

ADRC-IIROC Arbitration Program Claimant's Election Regarding Legal Costs

The January 14, 2011 version of the IIROC Arbitration Rules allows investors to opt out of the traditional rule allowing the arbitrator to award legal costs to the successful party. According to section 16.4 of the Rules,

- 16.4 The Claimant shall elect whether or not the Arbitrator
- (a) may, in his discretion, award legal costs against a party: or
 - (b) may not award legal costs against a party, unless he finds that the party concerned has acted in a manner that may be characterized as unfair, vexatious, improper, in bad faith, or has unnecessarily and unreasonably prolonged the proceedings.

This election shall be made by giving notice thereof to the Respondent and to ADRC, no later than the Preliminary Meeting provided for in section 5, above.

The election, once made, may not be revoked unilaterally by the Claimant. In the absence of such election, subsection (b) shall apply.

If the Claimant selects option "a", the arbitrator will be empowered to award legal costs at his discretion. If the Claimant selects option "b", the arbitrator will not be empowered to award legal costs *unless* he finds that the party against whom costs are sought has acted in a manner that may be characterized as unfair, vexatious, improper, in bad faith, or has unnecessarily and unreasonably prolonged the proceedings.

Once this election is made, it may not be changed without the agreement of the Respondent investment firm.

I hereby elect, pursuant to section 16.4 of the Rules of Procedure of the ADRC-IIROC Arbitration Program:

- (a) that the Arbitrator may, in his discretion, award legal costs against a party.
- (b) that the Arbitrator may not award legal costs against a party, unless he finds that the party concerned has acted in a manner that may be characterized as unfair, vexatious, improper, in bad faith, or has unnecessarily and unreasonably prolonged the proceedings.

Name (please print) _____

Signature _____

Date _____