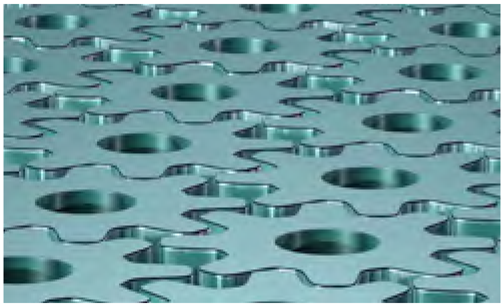
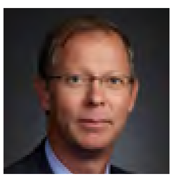


TRADE TALK

FEBRUARY 2012 EDITION

Reporting on CIBC Mellon initiatives and developments within the securities industry

What's Inside?



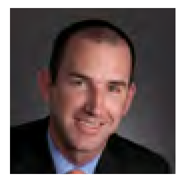
A message from our CEO:

Managing risk starts with managing our choices

In choosing a course of action we must make an informed decision that puts clients' concerns front and centre, yet still allow room for agility and responsiveness as details emerge.

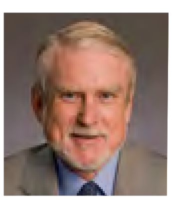
20 years of custody in Canada

Tom MacMillan reflects how the custody industry has changed and what has remained the same over the past 20 years.



Securities lending market update

As one would expect with current global market conditions, securities lending markets remain timid this year and broadly in line with expectations.



Economic update

We expect a global growth recession in 2012, rather than either a strong global expansion or a full-scale global recession. We expect global real GDP growth of about 3 per cent in 2012, down from about 3.7 per cent in 2011 and about 5 per cent in 2010.

Workbench Interactive Reporting

The "Interactive Reporting" feature in CIBC Mellon's Workbench information-delivery tool enables clients to quickly and easily track key indicators as well as easily create, schedule and distribute data-rich and visually engaging asset and investment reports.

REGULATORY UPDATES

FATCA update: U.S. releases proposed regulations

On February 8, 2012, the U.S. Department of Treasury and IRS issued detailed procedures for implementing the Foreign Account Tax Compliance Act. We expect the proposed regulations to significantly impact our business practices, policies, procedures and systems and those of our clients.

New GST/HST Notice 259 impacts pension plans and some trusts

CIBC Mellon clients such as pension plans and some trusts have certain obligations and associated deadlines in respect of draft Canada Revenue Agency legislation released for select listed financial institutions (SLFIs).

"Ultimately, excellence is a matter of choice. Here at CIBC Mellon, we've made it ours."

- Tom Monahan, president and chief executive officer

Managing risk starts with managing our choices

Tom Monahan
president and chief executive officer

On January 26, 2012, Canada's Prime Minister Stephen Harper addressed the economic forum in Davos, Switzerland. Given our country's continued and strong economic performance, the Prime Minister's speech was highly anticipated. Mr. Harper laid out Canada's preparedness for the demographic and economic headwinds facing our country. I found his statement about recognizing that the choices we make today have a direct link to the outcomes in the future to be particularly relevant to managing a business during global economic uncertainty:

"In every decision – or failure to decide – we are choosing our future right now. And, as we all know, both from the global crises of the past few years and from past experience in our own countries, easy choices now mean fewer choices later."

Building on that theme, I would add that in choosing a course of action we must also make an informed decision that puts clients' concerns front and centre. While at the same time - and this may seem counter-intuitive - we still have to allow room for agility and responsiveness should more details emerge. Recent examples that demonstrate the validity of our approach include the U.S. Debt ceiling and the G-20 Summit in Toronto.

With the European exposure and securities lending in particular, CIBC Mellon began reviewing the region and managing risks well before the first headlines appeared. Our business model for assessing and managing risk is ongoing and rigorous. For example, in securities lending, we continue to monitor credit default spreads for both European sovereigns and European entities on a daily basis and review for any changes in our clients' exposure. We also maintain strict collateral requirements for securities lending – all our borrowers are in good standing and fully collateralized. If you missed them in November's issue of Trade Talk, I would encourage you to turn back to commentary from Kelly Hastings and Jeffrey Alexander for more on how CIBC Mellon is managing risk and supporting clients in volatile markets.

As with you – our clients – we have no more control over the global economic climate than we do the weather forecast. Providing excellent service is nonetheless something CIBC Mellon can control by applying a rigorous vigilance to anticipate, prepare and respond as conditions change.

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Tom MacMillan
retired chairman

Tom MacMillan retired on December 31, 2011. He served as chairman of CIBC Mellon's Boards of Directors from 1996 to 1998 and again from 2010 to 2011. He served as president and CEO of the company from 1998 to 2009.

20 years of custody in Canada

The technology, players, and market demands of Canada's custody industry have changed significantly over the past 20 years, but one thing remains the same: clients continue to value a custodian they can trust to deliver consistent, professional, and highly-responsive service.

Compared to 20 years ago, the investment world has gotten much more global and complicated, with a proliferation of strategies, investment vehicles, and regulatory requirements – even as timelines continue to compress. The numbers are bigger and the stakes are higher, and we see more instability and more frequent crises.

Today's investors have more robust governance standards, routinely requiring performance information and real-time data. Increasing demands in the market have led institutional investors to become much more focused on their custodians' performance, looking at the health of their companies, systems, controls, and technology.

Clients want to know about internal and external audit results, about risk management and business continuity preparations, and even employee engagement performance. I heartily applaud clients' rigor and diligence in this area, the custody industry is the better for it.

From custodian to asset servicing provider

Historically, custodians have always been expected to deliver operational excellence, including timely reconciliations, smooth trade settlements, and consistently accurate valuations – custodians are still judged on these factors today.

What has changed is that clients have come to see custodians as critical business partners and problem solvers. Technological advances have enabled exchanges, depositories, and custodians to perform market operations much more efficiently.

At the same time, clients have recognized that custodians' view to the entire trade lifecycle can enable access to valuable information. Repositioning themselves as 'asset servicing providers,' custodians have expanded their capabilities and deployed rich new reporting and information management systems in response to clients' needs.

Fewer players – but greater competition

We've seen significant consolidation in the industry – from more than 15 custodians 20 years ago to four large providers who today serve 90 per cent of Canada's market. Custodians need enormous scale to support the necessary research and development investment to keep up with clients' needs, which is driving consolidation around the world. An example of this was the formation of CIBC Mellon's 50 per cent parent BNY Mellon in 2007, which now is the world's largest custodian, servicing nearly US$26 trillion of assets.

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20 years of custody in Canada (cont'd)

BNY Mellon reinvests more than US$1.5 billion annually into the technology powering its products and services. Ironically, having fewer suppliers has actually made the market much more competitive: we are on our toes, as clients choose among ever better offerings.

2008 financial crisis and a new focus on risk management

Today's emphasis on risk and transparency was perhaps born out of the events surrounding the 2008 market collapse. I was never prouder of our company than when we were able to successfully manage all of our positions with Lehman so that none of our clients experienced an operational disruption, a loss, or trading restrictions. Our risk management programs performed as planned and, with a huge amount of effective teamwork, we passed this test with flying colours.

The Lehman bankruptcy underscored the critical importance of strong governance and risk management, and I would say the entire industry is better for the experience.

The next 20 years

Looking forward, I believe that the demand for reporting, risk management, transparency, and market information will continue to accelerate. Institutional investors will be under tremendous pressure – from regulators and their clients while operating in the expected low-return environment over the next few years. We are going to see increased trading volumes, more sophisticated investment vehicles, more globalization, and a continued shortening of timelines.

I think the relationship between institutional investors and custodians will continue to deepen as clients continue to demand more and better reporting. You can get custody information on an iPad today and I'm sure tomorrow will bring even more advanced information delivery. Clients will be looking to custodians for products and services that help increase returns, reduce costs, and reduce risk. Securities lending is a great example of this, providing a stable source of risk-adjusted returns to offset costs or augment returns.

In some ways, I am envious of those just starting their careers in custody and of the investors who will rely on their services. The technology powering today's marketplace can be very enabling and it will continue to improve. It is very gratifying to solve a client's problems and I think custodians are well positioned to help institutional investors stay ahead of the huge demands facing them in the years ahead.

In my opinion, it all comes back to quality client service and trust – 20 years ago, today, and 20 years from now. Clients need to know that their custodian is honest, diligent, committed to solving problems and striving every day to provide quality value-added services. As I look back over the past 20 years, I am very proud of the fact that the role of the custodian has evolved to the point where custodians are now viewed as valued partners and essential suppliers to clients.

This article originally appeared in the 20th anniversary edition of Benefits and Pensions Monitor.

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Jeffrey Alexander
vice president,
global securities lending

Securities lending market update

As one would expect with current global market conditions, securities lending markets remain timid this year and broadly in line with expectations. The lowlights for 2012 have been blue-chip equity demand in Canada and the U.S., while highlights continue to be demand for government debt and IPO's.

As one could expect, risk remains the primary focus of our internal activities. The events surrounding Greece and the Eurozone have affected the global markets considerably, and continue in many ways. Our risk and compliance teams are focused on managing external factors such as collateral, counterparty and country risks as they pertain to our securities lending business; the control groups have done a very good job of setting a structure which allows for returns in a managed environment. We continue to see great returns in areas in which we specialize, including high-demand stocks such as those mentioned below. Our attention remains focused on delivering quality lending returns while not increasing operational and portfolio risks, and as such we tend not to lend voluminous amounts of client assets to improve our statistics.

On that note, IPO and M&A demand is close to insatiable; while we have not seen broad-market demand, select specials like Zynga, Caesars and Groupon have generated significant demand (and fees) from borrowers. Caesars shares opened at $9 on their IPO in February and quickly traded as high as $17; since that point we have seen a retraction for the stock which currently trades in the $12 range. Directional demand in stocks like Caesars or Zynga (ZNGA has been lent at fees as high as 51 per cent of its value) can create material portfolio-specific demand and revenues.

We also see a growing demand for cash as collateral, as many Canadian banks remain holders of sizeable cash balances. On the fixed income side of our business, loans collateralized with cash generate about double the returns of their non-cash collateral counterparts, and the rebated interest we pay to borrowers can be a valuable source of overnight revenues for banks. Fixed income revenues have grown as many pension plans and mutual fund investors continue to flock to the relative safety of bonds; much of this fixed income growth has come at the expense of small/mid-cap equity portfolios, as we see portfolio flows out of smaller cap equities into bonds.

The market uncertainty that has resulted from the events in the Eurozone and Greece will undoubtedly leave its mark on global dividend season this year. Given the fact that Greece has not reached a debt deal and its tenure in the Eurozone is suspect at best, the market continues to price in a significant amount of risk. We have seen some large-cap companies already announce dividend reductions and we expect this to continue as we approach April and May. While 2012 is clearly not as rosy globally as 2011, we still see significant upside from corporate profits, which remain strong.

Overall, given the side-effects in the market this year, we feel 2012 is off to a very good start. While we will continue to monitor the macroeconomic effects of the Euro crisis and make strategic changes where necessary, the vast majority of our securities lending business continues to be unaffected by uncertainty in overseas markets.

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Economic update

Richard Hoey
chief economist
BNY Mellon

We expect a global growth recession in 2012, rather than either a strong global expansion or a full-scale global recession. We expect global real GDP growth of about 3 per cent in 2012, down from about 3.7 per cent in 2011 and about 5 per cent in 2010. The global growth recession should reflect a severe recession throughout 2012 in the Southern Eurozone, a moderate recession in early 2012 in the Northern Eurozone and the U.K., a somewhat slower pace of expansion in most emerging countries and U.S. economic growth near its long-term trend of about 2.5 per cent.

Monetary ease in many countries is a key reason why we expect the global economy to avoid a full-scale recession in 2012. The recent downtrend in inflation in many countries has given central banks the flexibility to ease. Despite a temporary rise in consumer price inflation at one point in 2011 to about 5 per cent in the U.K. and about 4 per cent in the U.S., both the Bank of England and the Federal Reserve adopted easing moves. Both are biased to provide further ease if necessary. The view of these central banks was that the spikes in inflation would prove temporary and that their economies were weak enough to justify further monetary support.

We believe that the current cyclical outlook for the global economy needs to be framed within several longer term secular factors. First, the productivity of the emerging market labor force is rising as it is tooled with modern technology and practices. This process generates intense global labor market competition. Second, the aging demographic pattern in many countries creates persistent challenges for sovereign debt sustainability as (1) the percentage of the total population which is employed is likely to trend downward and (2) health care and pension expenses are likely to rise. Third, past credit booms in many countries have resulted in major debt hangovers. The global economic outlook should prove very sensitive to whether the subsequent deleveraging process is orderly or disorderly. Fourth, there are major imbalances between countries with an external surplus (generating rising foreign assets) and countries with an external deficit (generating rising foreign debts). These imbalances exist at both a global level and within the Eurozone.

The severe risk aversion in various markets in late 2011 was based in part on the fear that the hesitancy in the European policy response to Eurozone financial stresses might permit a severe financial meltdown. We do not believe that these fears were irrational at that time. However, the expectation that monetary policy in Europe would remain restrictive even as the financial crisis intensified proved incorrect. The central banks finally acted to address the liquidity stresses within the European financial system. Overall, we believe that the European Central Bank has made a major shift to an easier set of monetary policies. We believe that this has lowered the "tail risk" of a systemic financial crisis. However, long-term problems remain, especially with respect to fiscal normalization and sovereign debt sustainability for many countries.

Feb. 8, 2012

For the full economic update, visit http://www.bnymellon.com/foresight/pdf/update.pdf


BNY MELLON

Economic Update

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Darryl Horn
director, client integration solutions

For more information on the power of Workbench Interactive Reporting or to arrange a demonstration, please contact the CIBC Mellon Workbench support team at 1-888-439-2457, 416-643-5360 or workbench@cibcmellon.com. Alternatively, please contact your CIBC Mellon relationship manager at 416-643-5000.

Workbench Interactive Reporting: New, robust reporting tool offers speed and impact

As plan sponsors and asset managers prepare to meet calendar year-end disclosure requirements, they are also looking to share key portfolio metrics with investors, analysts and boards in a way that provides portfolio transparency in a clear, efficient and powerful format.

To meet these portfolio reporting needs, CIBC Mellon is pleased to highlight some recent enhancements to our Workbench information delivery tool. The "Interactive Reporting" feature in Workbench enables our clients to quickly and easily track key indicators as well as easily create, schedule and distribute data-rich and visually engaging asset and investment reports.

Extensive client feedback was incorporated into building and designing the new functionality and into making it user-friendly and intuitive. By selecting the Workbench view/export data menu and choosing the new "Interactive Viewing" option, you can easily apply a number of new features that will help you modify, enhance and personalize your various reports to suit your needs.

Clients logging onto Workbench will see a set of new toolbar icons that can guide them through the report authoring process. The end result: visually powerful, data-rich reports that are quick and easy to prepare.

New features of Workbench Interactive Reporting offer you the ability to:

- Build investment accounting/portfolio reports as unique as your own business.
- Customize various aspects of your report from titles/subtitles through to classifications, ranges and groupings.
- Build and display charts in common formats including bar, line, pie, and many others using grouped or summed data and drill-down into charts.
- Customize data using more than 30 available formulae to analyze information.
- Deliver your output in pdf, xls, csv, jpg, or tsv formats; even better, the report data is automatically sized and scaled to fit report output format.
- Schedule and distribute customized outputs at convenient times to match your business cycle.
- Save and share customized reports online.

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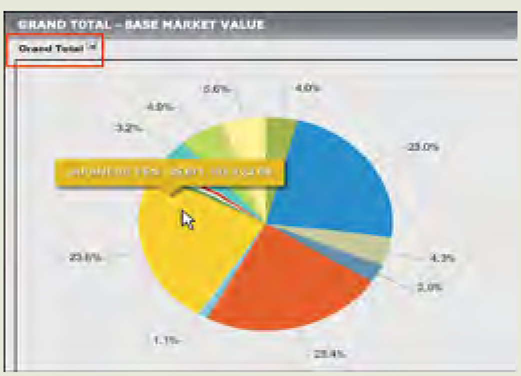
Workbench Interactive Reporting: New, robust reporting tool offers speed and impact (cont'd)

Benefits of Workbench Interactive Reporting:

- **Efficiency gains.** You can now prepare engaging and dynamic asset and investment reports in significantly less time and with less effort.
- **Access to in-depth analysis.** Reports that now feature rich data and improved graphical elements can help accelerate decision making. As well, applying new available formulae to generate reports may result in data analysis that fosters insight leading to new ideas or planning scenarios.
- **Leverage leading-edge technology.** CIBC Mellon's clients benefit from our scale and, through this, access to leading-edge information delivery tools like Workbench. Plus, as further enhancements are made to current Workbench features including Interactive Reporting, you'll automatically be informed of any updates. Partnering with CIBC Mellon, your company can benefit from these continuous system enhancements without directly incurring expenses typically associated with technology research/ development and implementation.

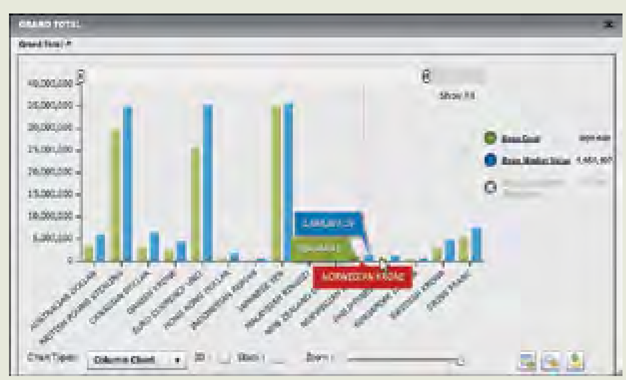
At CIBC Mellon, we're committed to continuously improving the products and services we deliver clients. Workbench Interactive Reporting is a powerful report-generation tool that can increase efficiency and deliver content to help management teams in asset analysis, strategy, investment planning and allocation.

Customizable charts with drill down capabilities



If your chart displays a top-level grouped category (for example, the Grand Total / Local Currency level), you can also click on the pieces of the chart to drill-down into the next level of detail (for example, to the Asset Types of the selected currency).

When you hover over the pieces of a chart with your mouse (or also over the legend in a Pie chart), a tooltip displays to show exact data values. When the chart displays two or more data values, the hover text distinguishes the data values by colour.



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Simon Lee
assistant vice president, tax

FATCA update: U.S. releases proposed regulations

On February 8, 2012, the U.S. Department of Treasury and Internal Revenue Service issued the proposed regulations for implementing the provisions of the Foreign Account Tax Compliance Act ("FATCA").

The proposed regulations are approximately 400 pages in length and provide detailed procedures for implementing the FATCA withholding tax and information reporting regime. We expect that the proposed regulations will significantly impact our business practices, policies, procedures and systems and those of our clients. We are reviewing the proposed regulations and will provide you with more information in a future update.

Below are highlights of the anticipated impacts to CIBC Mellon and our clients:

1. Account classifications and due diligence

Generally, FATCA due diligence rules require foreign (non-U.S.) financial institutions (FFIs) to identify and report on both U.S. accounts and accounts held by foreign entities with substantial U.S. owners. The proposed regulations distinguish between due diligence required for individual accounts and entity accounts, as well as between pre-existing accounts and new accounts.

The proposed regulations have increased the number of overall FATCA classifications for account holders and accounts; there are 26 classifications or sub-classifications are contained within the proposed regulations (including Participating Foreign Financial Institution ("PFFI"), Registered Deemed Compliant FFI, Certified Deemed Compliant FFI, Owner-Documented FFI, Excepted FFI, Active NFFE, Excepted NFFE, Passive NFFE and others.)

The proposed regulations reduce the burden associated with reviewing records of pre-existing accounts to determine U.S. status. For example, due diligence procedures relating to pre-existing accounts are modified to allow PFFIs to rely on electronic searches for accounts with a balance ranging from USD $50,000 to USD $1 million. While PFFIs will be required to carry out paper-based searches for accounts with a balance of more than USD $1 million, these searches would be limited to documentation, current account files and certain correspondence. Searches will not be required for accounts of less than USD $50,000 or for entity accounts of less than USD $250,000. In many cases, PFFIs would be able to rely on their existing compliance with know your customer (KYC) and anti-money laundering (AML) rules and regulations.

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FATCA update: U.S. releases proposed regulations (cont'd)

2. Withholding requirements

Withholding obligations have been eased somewhat under the proposed regulations. The new proposed regulations gradually phase in withholding requirements as follows:

a. January 1, 2014: Withholding will be required on U.S.-source income such as interest and dividends.

b. January 1, 2015: Withholding requirements will be expanded to include both gross proceeds and income payments.

c. January 1, 2017: Withholding on "foreign passthru payments" (the definition of "foreign passthru payments" is pending further guidance from the U.S. government)

3. Reporting requirements

Similar to withholding, reporting requirements will be phased in gradually between 2014 and 2017 as follows:

a. The identities of U.S. account-holders must be reported starting in 2014 for the 2013 calendar year.

b. Information about income paid to U.S. accounts must be reported starting in 2016 for the 2015 calendar year.

c. Full information on U.S. accounts, including information gross proceeds, must be reported starting in 2017 for the 2016 calendar year.

4. Additional FATCA updates

The draft regulations also provide the following information:

a. The IRS will publish a draft model FFI agreement in early 2012 and the final one in fall 2012.

b. PFFI officers will be expected to certify the PFFI has complied with the FFI agreement. The draft FATCA regulations do not require verification by third party audit.

c. The U.S., France, Germany, Italy, Spain and the U.K. are exploring a common approach of FATCA implementation through domestic reporting and reciprocal automatic information exchange.

Please visit the following websites for more information.
http://www.irs.gov/newsroom/article/0,,id=254068,00.html

http://www.hm-treasury.gov.uk/joint_intl_statement_fatca.htm

If you have additional questions about how CIBC Mellon is preparing for FATCA, please contact your relationship manager. You can also refer to our overview of FATCA in the October 2010 issue of Trade Talk

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Tim Rourke (left)
vice president,
relationship management

Peter Maden (right)
vice president, institutional and
pension accounting and special
investments group

New GST/HST Notice 259 impacts pension plans and some trusts

In response to client queries, CIBC Mellon would like to take this opportunity to remind all clients of certain obligations and associated deadlines in respect of draft Canada Revenue Agency (CRA) legislation released for select listed financial institutions (SLFIs) which include pension plans.

CIBC Mellon is unable to directly undertake harmonized sales tax (HST) activities to fulfil the requirements outlined in the draft legislation on behalf of our clients, however we have provided some information below that we hope will assist you in discussions with your tax advisor.

Background

As you may be aware, new HST rules came into effect in 2010, requiring changes to tax-filing practices among certain financial institutions, including pension plans and some trusts.

As part of its first step, the CRA outlined the draft legislation as applicable to SLFIs, including: trusts governed by a registered pension plan; employee profit sharing plans; registered supplementary unemployment benefit plans; deferred profit sharing plans; employee benefit plans; retirement compensation arrangements; mutual fund trust; pooled fund trusts unit trusts; banks, insurance companies; and security dealers.

Based on the CRA's draft legislation, if a pension plan trust qualifies as an SLFI, the trust is required to complete a number of election forms. The forms – Reporting Entity Election form; Consolidated Filing Election form; Tax Transfer Election form; and Non-resident Exclusion form – must all be filed before the pension plan's fiscal year-end. Elections filed help to alleviate some of the administrative burden associated with the GST/HST by identifying, for example, who assumes the responsibility for filing the HST returns on behalf of the plan. Additional benefits may also result depending on the election filed, however, clients need to determine this with their tax advisor.

If the pension plan trust qualifies as an SLFI, the plan is required to pay HST in provinces where applicable. The HST payment is to be calculated using the Special Attribution Method or SAM formula. The SAM formula calculates the amount of the provincial component of HST for which SLFIs are liable based on the number of participants or plan members they have in those provinces where HST is collected.

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New GST/HST Notice 259 impacts pension plans and some trusts (cont'd)

More on GST/HST Notice 259

The Canada Revenue Agency (CRA) released GST/HST Notice 259 ("The Notice"), titled Information Requirements Related to Investments in Selected Listed Financial Institution Distributed Investment Plans, in October 2011. The Notice impacts various types of financial entities particularly pension plans who invest their assets in distributed investment plans (such as mutual fund trusts, pooled funds trusts, segregated funds of an insurer, etc.) and who meet the definition of "a qualifying investor" under draft SFLI regulations.

Pension plan trusts (who meet the definition of "qualifying investor" and who hold units of a distributed investment plan on September of a calendar year), must provide the manager of the distributed investment plan (i.e. mutual fund trust or pooled fund trust for example), on or before November 15 of the calendar year, with the following information. The pension plan trust must:

a. Self-identify as an SLFI and a qualifying investor.

b. List the number of units held on September 30 by the qualifying investor in the distributed investment plan and, if applicable, in each series of the plan.

c. Identify the qualifying investor's (pension plan trust) membership percentage for each participating province as of September 30.

This information is used by the distributed investment plan to calculate the pension plan's provincial HST liability in accordance with the CRA's new SAM formula (mentioned earlier).

The pension plan trust (that meets the definition of a qualifying investor), for example, must provide the information above to the investment plan whether the investment plan has requested it or not. The pension plan trust that doesn't meet the definition of a qualifying investor is also required to provide some of this same information (namely, the number of units held in the distributed investment plan as at September 30 and the membership percentage per province) to the investment plan. The deadline for providing the information, as outlined in the Notice is November 15 (of the calendar year) and/or 45 days after the day on which the unitholder (i.e. pension plan) receives the request for information (from the investment plan, for example).

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Full details of the CRA's GST/HST Notice 259, titled Information Requirements Related to Investments in Selected Listed Financial Institution Distributed Investment Plans, is available on the CRA's website.

If you have any questions regarding the GST/HST Notice or the checklist above, please consult your tax advisor.

For more information about the information available to support your GST/HST filing needs via CIBC Mellon's Workbench tool or institutional and pension accounting group, please contact your relationship manager.

New GST/HST Notice 259 impacts pension plans and some trusts (cont'd)

In either case, failure to provide the information to the investment plan may result in CRA imposing penalties to the pension plan equal to the lesser of:

- $10,000; and
- 0.01 per cent of the total value, on September 30 of the calendar year set out in the request, of the units of the plan in respect of which the person was required to provide information under any of subsection 55(3) to (5) of the draft SLFI Regulations.

It should be noted that SLFI regulations are currently in draft, however penalties will be enforced when legislation is enacted.

Companies may have to meet the following additional CRA deadlines:

- Deemed tax calculation for pension plans – as early as January 31, 2012
- Elections to transfer GST rebates – as early as January 31, 2012
- Form GST494 filing for pension plans (which may require a special attribution method calculation) – as early as June 30, 2012

How can CIBC Mellon help?

Institutional investors, including pension plans, who use CIBC Mellon's Workbench online investment/portfolio asset information tool will find Workbench a useful starting point to access some of the data required to comply with the Notice.

CIBC Mellon's institutional and pension accounting services group is also available to provide certain information to help clients complete their HST returns – information such as identifying HST paid with respect to plan expenses incurred during the year. CIBC Mellon processes HST separately on the accounting platform and is positioned to work with clients to incorporate requirements into accounting reports.

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GST/HST Checklist

Below is a brief checklist that pension plan trusts may wish to review with their tax advisors as future penalties may be imposed to those pension plans and/or trustees who fail to comply, following enactment of the draft legislation:

✓

- ☐ Determine whether the plan qualifies as a "Selected Listed Financial Institution (SLFI)", according to CRA draft legislation.
- ☐ If qualifying as an SLFI, complete the appropriate election form(s). Forms include the Reporting Entity Election form; Consolidated Filing Election; Tax Transfer Election and Non-resident Exclusion Election form.
- ☐ Notify CIBC Mellon of the status/completion of the appropriate election form(s).
- ☐ If an SLFI, provide the manager of the distributed investment plan with information that includes self-identification as an SFLI and qualifying investor; a list of the number of units held in the distributed investment plan; and a list of the plan membership percentages per province.

About CIBC Mellon

CIBC Mellon provides asset servicing solutions for institutions and corporations, including custody, multicurrency accounting, fund administration, unitholder recordkeeping, pension services and securities lending. We have over 1,100 people dedicated to supporting more than 1,200 client relationships with Canadian banks, pension funds, investment funds, corporations, governments, insurance companies, foreign insurance trusts, foundations and foreign financial institutions whose clients invest in Canada. As of January 31, 2012, CIBC Mellon held more than CAD$1.1 trillion of assets under administration on behalf of our clients. CIBC Mellon is headquartered in Toronto, with offices across Canada in Vancouver, Calgary, London, Montreal and Halifax. Founded in 1996, CIBC Mellon is 50-50 jointly owned by Canadian Imperial Bank of Commerce (CIBC) and The Bank of New York Mellon Corporation (BNY Mellon), the world's largest custodian. CIBC Mellon is part of the BNY Mellon network, which as of December 31, 2011 had USD$25.8 trillion in assets under custody and administration, USD$1.26 trillion in assets under management and processes global payments averaging USD$1.5 trillion per day.

For further information about CIBC Mellon, please visit cibcmellon.com.

Follow @CIBCMellon on Twitter for insights and updates on asset servicing, custody and financial services in Canada.

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