

# DIRECTIONS FOR OPERATION OF INVESTMENT PROTECTION ACCOUNT

Date: \_\_\_\_\_

To: \_\_\_\_\_ (Name & Address of Financial Institution)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ (the "Financial Institution")

Dear Sirs:

Re: \_\_\_\_\_ (the "Corporation")

(Name of Venture Capital Corporation)

**Investment Protection Account Number:** \_\_\_\_\_

The above-noted account has been opened as an investment protection account (the "IPA") pursuant to section 19(1) of the *Small Business Venture Capital Act* (the "Act").

The Financial Institution is hereby authorized and directed to operate this account as follows:

1. Except as provided in paragraphs 4 and 5, the Financial Institution shall not debit the IPA. The Financial Institution may debit the Corporation's Operating Account No. \_\_\_\_\_ (the "Operating Account") with the amount of any bill of exchange, promissory note, cheque or other instrument which, having been previously credited to the IPA is returned to the Financial Institution unpaid or in respect of which settlement is not received by the Financial Institution, together with any charges, expenses and penalties properly incurred by the Financial Institution including overdraft charges in connection therewith and the Corporation shall be liable to the Financial Institution in respect of each amount so debited including any overdraft.
2. Any one or more of \_\_\_\_\_ (Names of Corporate Signatories) of the Corporation is authorized for and on behalf of the Corporation from time to time:
  - (a) to deposit with or transfer to the Financial Institution (but for the credit of the IPA only) all or any cheques and other orders for the payment of money, and for such purpose to endorse the same, or any of them, or to deliver the same, or any of them, to the Financial Institution endorsed with the name of the Corporation; and
  - (b) to execute the Financial Institution's form of agreement as to the operation and verification of the IPA and also to execute any agreement with or authority to the

Financial Institution relating to the banking business of the Corporation whether generally or with regard to any particular transaction.

3. The Financial Institution may make service charges only against the Operating Account and may debit the Operating Account from time to time with the amount of such charge.
4. With respect to the IPA,

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*(Names of Corporate Signatories)*

together with the Administrator under the Act are authorized for and on behalf of the Corporation from time to time to make, sign, draw, or transfer all or any cheques or other orders for the payment of money, term deposits, and contracts for letters of credit and foreign exchange.

5. Notwithstanding paragraph 4 above, when the Financial Institution receives certification from the Administrator under section 19(5) of the Act, the lesser of the amount stated therein or the balance remaining on deposit in the IPA shall be paid to the Minister of Finance and Corporate Relations.
6. Interest earned on money in the IPA is payable to the Corporation and may be credited to the Operating Account in accordance with section 19(4) of the Act.
7. For the purposes of sections 30 and 31 of the Act, the Corporation hereby consents to examination of the Financial Institution's accounts and records with respect to the Operating Account and the IPA.
8. The Financial Institution is authorized to provide confirmation of the IPA to the Administrator as required, and to confirm amounts on deposit in the IPA upon request from the Administrator.

The provisions of paragraphs 4 and 5 hereof may not be amended or revoked without the consent in writing of the Administrator.

Should any conflict between these Directions and the Financial Institution's standard account agreement arise, these Directions shall prevail.

The Financial Institution may, upon 30 days written notice to the Corporation and the Administrator, terminate its role as Financial Institution regarding operation of the IPA.

Yours truly,

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(Name of Venture Capital Corporation)

By: \_\_\_\_\_  
*(Authorized signature)*                      *(Name)*                      *(Date dd/mm/yy)*