

*FOR COMPANIES/INDIVIDUALS NOT REQUIRED TO USE COMMON/CORPORATE SEAL:*

**ALTERNATIVE 1**

SIGNED on behalf of )  
)  
)  
\_\_\_\_\_  
Applicant Company Name )  
by its duly authorized signatory(ies) in the presence of: )  
)  
)  
)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Duly authorized signatory(ies) of Applicant Company Name

\_\_\_\_\_  
Title

**ALTERNATIVE 2**

SIGNED by )  
)  
)  
\_\_\_\_\_  
Name of Individual Applicant )  
in the presence of: )  
)  
)  
)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Individual Applicant

## **SCHEDULE "A"**

Description of Permit and Licences Requiring Security

## SCHEDULE "B"

### Description of Securities

Certificate Number	Amount	Percent Interest Per Annum	Maturity Date
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