

# Insider Trading Policy



APPROVAL	
<b>Responsible Person/Contact:</b>	Governance Committee Chair
VERSION CONTROL	
<b>Approved by : Governance Committee</b>	November 1, 2016
<b>Approved by: Board of Directors</b>	November 2, 2016
<b>Last Review Date:</b>	N/A
<b>Next Review Date:</b>	<b>Q3 2017</b>



## INSIDER TRADING POLICY

1. Application and Purpose of Policy
  - 1.1. This is an Echelon Financial Holdings Inc. (the "Company") policy and applies to all those persons listed in Schedule A.
  - 1.2. The purpose of this Policy is to set forth policies that ensure that
    - a) The Company and all persons to whom this Policy applies comply with all applicable law and stock exchange rules;
    - b) All persons to whom this Policy applies understand their obligations to preserve confidentiality of Undisclosed Material Information (as defined below);
    - c) All persons who have Undisclosed Material Information are prohibited from trading Securities (as defined below) while in possession of Undisclosed Material Information;
    - d) All persons who have Undisclosed Material Information are prohibited from Tipping (as defined below);
    - e) All persons to whom this Policy applies are aware of their obligation to report Securities trades;
    - f) All persons to whom this Policy applies are aware of their obligations to report violations of applicable laws, stock exchange rules and this Policy; and
    - g) All persons are aware how violations of this Policy can be brought to the attention of the Company.
  - 1.3. This Policy documents and confirms the Company's existing practice and is effective upon approval by the Company's Board of Directors. The Policy will be reviewed and approved annually by the Company's Board of Directors or Governance Committee as determined by the Company's Board of Directors.
  - 1.4. This Policy is to be read in conjunction with the Company's Disclosure Policy and Code of Ethics. Each employee and director of the Company shall be asked to annually review this Policy and acknowledge having done so.
2. Material Information
  - 2.1. "Material Information" consists of both material facts and material changes. A material fact is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of Securities. A material change is a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any Securities and includes a decision to implement such a change if such a decision is made by the Board or senior management of the Company who believe that confirmation of the decision by the Board is probable. Schedule B attached lists examples of Material Information.

- 2.2. Any employee, officer, director or contractor of the Company or a Major Subsidiary (as defined below) who becomes aware of information that has the possibility of being Material Information must immediately disclose the information to the Chief Executive Officer or the Chief Financial Officer who shall advise the Disclosure Committee.
  - 2.3. “Undisclosed Material Information” is Material Information that has not been disseminated to the public by way of a press release together with the passage of 24 hours.
  - 2.4. Undisclosed Material Information shall not be disclosed to anyone except in the necessary course of the Company’s business. If Undisclosed Material Information has been disclosed in the necessary course of business, it is the responsibility of the person making that disclosure to ensure that anyone so informed is made to clearly understand that it is to be kept confidential and in appropriate circumstances requires execution of a Non-Disclosure and Confidentiality Agreement with the Company. Schedule “C” attached lists examples of circumstances where disclosure may be in the necessary course of the Company’s business.
  - 2.5. “Tipping” refers both to disclosing Undisclosed Material Information to third parties outside the necessary course of business or to recommending, while in possession of Undisclosed Material Information, that third parties purchase or sell Securities. Tipping is prohibited.
3. Trading of Securities
- 3.1. “Securities” means any security issued by the Company, whether owned directly or indirectly, including shares, stock options, Restricted Share Units (“RSUs”), Performance Share Units (“PSUs”) and Deferred Share Units (“DSUs”). A “Related Security” means any other security, the market price of which varies materially with the market price of Securities of the Company.
  - 3.2. No person to whom this Policy applies shall purchase, sell or trade Securities or Related Securities while in possession of Undisclosed Material Information.
  - 3.3. No person to whom this Policy applies may purchase, sell or trade Securities or Related Securities during the time period from the day following the end of a fiscal quarter or fiscal year end until the second trading day after the financial results for the fiscal quarter or fiscal year have been disclosed by way of a press release (a “General Blackout”). A “trading day” is any day that Securities may be traded on the TSX.
  - 3.4. All employees, officers, directors and contractors who are so advised by the Disclosure Committee shall be prohibited from purchasing, selling or trading Securities or Related Securities during any period designated by the Disclosure Committee (a “Special Blackout”).
  - 3.5. Notwithstanding sections 3.3 and 3.4, Securities may be purchased or sold during a General Blackout or Special Blackout with the prior written consent of the Chief Financial Officer. The Chief Financial Officer will grant permission to purchase or sell during a blackout period only in the case of unusual, exceptional circumstances. Unusual, exceptional circumstances may include severe financial hardship or where the timing of the sale is critical for significant tax planning purposes or as a result of termination of employment with the Company.

3.6. The trading prohibitions described in this Policy do not apply to the acquisition of Securities through the normal course vesting of share units under the Company's Executive Share Unit Plan or regularly scheduled share purchases through the Company's Group RRSP plan or the allocation of share units under the Company's Deferred Share Unit Plan, but for clarity, this Policy does apply to any subsequent disposition of any Securities so acquired.

#### 4. Insider Reports

##### 4.1. A "Reporting Insider" is

- (a) The CEO, CFO and COO of any of the Company, a significant shareholder of the Company, or a Major Subsidiary;
- (b) A director of any of the Company, a significant shareholder of the Company or a Major Subsidiary;
- (c) A person responsible for a principal business unit, division or function of the Company or Major Subsidiary;
- (d) The Company itself;
- (e) Any other person that
  - i. In the ordinary course receives or has access to Material Information before the Material information has been generally disclosed; and
  - ii. Directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the Company or a Major Subsidiary.

4.2. "Significant Shareholder" is a person who has beneficial ownership of, or control or direction over, whether direct or indirect, of more than 10% of the Company's outstanding shares.

4.3. "Major Subsidiary" means each of Echelon Insurance, QIC Holdings Aps and Qudos Insurance A/S.

4.4. A "related financial instrument" is an agreement, arrangement or understanding to which a Reporting Insider is a party, the effect of which is to alter, directly or indirectly, the insider's economic interest in a Security or economic exposure to the Company.

4.5. A Reporting Insider who owns or acquires any Securities or an interest in a related financial instrument is required to file an initial insider report with the System for Electronic Disclosure by Insiders ("SEDI") at [www.sedi.ca](http://www.sedi.ca) within 10 days of becoming a Reporting Insider or acquiring such Securities or interest if none were previously held, and then file subsequent insider reports within 5 days following any trade of Securities or a related financial instrument.

4.6. If a Reporting Insider does not own or have control over or direction over any Securities or have any interest in related financial instruments, a report is not required.

4.7. If the Company files an Issuer Grant Report with respect to granting of stock options or share units to its insiders within 5 days of the grant, then the period for a Reporting Insider to file his or her report is extended to the earlier of March 31 of the next calendar year or five days

following any disposition or transfer by the Reporting Insider of the Securities identified in the Issuer Grant Report.

- 4.8. When a person ceases to be Reporting Insider he or she will amend his or her SEDI profile within 10 days of ceasing to be a Reporting Insider.
- 4.9. It is the Reporting Insider's responsibility to ensure they are in compliance with all OSC requirements regarding reporting of trades of Securities or related financial instruments. However, upon request, the Chief Financial Officer may make arrangements to assist any Reporting Insider with the preparation and/or filing of an insider report.

## 5. Reporting and Investigation of Policy Breaches

- 5.1. Any employee, officer, director, contractor or Significant Shareholder of the Company or a Major Subsidiary who has reason to believe that any other person to whom this Policy applies has breached sections 2 or 3 of this Policy is required to report the breach. The breach may be reported in confidence directly to the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and/or the General Counsel. A breach of this Policy may also be reported by way of the Company's Whistleblower program as described in the Company's Code of Ethics.
- 5.2. Any report of breach of this Policy will be reviewed and investigated by an Investigating Committee made up of the Chief Financial Officer and the General Counsel. If it is alleged that either of the Chief Financial Officer or the General Counsel have breached this Policy, the membership of the Investigating Committee will be determined by the Governance Committee. The Investigation Committee will report its findings to the Governance Committee and the Chairman of the Board, and where applicable for a material breach, the applicable regulatory authorities.



**SCHEDULE "A"**  
**APPLICATION OF POLICY**

- 1) This Insider Trading Policy applies to:
  - a) The Company;
  - b) All employees, officers, directors, contractors and Significant Shareholders of the Company;
  - c) All employees, officers, directors, contractors and Significant Shareholders of subsidiaries of the Company who are in possession of Undisclosed Material Information;
  - d) Employees, officers and directors of Significant Shareholders who are in possession of Undisclosed Material Information; and
  - e) Persons in a Family Relationship.
- 2) "Persons in a Family Relationship" are the spouses or relatives residing in the same home as the persons described in section 1(b), (c) and (d) of this Schedule above.
- 3) For the purposes of this Schedule a "subsidiary" is any of Echelon Insurance, CUISA Managing General Agency Corporation, The Insurance Company of Prince Edward Island, CIM Re, QIC Holdings Aps and Qudos Insurance A/S.



**SCHEDULE "B"**  
**EXAMPLES OF MATERIAL INFORMATION**

The following is a non-exclusive list of Material Information. It is not comprehensive and is provided for illustrative purposes and to give guidance to individuals to whom this Policy applies.

**Change of Corporate Structure**

- Change in share ownership that may affect control of the Company
- Changes in corporate structure such as reorganizations, amalgamations or mergers
- Take over bids, issuer bids or insider bids

**Changes in capital structure**

- The public or private sale of additional Securities
- Planned repurchases or redemptions of Securities
- Planned splits of common shares or offering of warrants or rights to buy shares
- Any share consolidation, share exchange or stock dividend
- Changes in the Company's dividend policy or payments
- The possible initiation of a proxy battle
- Material modifications to the rights of Security holders

**Changes in financial results**

- A significant increase or decrease in near term earnings prospects
- Unexpected changes in the financial results for any period
- Shifts in financial circumstances, such as cash, flow, reductions, major asset write offs or write downs
- Changes in the value or composition of the Company's assets
- Any material change in the Company's accounting policies

**Changes in business and operations**

- Any development that affects the Company's resources, technology, products or markets
- A significant change in capital investment plans or corporate objectives
- Disputes with contractors or suppliers
- Significant new contracts, products or services or the loss of significant contracts or business
- Changes or pending changes in the Board or executive management, including the departure of the Company's Chairman, CEO or CFO
- Commencement of, or developments in, material legal proceedings or regulatory matters
- Any notice that reliance on prior audit is no longer permissible

Acquisitions and dispositions

- Significant acquisitions or dispositions of assets
- Acquisitions of other companies , including a take over bid for or merger with another company

Changes in credit arrangements

- The borrowing or lending of a significant amount of money
- Significant new credit arrangements
- Encumbering of the Company's assets
- Defaults under any debt obligations or any changes or restructuring of existing debt obligation
- A change in rating agency decisions



## **SCHEDULE "C"**

### **EXAMPLES OF CIRCUMSTANCES WHERE DISCLOSURE OF MATERIAL INFORMATION MAY BE IN THE NECESSARY COURSE OF BUSINESS**

The following is a non-exclusive list of examples where disclosure of Material Information may be necessary in the course of business. It is not comprehensive and is provided for illustrative purposes and to give guidance to individuals to whom this Policy applies.

Disclosure to:

- Vendors, suppliers or strategic partners on issues such as sales and marketing and contracts
- Employees, officers and directors
- Lenders, legal counsel, auditors, securities underwriters, financial and other professional advisors to the Company
- Reinsurers
- Regulators
- Parties to negotiations
- Industry associations
- Government agencies
- Credit rating agencies