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## TRANSFER & REGISTRAR SERVICES



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## What is a Transfer Agent?

The law requires companies to keep a register of their security holders. A transfer agent works with companies, law firms and financial advisors to facilitate communicating to and keeping track of investors.

A transfer agent has the expertise in processing securities transfers and other administrative requirements related to the register. They keep the register of name, address and certificates held by an investor and a register of transfers showing the details of each transfer of securities. The transfer agent maintains a history of the transactions and is able to provide security holder and transfer activity reports.

The transfer agent is able to distribute information and payments to your security holders and handle the administration of your company's annual meeting. Distributing material, tabulating proxies, recording attendance and voting at security holder meetings is a specialized function. Transfer agents also administer dividend reinvestment plans and other entitlements.



# Eight Tips for Choosing the Best Agent

## 1. UNDERSTAND YOUR NEEDS

Choose an agent that will give you the necessary accuracy, responsiveness, experience, personalized level of service and expertise that you need to navigate policies and regulations surrounding security holder record keeping and communication.

## 2. UNDERSTAND YOUR SHAREHOLDERS’ NEEDS

Your shareholders will expect to be treated as owners of your company. A transfer agent’s professionalism, expertise and dedication to customer service when handling your shareholder relations will become an important part of your shareholders’ perception of your company.

## 3. USE REFERRALS WISELY

A referral is a great place to begin your search. Lawyers or underwriters often refer transfer agents that have effectively represented the interests of their other clients. However, ensure that the recommended transfer agent also meets the needs that you have defined and would represent you to your security holders well.

## 4. CHECK REFERENCES

Contact your prospective transfer agents’ references, especially those within your industry or with needs similar to yours. Speak with the person who has regular contact with the agent.

## 5. KNOW EACH AGENT’S PHILOSOPHY

Select a dedicated, high performance team that is available to you throughout your transaction and beyond. Choose a team that delivers a personalized service based on your company’s evolving needs.

## 6. KNOW THE EXPERIENCE LEVEL OF EACH AGENT’S STAFF

Stock transfer has always been a people business. The service you and your shareholders will receive is directly related to the quality and experience level of the agent’s staff.

## 7. UNDERSTAND TERMS AND PRICING

Be sure you understand one-time or startup fees, as well as the costs for basic services, additional services and out-of-pocket expenses.

## 8. REMEMBER – IT’S YOUR RELATIONSHIP

Your transfer agent is the one entity with which you and your security holder will be working long after all other parties involved are off pursuing other deals. Choose the agent that is best for you.

# Why Should You Consider Changing Your Transfer Agent?

Each company is unique in its operation and has distinct business needs. The vendors that support you should understand the level of service that you and your company require. When those needs are not met on a consistent basis, a re-evaluation of your support services may be in order. The reasons to consider switching a transfer agent include service issues, high fees, or both.

## SERVICE

Transfer agent service levels can drop over time. Delivery times may get longer and account managers may become unavailable. Your company is unique and you need a dedicated team that continues to meet your needs.

## FEES

Your company should have access to transparent pricing models that are clear and concise to give more certainty in their month-to-month operational costs.

# Four Steps to Switch Your Transfer Agent

1	DISCUSS	<p><b>Discuss important information with your new transfer agent:</b></p> <ul style="list-style-type: none"><li>• What is required under your current agreement’s termination clause?</li><li>• Are there any active escrow agreements?</li><li>• If distributions have been made, how much money is the transfer agent holding for uncashed cheques? When was the last distribution?</li><li>• Are there any issues or challenges with the current transfer agent?</li></ul>
2	DETERMINE	<p><b>Determine a suitable date for terminating the services of your current transfer agent.</b></p>
3	CONFIRM	<p><b>Confirm the termination date with your current transfer agent by letter and send a copy to your new transfer agent. Your new transfer agent will then contact your current agent to ensure a quick and efficient turnover of records.</b></p>
4	PROVIDE	<p><b>Provide the following documentation to your new transfer agent:</b></p> <ul style="list-style-type: none"><li>• Executed Transfer Agency agreement</li><li>• Certificate of Incumbency</li><li>• List of Officers and Directors</li><li>• Board Resolution appointing your new transfer agent as the agent of record.</li><li>• Corporate By-laws</li></ul>



# Key Terms

## Annual Meeting

Mandatory public yearly meeting that involves a publicly traded company’s executives, directors and shareholders. At the meeting, the CEO and Chairman usually speak, and the company presents its annual report, which contains information for shareholders about its performance and strategy. Shareholders with voting rights will vote on the appointment of the company’s board of directors and auditors. Shareholders who do not attend the meeting are asked to vote by proxy, which can be done online or by mail.

## Annual & Special Meeting

This meeting is an Annual General Meeting that also includes a special resolution that needs to be voted on.

## Beneficial Owner

You are considered a beneficial owner if a broker, bank, trustee or other agent holds your shares in their name for your benefit. This form of ownership is often called ownership in “street name.” If you are a beneficial owner, you may vote by providing voting instructions to your broker, bank, trustee or other agent on the form included with your meeting materials.

## Contentious Meeting

A meeting where there is disagreement among investors as to an issue being considered, e.g. a proposal to appoint different directors or to disagree with management’s recommendation on the vote on a certain matter.

## Committee on Uniform Securities Identification Procedures Number (CUSIP)

A unique identification number assigned to each issue of securities to facilitate trading and settlement in North America. The Committee on Uniform Securities Identification Procedures (CUSIP) oversees the CUSIP system.

## Direct Registration Services (DRS)

A system that allows securities to be held in a book position on the securities register without having a physical security certificate issued as evidence of ownership. Security holders receive Direct Registration Statements instead of certificates.

## International Securities Identification Number (ISIN)

An international unique identification number assigned to each issue of securities to facilitate trading and settlement. The organization that allocates ISINs in any particular country is the country’s respective National Numbering Agency (NNA).

## National Instrument 54-101 (NI 54-101)

National Instrument 54-101 allows issuers to mail directly to their non-objecting beneficial owners (NOBO) security holders. The issuer requests record date security holders information from the Intermediaries by using the process set out in National Instrument 54-101.

## Non-Objecting Beneficial Owner (NOBO)

A beneficial owner who gives permission to a financial intermediary to release their name, address and holdings to the company(ies) or issuer(s) in which they have bought securities for the purpose of receiving proxy mailings and other shareholder communications.

## Non-Objecting Beneficial Owner (NOBO) Omnibus proxy

This omnibus proxy appoints management nominees of the reporting issuer to vote securities held on behalf of each NOBO identified on the NOBO list.

## Notice & Access

Securities regulators have amended two National Instruments 54-101 and 51-102 which enable issuers to offer security holders the option to receive meeting materials and continuous disclosure information using the Internet. This is in addition to the traditional print and mail delivery of meeting materials and continuous disclosure information.

## Objecting Beneficial Owner (OBO)

A beneficial owner who does not give permission to a financial intermediary to release their name, address and holdings to the company (ies) or issuer(s) in which they have bought securities for the purpose of receiving proxy mailings and other shareholder communications.

## Omnibus proxy

An omnibus proxy is issued by securities depositories or custodians as the shareholders of record, which: (1) provides a list of their participating financial entities and their holdings, and (2) authorizes the participants to vote their proxies directly.

## Proxy

Power of attorney document signed by a securityholder to authorize another person, such as a securityholder, a representative of the securityholder, or often the company’s management to vote on behalf of the securityholder at the annual meeting.

## Registered Shareholder

Shareholders whose securities are held on the securities register of a corporation in their name, as opposed to holding the securities in street name. Registered shareholders receive all corporate communications directly from the company.

## Special/Extraordinary Meeting

A meeting that involves an issue that needs to be dealt with or voted on by shareholders that falls outside of the AGM timeframe.

