



**Investing in Shares or Other Obligations of Canadian Controlled Private Corporation including Venture Capital Corporations (VCCs), Eligible Business Corporations (EBCs) and Mortgage Investment Corporations (MICs)**

A company that issues ownership shares that are not traded on a public exchange is called a private corporation. You (through your registered plan/TFSA) may invest in shares or certain other obligations of prescribed private corporations. A MIC is a private corporation incorporated to invest principally in mortgages secured against Canadian real property. You (through your registered plan) may become one of the shareholders of the company.

**RSP/RIF/TFSA Eligibility**

- \* The determination of the eligibility of shares or other obligations of private companies, VCCs, EBCs and MICs as “qualified investments” in registered plans/TFSA is subject to various requirements of the Income Tax Act (Canada) (“Act”). Because of the complexity of the Act, such determinations are most often made by qualified tax professionals. Western Pacific Trust Company is not in a position to make such determinations and does not provide any opinions on this matter.
- \* It is your responsibility to ensure the investment is a “qualified investment” as the term is defined in the Act. You are expected to obtain independent financial, investment, tax and legal advice to the extent that you deem necessary and appropriate in making this investment in your plan and it is your sole responsibility to evaluate all investments that you may elect to make in your plan from time to time.

**The Role of Western Pacific Trust Company**

Investors referred to Western Pacific Trust Company by professional advisors should be aware that:

- \* Your professional Advisor is not sponsored by, or in any way affiliated with Western Pacific Trust Company.
- \* Any opinion expressed by your Advisor on the quality or advisability of any investment is their own opinion and the investment decision is made by you and your Advisor based upon your own unique circumstances.
- \* Any questions you may have regarding the investments in your plan should be directed to your Advisor.
- \* Western Pacific Trust Company does not provide investment advice of any nature and has no opinion regarding any investment, recommended by your Advisor or otherwise, held in your plan.

**Documentation Required to Purchase Shares**

**Initial Approval**

**Offeror to provide to WPTC for review**

- Offering Memorandum or a Prospectus (if applicable), or copy of the Subscription agreement
- EITHER:
  - (a) A letter of opinion addressed to Western Pacific Trust Company from an Independent accountant or solicitor stating: (i) the investment is a “qualified investment” and (ii) the Fair Market Value of the investment; OR
  - (b) Documentation satisfactory to Western Pacific Trust Company confirming the current status of the Offeror as a VCC, EBC or MIC, as applicable.
- Updated letter of opinion may be requested on a yearly basis
- Updated letter of calculation to be provided on yearly basis.
- Current Financial Statements

**Closing Documentation**

**Offeror to provide to WPTC**

- Share certificate registered in the name of “Western Pacific Trust Company In Trust \_\_\_\_\_ (client name) \_\_\_\_\_ Account Number \_\_\_\_\_, Plan Number \_\_\_\_\_”
- Copy of Subscription agreement
- Officer’s Certificate
- Letter of Opinion mentioned above – must mention Annuitant by name; OR document confirming VCC/EBC/MIC status.

**Annuitant to provide to WPTC**

- Originally completed and signed “Letter of Indemnity & Direction”
- Annual Trustee Fee and Private Company Purchase Fee (see Fee Schedule)
- Western Pacific Trust Company requires that its self-administered plan clients either complete a Pre-Authorized Payment for authorizing WPTC to deduct future fees, or maintain a minimum cash balance of \$500 in each plan holding only private company shares or non-performing assets.  
If the cheque deposit form is not completed, the minimum cash balance will be:
  - a) considered a RSP contribution, and a tax receipt will be issued.
  - b) held in trust for you outside of your TFSA so this does not affect your annual TFSA contribution room.