

*This short form prospectus is referred to as a base shelf prospectus and has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this short form prospectus of that information. The legislation requires the delivery to purchasers of a pricing supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus, together with each document deemed to be incorporated by reference herein, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Subject to certain exceptions, these securities may not be offered, sold or delivered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S to the 1933 Act).*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Computershare Trust Company of Canada, in its capacity as Issuer Trustee of Glacier Credit Card Trust, at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1, telephone: (416) 263-9200 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

December 18, 2012

# GLACIER CREDIT CARD TRUST®

## Up to \$1,500,000,000 Credit Card Asset-Backed Notes

Glacier Credit Card Trust® (the "Issuer" or the "Trust") may, from time to time, during the 25 months that this short form base shelf prospectus, including any amendments hereto (the "Prospectus") remains valid, offer and issue credit card asset-backed notes (the "Notes") in an aggregate principal amount not to exceed \$1,500,000,000. The Notes will be issued in series, each of which will evidence debt obligations of the Issuer and will be secured by, and recourse under which will be limited to (except in certain limited circumstances) the assets acquired by the Issuer using the proceeds from the issuance thereof and the proceeds of such assets. In each case, the assets so acquired will consist of a series of undivided co-ownership interests (each a "Series") in a revolving pool of credit card receivables generated under designated credit card accounts by Canadian Tire Bank ("CTB"), a direct, wholly-owned subsidiary of Canadian Tire Financial Services Limited ("CTFS") and an indirect, wholly-owned subsidiary of Canadian Tire Corporation, Limited ("Canadian Tire"), and certain related assets.

It will be a condition of the issuance of any Notes that they shall have received a Designated Rating from two Designated Rating Organizations.

The offering of Notes hereunder will be made pursuant to the medium term note program of the Trust (the "MTN Program") as contemplated by National Instrument 44-102 of the Canadian Securities Administrators (the "National Instrument"). The National Instrument permits the omission from this Prospectus of certain terms of the Notes, which will be established at the time of the offering and the sale of the Notes and will be included in pricing supplements incorporated by reference herein, as more particularly described under the heading "Documents Incorporated by Reference". Accordingly, the specific terms of Notes to be offered and sold hereunder pursuant to the MTN Program will be set out in pricing supplements delivered to purchasers in connection with the sale of such Notes. The Notes will be denominated in, and the principal of, and interest (if any) on, the Notes will be payable in Canadian dollars. The interest rate (if any) applicable to the Notes may be fixed or variable or calculated in some other manner as set out in the applicable pricing supplement. The specific designation, aggregate principal amount, interest payment dates, authorized denominations, maturity, offering price, or other specific terms of a particular issue of Notes will also be set forth in the applicable pricing supplement.

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## RATES ON APPLICATION

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The Notes will be offered severally by one or more dealers as may be appointed from time to time by the Issuer (collectively, the “Dealers”), and consisting of BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., and TD Securities Inc.), as agents of the Issuer or as principals, subject to confirmation by the Issuer pursuant to the Dealer Agreement referred to under the heading “Plan of Distribution”. The rate(s) of commission payable, if any, in connection with sales of the Notes by the Dealer(s) will be as determined from time to time by mutual agreement. The Notes may be purchased from time to time by any of the Dealers, as principal, at such prices as may be agreed to between the Issuer and such Dealer(s), for resale to the public at prices to be negotiated with purchasers. Such resale prices may vary during the period of distribution and from purchaser to purchaser. Commissions may be paid in connection with such purchases and the Dealer’s compensation will be increased or decreased by the amount by which the aggregate price paid for the Notes by purchasers exceeds or is less than the aggregate price paid by such Dealer to the Issuer. The Issuer may also offer the Notes directly to the public from time to time pursuant to any applicable statutory registration exemptions at such prices and upon such terms as may be agreed upon by the Issuer and the purchaser. The commission payable, if any, will be set forth in the applicable pricing supplement. The Issuer and, if applicable, the Dealer(s) reserve the right to reject any offer to purchase Notes in whole or in part. The Issuer also reserves the right to withdraw, cancel or modify an offering of Notes under this Prospectus without notice. The offering of Notes is subject to approval of legal matters on behalf of the Trust and CTB by McCarthy Tétrault LLP and on behalf of the Dealers by Stikeman Elliott LLP.

The Notes are being offered on a continuous basis by the Issuer through the Dealers. The Notes will not be listed on any securities exchange. There is no market through which the Notes may be sold and purchasers may not be able to resell Notes purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. Each Dealer expects, but is not obligated, to make a market in the Notes for which it is a Dealer. If such a market develops, there is no assurance that it will continue. In connection with any offering of Notes, the Dealers may, subject to the foregoing, over-allot or effect transactions that stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”. See “Investment Considerations” for a discussion of certain factors that should be considered by prospective purchasers of the Notes.

The Notes will not represent interests in or obligations of Canadian Tire, CTB, CTFS, Computershare Trust Company of Canada (other than in its capacity as trustee of the Trust), BNY Trust Company of Canada, the Dealers, the beneficiary of the Trust nor any affiliates thereof and none of these entities has represented or undertaken that the Receivables will realize their face value or any part thereof and, accordingly, neither the Trust nor its creditors will have any claim against any of these entities for any deficiency arising in the realization of the Receivables. The Trust is not a trust company and does not carry on or intend to carry on the business of a trust company. None of the Ownership Interests, the Notes nor the Receivables are “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured or guaranteed by Canadian Tire, CTB, CTFS, Computershare Trust Company of Canada, BNY Trust Company of Canada, the Dealers, the beneficiary of the Trust nor any affiliates thereof, nor the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality.

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## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Computershare Trust Company of Canada, in its capacity as Issuer Trustee of the Trust, at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1, telephone: (416) 263-9200, and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents filed with securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into this prospectus:

- (a) the Trust's Annual Information Form dated April 4, 2012;
- (b) the Trust's comparative audited annual financial statements for the years ended December 31, 2011 and 2010, together with the independent auditor's report thereon and management's discussion and analysis of financial condition and results of operations; and
- (c) the Trust's comparative unaudited condensed interim financial statements for the three and nine months ended September 30, 2012 together with management's discussion and analysis of financial condition and results of operations.

Any documents of the type referred to above, any material change reports (excluding confidential reports), any other disclosure document filed pursuant to an undertaking to a provincial or territorial securities regulatory authority, comparative annual and interim financial statements and annual filings filed by the Issuer with the securities regulatory authorities in each of the provinces of Canada subsequent to the date of this Prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this Prospectus. All shelf information omitted from this Prospectus will be contained in one or more pricing supplements that will be delivered to purchasers together with this Prospectus. A pricing supplement containing the specific terms in respect of an offering of Notes will be delivered to purchasers of such Notes together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus for purposes of securities legislation as of the date of such pricing supplement, but only for purposes of the offering of such Notes (unless otherwise expressly provided therein). Upon a new annual information form and the related annual financial statements being filed by the Issuer with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and information circulars filed prior to the commencement of the Issuer's financial year in which the new annual information form was filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Notes hereunder.

The Administrator will post on [www.sedar.com](http://www.sedar.com) on a quarterly basis certain information pertaining to the Account Assets in which the Trust maintains undivided co-ownership interests through ownership of the Ownership Interests. All such information will be incorporated by reference into this Prospectus for purposes of securities legislation as at the date of such posting. Upon new quarterly data being posted by the Administrator, the previously posted quarterly data shall be deemed no longer incorporated into this Prospectus for purposes of future offers and sales of Notes hereunder.

Except as referenced above, no other document or information is incorporated by reference, in or forms part of, this Prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

## ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP and Stikeman Elliott LLP, the Notes, if acquired on the date hereof and if on the date hereof they (i) have an investment grade rating with a prescribed credit rating agency (which includes certain Designated Rating Organizations) and (ii) are issued as part of a single issue of debt of at least \$25,000,000, will, unless otherwise specified in a pricing supplement, be qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (“TFSA”).

Notwithstanding that the Notes may be qualified investments for trusts governed by TFSA, RRSPs or RRIFs, the holder of a TFSA or the annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Notes are “prohibited investments” (as defined in the Tax Act) for a trust governed by the TFSA, RRSP or RRIF, as the case may be. The Notes will generally be a prohibited investment if the holder of a TFSA or the annuitant under an RRSP or RRIF, as the case may be, does not deal at arm’s length with the Trust for purposes of the Tax Act or has a “significant interest” (within the meaning of the Tax Act) in the Trust or in any corporation, partnership or trust with which the Trust does not deal at arm’s length for purposes of the Tax Act. Prospective purchasers should consult and rely on their own tax advisors in this regard.

## TRANSACTION STRUCTURE SUMMARY

The following is a brief overview of the transaction structure and is qualified by the more detailed information contained in this Prospectus. Certain terms are defined in this Transaction Structure Summary for ease of reference and are also defined elsewhere. In some cases the meanings of such terms have been simplified or abbreviated to preserve the summary intent of this part of the Prospectus. Prospective investors are cautioned that such intent may be inconsistent with a full understanding of material terms of the transactions described. Reference to the more detailed descriptions, including the defined terms set out in the “Glossary”, is recommended.

### Canadian Tire, CTFS and CTB

Canadian Tire Corporation, Limited (“Canadian Tire”), through a network of 487 associate stores located throughout Canada (“Canadian Tire Associate Stores”), sells merchandise including automotive parts and accessories, sports and leisure products and home products. Canadian Tire is also one of Canada’s largest independent retailers of gasoline, owns Mark’s Work Wearhouse Ltd., owns FGL Sports Ltd. and owns Canadian Tire Bank (“CTB”) and its parent, Canadian Tire Financial Services Limited (“CTFS”).

CTB, a Schedule I Canadian chartered bank governed by the *Bank Act* (Canada), is a direct wholly-owned subsidiary of CTFS and an indirect, wholly-owned subsidiary of Canadian Tire. CTB commenced operations on July 1, 2003 after acquiring CTFS’s Canadian Tire and MasterCard<sup>1</sup> consumer credit card business. In connection with such acquisition, CTB assumed the rights and obligations of CTFS as Seller and Servicer under the Pooling and Servicing Agreement and certain related agreements to which CTFS was a party. CTB also assumed the rights and obligations of CTFS as Administrator of the Trust. Effective July 1, 2003, CTB appointed CTFS as sub-Servicer and sub-Administrator.

CTFS markets a range of Canadian Tire-branded credit cards, including the Canadian Tire Options MasterCard, the Cash Advantage MasterCard, the Gas Advantage MasterCard and the Sport Chek MasterCard. CTFS also markets various insurance and warranty products. CTB issues, manages and finances (through the Trust, in the case of MasterCard and Canadian Tire credit cards) Canadian Tire’s consumer MasterCard, Visa<sup>2</sup> and Canadian Tire credit cards and the related accounts and receivables generated thereunder. As at October 31, 2012, CTB’s managed credit card receivables totalled \$4.11 billion. CTFS manages the processing of all transactions on credit cards issued by CTB and provides other services, including outsourced services, to CTB.

<sup>1</sup> MasterCard is a registered trademark of MasterCard International Inc. CTB is a licensee of the MasterCard trademark. CTB’s permitted use of the MasterCard trademark in this short form prospectus does not constitute and should not be taken as a MasterCard International Inc. warranty, guarantee or other endorsement of any kind, of the securities offered by the Issuer in association with MasterCard-related Receivables.

<sup>2</sup> Visa is a registered trademark of Visa International Service Association. CTB is a licensee of the Visa trademark. CTB’s permitted use of the VISA trademark in this short form prospectus does not constitute and should not be taken as a VISA Inc., VISA International Service Association or VISA Canada Corporation warranty, guarantee or other endorsement of any kind, of the securities offered by the Issuer in association with the VISA-related Receivables.

## Credit Card Accounts

MasterCard credit card accounts are created in connection with the extension of credit by CTB to cardholders on a revolving basis to finance the purchase of products and services from entities that accept the MasterCard credit card as a form of payment and to make cash advances to cardholders. Canadian Tire credit card accounts were created in connection with the extension of credit by CTB to cardholders on a revolving basis to finance the purchase of products and services from Canadian Tire Associate Stores, other Canadian Tire operations and certain organizations associated with Canadian Tire, and to make cash advances to cardholders.

Amounts owing under selected MasterCard credit card accounts and Canadian Tire credit card accounts (the “**Accounts**”), are referred to herein as “**Receivables**”. The aggregate dollar amount of Receivables fluctuates from day to day as new Receivables are generated in the Accounts and as Receivables are collected, written-off or otherwise adjusted. Other Credit Card Accounts including Visa accounts, may be designated as Accounts from time to time, but the Accounts currently consist of only MasterCard and Canadian Tire credit card accounts.

## The Pool of Receivables

All of CTB’s right, title and interest in, to and under the Receivables, certain related rights and the proceeds therefrom (making up, generally, the “**Account Assets**”) have been delivered to and deposited with Computershare Trust Company of Canada, as Custodian under the Pooling and Servicing Agreement, acting as agent and bailee for and on behalf of CTB and the Trust, as a Co-Owner (discussed below). In connection with the delivery and deposit of the Account Assets, CTB or CTFS, as applicable, was and CTB will in the future be required to indicate in its computer files that its right, title and interest in the Receivables have been delivered to and deposited with the Custodian.

CTB has the right (subject to certain limitations and conditions), and in some circumstances is obligated, to designate from time to time additional Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts (the “**Additional Accounts**”) to be included as Accounts and to sell undivided co-ownership interests in the Receivables and the other related Account Assets existing thereunder to the Co-Owners in accordance with the Pooling and Servicing Agreement. Discontinued use of credit card accounts is normal and naturally leads to attrition in the total balance of Receivables under the Accounts. To offset the impact of such attrition, CTB adds Additional Accounts from time to time, subject to satisfaction of the requirements and conditions set out in the Pooling and Servicing Agreement. Additional Accounts may also be added to increase the size of the pool of Accounts under which Account Assets can be generated. CTB may also substitute Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts (the “**Substituted Accounts**”) and Receivables thereunder for Canadian Tire credit card accounts, MasterCard credit card accounts or Other Credit Card Accounts (as the case may be) and Receivables thereunder of the same cardholders. Each Additional Account and Substituted Account is required to meet certain eligibility criteria as of the applicable addition date or substitution date.

## The Trust

The Trust was established as a special purpose trust on March 31, 1995. The name of the Trust was changed from Canadian Tire Receivables Trust to Glacier Credit Card Trust on June 30, 2003. On September 5, 2008, Computershare Trust Company of Canada succeeded the predecessor trustee of the Trust as “**Issuer Trustee**”. The Trust was established to purchase undivided co-ownership interests (“**Ownership Interests**”) in the Account Assets and to provide income to the beneficiary of the Trust. The Trust may acquire from CTB from time to time, pursuant to specific Series Purchase Agreements and in accordance with the Pooling and Servicing Agreement, one or more such Ownership Interests, which are sold in “**Series**”. The Trust finances its purchase of an Ownership Interest of a Series by the creation and issuance of a related series of Notes or other obligations. CTB serves as the “**Administrator**” of the Trust.

This prospectus describes the transactions under which the Trust may purchase Series and issue Notes. In the future, CTB may, subject to satisfying certain conditions, sell Series to persons other than the Trust. CTB will retain the residual undivided co-ownership interest (the “**Retained Interest**”) in the Account Assets. The Trust and each other owner of an Ownership Interest are referred to individually as a “**Co-Owner**” and collectively as the “**Co-Owners**”.

The Trust will issue additional series of Notes to finance future acquisitions of Series. Each series of Notes issued by the Trust is and will be secured by the corresponding Series acquired with the proceeds of issuance of such notes. Recourse to the Trust for amounts owing under a series of Notes is and will be limited to the right to be paid amounts distributed to the Trust in respect of the corresponding Series, together with amounts deposited into or earned in certain accounts established in relation to the Series, subject to the prior payment of certain expenses and priority obligations. The terms of a series of Notes, including the nature and extent of permitted priority obligations, will be specified in a related series supplemental trust indenture (a “**Series Supplement**”) to the trust indenture dated as of November 29, 1995 between the Issuer Trustee, as trustee of the Trust, and BNY Trust Company of Canada (the “**Indenture Trustee**”) (successor to the original indenture trustee) (the trust indenture, as so supplemented and as previously supplemented by a first supplemental indenture dated as of November 15, 2004, a second supplemental indenture dated as of November 11, 2010 and a third supplemental indenture dated as of February 8, 2012, the “**Trust Indenture**”). No Series Supplement for a future series of Notes may change the terms of an existing series of Notes or the terms of the Trust Indenture as applied to such existing series. However, a new series of Notes may introduce events of default that, by the cross-default provisions of existing series of Notes, will apply to each other series of Notes. Certain remedies arising upon the occurrence of events of default, including the right to replace CTB as the Administrator and to exercise certain rights and discretions of the Issuer Trustee, may only be exercised upon the affirmative vote of persons holding a specified percentage of the aggregate outstanding principal amount of all outstanding Notes.

### **Collections**

Under the Pooling and Servicing Agreement, CTB, as the “**Servicer**”, is required to maintain a deposit account (the “**Collection Account**”) in the name of the Custodian, in trust for all Co-Owners and CTB. Collections are required to be deposited into the Collection Account by the Servicer, except in the circumstances and at the times described below. Amounts deposited into the Collection Account will thereafter be deposited into the applicable accumulations accounts or other Series Accounts established for individual series of Notes or otherwise will be distributed to CTB in respect of the Retained Interest or held unallocated, in each case based upon the respective entitlements of Co-Owners and CTB to receive allocations and distributions of Collections under the Pooling and Servicing Agreement and the related Series Purchase Agreements.

As Servicer, CTB will be obligated to deposit into the Collection Account those Collections which are required for distribution to Co-Owners in respect of all Series within two Business Days of the applicable date of processing. However, if CTB satisfies certain requirements, including the provision of a guarantee from Canadian Tire of CTB’s Servicer obligations and the maintenance by Canadian Tire of at least an “R-1(low)” rating from DBRS and at least an “A-1+” rating from S&P (or such other ratings as may be provided in the related Series Purchase Agreement and set out in the applicable pricing supplement), CTB will be permitted to commingle Collections otherwise required to be deposited in respect of a Series with its general funds until the Business Day prior to the relevant payment or specified deposit date (each as specified in the “**Distribution Notice**”). As of the date of this Prospectus, Canadian Tire’s ratings from DBRS and S&P are “R-1(low)” and “A-1(low)”, respectively. Accordingly, CTB would not currently be permitted to commingle Collections required to be deposited in respect of such Series. CTB may be permitted to commingle Collections required to be deposited in respect of a Series if it satisfies commingling conditions set forth for such Series. As Servicer, CTB will be obligated to deposit into the Collection Account Collections within two Business Days of receipt of such Collections, but only to the extent that such Collections are required for distribution to or deposit in a Series Account for the benefit of one or more Co-Owners, in each case as specified or determined in accordance with the Series’ distribution notice. If CTB commingles any excess Collections, as permitted under the Pooling and Servicing Agreement, but is required to comply with the Partial Commingling Condition, and the daily asset test described in paragraph (a) of the definition of Partial Commingling Condition indicates that the Pool Balance is less than the Required Pool Amount on such Business Day, then the Servicer will thereafter deposit Collections into the Collection Account not later than the second Business Day after the applicable date of processing, and no payment will be made to the Seller with respect to its Retained Interest until the Pool Balance is at least equal to the Required Pool Amount or an Amortization Event has occurred, in which case the Seller will only receive payments with respect to its Retained Interest in accordance with the provisions of the Pooling and Servicing Agreement or the Series Purchase Agreement that apply upon the occurrence of an Amortization Event. If CTB is not permitted to commingle Collections required to be deposited in respect of a particular Series, but is permitted to commingle deposits in respect of other Series, then, despite the general requirement to deposit Collections into the Collection Account described above, the Servicer will be required to deposit Collections required to be deposited in respect of such Series directly into the applicable Series Accumulations Account or other Series Account, as applicable, on the day that such deposits would otherwise have been made into the Collection Account.

### **The Revolving Period**

The Revolving Period for each Series will begin on the closing of the related offering of Notes and will end on the earlier of the related Liquidation Commencement Day and Amortization Commencement Day. During each month of the applicable Revolving Period, the Trust will receive in respect of each Series an amount sufficient to pay interest accruing during the month under the related Notes and other specified expenses. Collections will be distributed to the Trust to be applied toward payment of such interest and expenses when due and payable. Also, during the related Pre-Liquidation Reserve Period, deposits will be made to the related Series Liquidation Yield Reserve Account as required to the extent of available funds.

### **The Liquidation Period**

Subject to the occurrence of an Amortization Event relating to a Series, the Revolving Period for such Series will end and the Liquidation Period for such Series will commence on a date stipulated in the related Series Purchase Agreement (and set out in the applicable pricing supplement); provided, however, that if the Controlled Liquidation Period Length for such Series (determined as described below) is more than one month, the date on which the Liquidation Period for such Series actually begins will be the close of business on the last day of the month preceding the month that is the number of full calendar months prior to the month in which the related Expected Repayment Date occurs equal to such Controlled Liquidation Period Length. As a result, the number of Determination Periods in the Liquidation Period will at least equal the Controlled Liquidation Period Length. On the Calculation Day immediately preceding the Determination Day that occurs no later than twelve months preceding the related Expected Repayment Date, and on each Calculation Day thereafter that occurs prior to the earlier of (i) the Calculation Day occurring in the Determination Period in which the Liquidation Period is scheduled to begin and (ii) the Amortization Commencement Day, the Servicer will determine the “**Controlled Liquidation Period Length**” which will equal the minimum number of months such that the sum of the Controlled Liquidation Period Factors for each month during the Liquidation Period will be equal to or greater than the Required Liquidation Factor Number; provided, further, that the Controlled Liquidation Period Length will not be less than one month. Notwithstanding the foregoing, if the Controlled Liquidation Period Length for a Series has been determined to be less than twelve months and, after the date on which such determination is made, a series amortization event as designated in any Series Purchase Agreement (each, a “**Series Amortization Event**”) will occur with respect to any other outstanding Series, the Liquidation Period will begin on the earlier of (i) the first day of the Determination Period immediately succeeding the date that such Series Amortization Event has occurred with respect to such Series and (ii) the date on which the Liquidation Period is then scheduled to commence. The effect of the foregoing calculation is to permit the reduction or increase of the length of the Liquidation Period for a Series based on the invested amount of certain other Series which are scheduled or expected to be in their Revolving Periods during the Liquidation Period for the relevant Series and increases or decreases in the principal payment rate occurring after the applicable Closing Date. During the Liquidation Period for a Series, funds are to be accumulated in the related Series Liquidation Principal Funding Account by way of equal monthly deposits.

The Liquidation Period for a Series will end on the earlier of (a) the last day of the month in which the stated dollar amount of such Series is reduced to zero; and (b) the occurrence of the Amortization Commencement Day for such Series.

### **The Amortization Period**

Upon the occurrence of an Amortization Event for a Series that is not waived and, in the case of certain Amortization Events, after the delivery by the Issuer Trustee or the Custodian of a notice to CTB or a successor Servicer, the Amortization Period for such Series will commence. Unless otherwise set out in the applicable pricing supplement, Amortization Events for a Series include: (a) failure on the part of CTB, in its capacity as the Seller, or the Servicer, to make any distribution, transfer or deposit as required; (b) any representation or warranty made by CTB, in its capacity as the Seller, or the Servicer, in the Pooling and Servicing Agreement or the related Series Purchase Agreement, is found to have been incorrect when made; (c) certain events related to the insolvency of CTB or Canadian Tire; (d) a Servicer Termination Event has occurred; (e) an Event of Default has occurred and be continuing; and (f) the failure to achieve certain pool performance criteria. During the Amortization Period for a Series, the Custodian will withdraw from the Collection Account and deposit into the related Series Accumulations Account on each Business Day Collections required to be distributed to such Series for the day.

Each Series has its own amortization events, which may be different from those of other Series. Therefore, different Series may not amortize and Collections may not be distributed to Co-Owners in the same circumstances and at the same time.

### **Enhancement Amount**

The Pooling and Servicing Agreement generally allocates account balance write-offs and pool income deficiencies to the Seller and Co-Owners proportionately, based on their respective stated dollar interests in the Receivables. However, a Series Purchase Agreement that creates a new Series may, by its terms, disproportionately allocate account balance write-offs and pool income deficiencies to the Seller's Retained Interest. If such disproportionate allocation occurs, the stated dollar amount of the Retained Interest (the "**Retained Interest Amount**") would be reduced disproportionately. The "**Enhancement Amount**" of a Series represents the maximum amount, in dollars, by which the Seller's Retained Interest may be disproportionately reduced in these circumstances.

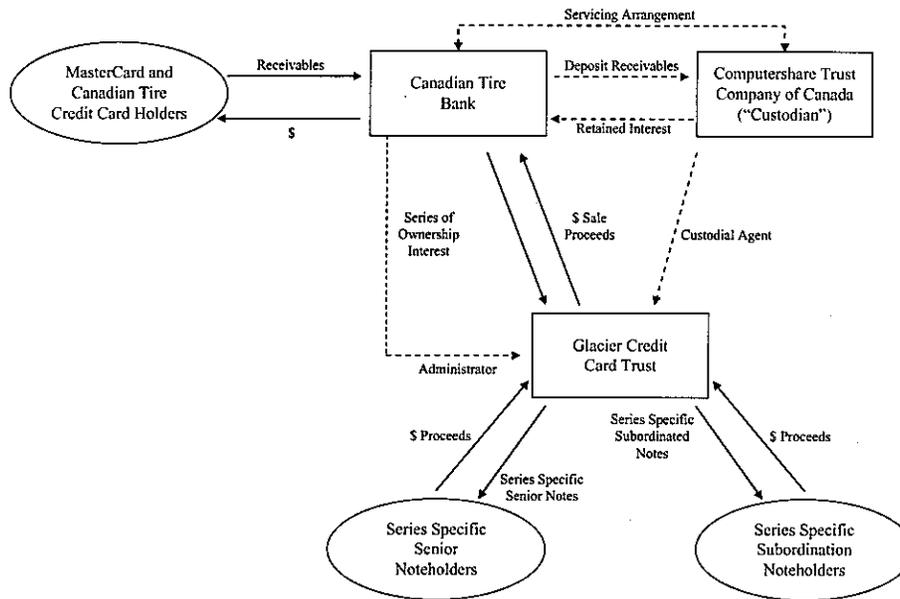
The following simplified hypothetical example illustrates the basic mechanics of the disproportionate allocations described above. Assume that account balance write-offs during a month (for illustrative purposes, assume \$100) were to exceed the amount accruing under the Accounts in respect of credit charges (assume \$60). The excess would (other things remaining the same) result in a net reduction in the aggregate amount owing under the Receivables (subject to certain adjustments, the "**Pool Balance**") (on these assumptions, a reduction of \$40). Absent an Enhancement Amount for a Series, the Pooling and Servicing Agreement would recognize this reduction by adjusting the stated dollar amount of each Series (for a Series, the "**Invested Amount**") based roughly on the percentage that the Invested Amount for the Series is of the Pool Balance (assume \$30, equal to 75% of the \$40 reduction). The Retained Interest Amount equals, in effect, the Pool Balance minus the sum of all of the Invested Amounts for existing Series. Assuming that no other Series exists at the time, the Retained Interest Amount would, absent an Enhancement Amount, reduce by the balance of the reduction (on these assumptions, by \$10). However, if the Enhancement Amount were positive (assume the Enhancement Amount equalled \$10 at the relevant time), the adjustment to the Invested Amount would equal the amount by which the reduction otherwise made (\$30) exceeds the Enhancement Amount (resulting in a reduction to the Invested Amount of \$20, being \$30 minus the \$10 Enhancement Amount). The reduction in the Retained Interest Amount would be correspondingly larger (rather than \$10, it would be \$20). Consequently, the Pooling and Servicing Agreement would allocate a larger portion of the reduction, in percentage terms, to the Seller (rather than being allocated 25% of the reduction, the Seller would be allocated 50% of the reduction).

The Pooling and Servicing Agreement requires the Seller to maintain its undivided interest in the Receivables (as represented by the Retained Interest Amount) such that the Pool Balance at any time exceeds the sum of the Invested Amounts for all Series by at least the sum of (i) the Enhancement Amounts for all Series and (ii) an amount to cover anticipated pool dilutions. The requirement to maintain the Retained Interest Amount at this minimum level, in addition to covering pool dilutions, is meant to ensure that if a disproportionate amount of account balance write-offs and pool income deficiencies is allocated to the Seller by way of a disproportionately large reduction of the Retained Interest Amount, the Retained Interest will be large enough, in quantum terms, to absorb such disproportionate allocation, up to the Enhancement Amount.

Each Series Purchase Agreement (and each pricing supplement) will specify the initial Enhancement Amount, if any, for the related Series. If a disproportionate amount of account balance write-offs and pool income deficiencies are allocated to the Seller, the write-offs and deficiencies that would have otherwise been allocated to the Series by way of a reduction in the Invested Amount of the Series will be correspondingly reduced. The Enhancement Amount for a Series would decrease by the amount of such disproportionate allocation, thereby reducing the extent of any future disproportionate allocations to the Seller of account balance write-offs and pool income deficiencies. However, if the Receivables generate net income in the future in excess of the amount required to cover a Co-Owner's Series costs and expenses, past reductions in the Enhancement Amount may be reversed to the extent of any such excess.

## Transaction Structure

The following diagram depicts generally the transaction structure.



## GLACIER CREDIT CARD TRUST

### The Issuer Trustee

Glacier Credit Card Trust (formerly Canadian Tire Receivables Trust) was established pursuant to the Declaration of Trust dated as of March 31, 1995, as amended and restated as of November 29, 1995, as further amended on November 19, 2002, on June 30, 2003, on September 5, 2008 and on July 21, 2010. On June 30, 2003, the name of the Trust was changed from Canadian Tire Receivables Trust to Glacier Credit Card Trust. On September 5, 2008, Computershare Trust Company of Canada succeeded the predecessor trustee of the Trust as “**Issuer Trustee**” of the Trust. The Declaration of Trust is governed by the laws of the Province of Ontario. Computershare Trust Company of Canada is licensed to carry on business as a trustee in all provinces and territories of Canada. The head office of the Trust and the Toronto office of the Issuer Trustee are at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1.

### Special Purpose Nature of the Trust

The Trust was established to purchase from CTB undivided co-ownership interests in a revolving pool of credit card receivables and to provide income to the beneficiary of the Trust. The Trust may acquire from CTB from time to time, pursuant to specific Series Purchase Agreements and in accordance with the Pooling and Servicing Agreement, one or more Series in the Account Assets. See “Series of Ownership Interests”, “The Custodial, Co-Ownership and Servicing Arrangement – Sale of Other Series” and “The Account Assets”.

Payments by the Trust in respect of a series of Notes, and the related Additional Funding Expenses (including, in each month, the related Subordinated Loan Repayment Amount) will be made from Collections and other amounts distributed to the Trust in respect of the related Ownership Interest including amounts payable to the Trust from the related Series Liquidation Principal Funding Account and the related Series Liquidation Yield Reserve Account. As such, holders of a series of Notes will have recourse only to the related Series and the related Series Accounts, and not to Ownership Interests of other Series or other assets of the Trust. A portion of the Trust’s operating and administrative expenses and a portion of the distribution to be made to the beneficiary of the Trust will be included in the ownership income share of each Series owned by the Trust.

### **The Trust Assets**

The assets of the Trust (the “Trust Assets”) will generally consist of:

- (a) Ownership Interests of each Series purchased by the Trust using the proceeds of Notes and/or other obligations issued under, or permitted by, the Trust Indenture, including a co-ownership interest in the amounts on deposit in the Series Liquidation Yield Reserve Accounts and the Series Liquidation Principal Funding Accounts;
- (b) amounts received by the Trust in respect of Ownership Interests of each Series and deposited into the Series Accumulation Accounts, together with any Eligible Investments and the proceeds therefrom;
- (c) investments and deposits in accumulations accounts and possibly other Eligible Deposit Accounts into which amounts received in respect of the Ownership Interests described in (a), above, will be deposited and proceeds of such investments and deposits;
- (d) credit enhancements which may be entered into by the Trust to support, enhance or provide for payment under Notes and other obligations issued under, or permitted by, the Trust Indenture; and
- (e) undistributed residual property to be distributed to the charitable beneficiary of the Trust, including undistributed income.

### **Administration of the Trust**

Pursuant to the Administration Agreement, CTB (as assignee of CTFS) has agreed to carry out certain administrative and management activities for and on behalf of the Trust, including, among other things, those activities contemplated to be performed by the Trust under the Trust Documents to which the Trust is a party. The Trust has agreed to pay CTB an annual fee of \$50,000 in consideration for the performance by CTB of the activities and the fulfilment by CTB of the responsibilities under the Administration Agreement. A portion of the administration fee will be included as Additional Funding Expenses in respect of each Series. CTB has appointed CTFS as sub-Administrator for which no consideration is payable.

## CANADIAN TIRE CORPORATION, LIMITED

Canadian Tire was founded in 1922 by J.W. Billes and A.J. Billes. Canadian Tire now offers a range of products and services to Canadians through a portfolio of leading brands and banners in Canada. Canadian Tire's retail business is supported and strengthened by its financial services business.

### Retail Business Segment

- Canadian Tire Retail ("CTR"), a division of Canadian Tire, is one of Canada's most shopped general merchandise retailers, with a network of 487 Associate Stores ("Canadian Tire Associate Stores") operated by Associate Dealers, who are independent business owners. Associate Dealers are Canadian Tire retailers who buy merchandise from Canadian Tire and sell it to consumers in Canadian Tire Associate Stores. CTR operates in the Living, Fixing, Playing and Automotive categories. CTR also includes PartSource. PartSource is a chain of 87 specialty automotive hard parts stores that cater to serious "do it yourselfers" and professional installers of automotive parts. The PartSource network consists of 24 franchise stores and 63 corporate stores.
- Canadian Tire Petroleum ("Petroleum") is one of Canada's largest independent retailers of gasoline with a network of 293 gas bars, including 287 convenience stores and kiosks, 76 car washes, 6 Pit Stops and 89 propane stations. The majority of Petroleum's sites are co-located with Canadian Tire Associate Stores as a strategy to attract customers to Canadian Tire Associate Stores. Substantially all of Petroleum's sites are operated by agents.
- Mark's Work Wearhouse Ltd. is one of Canada's leading clothing and footwear retailers, operating 387 stores in Canada, that offer men's wear, women's wear and industrial wear.
- FGL Sports Ltd. is the largest national sporting goods retailer in Canada with a total of 490 stores operating through corporate and franchise banners that include 156 Sport Chek stores, 70 Sport Experts stores and 56 Atmosphere stores.

### Financial Services Segment

- Financial Services, comprised of CTFS and CTB, markets a range of Canadian-Tire branded credit cards, including the Canadian Tire Options MasterCard, the Cash Advantage MasterCard, the Gas Advantage MasterCard, the Sport Chek MasterCard and the Canadian Tire credit card. Financial Services also markets insurance and warranty products. CTB, as described below, also offers and markets High-Interest Savings Account deposits, Tax-Free Savings Account deposits and Guaranteed Investment Certificate deposits, both directly and through third-party brokers.

## CANADIAN TIRE BANK

CTB, a Schedule I Canadian chartered bank governed by the *Bank Act* (Canada), is a direct, wholly-owned subsidiary of CTFS and an indirect, wholly-owned subsidiary of Canadian Tire. CTB is primarily engaged in advancing credit to holders of MasterCard, Visa or Canadian Tire credit cards and financing and managing the related accounts and receivables. CTB is a member of Canada Deposit Insurance Corporation (CDIC) and eligible deposit products issued by CTB qualify for CDIC insurance coverage.

On June 30, 2003, CTB acquired CTFS's MasterCard and Canadian Tire consumer credit card business. In connection with such acquisition, CTB assumed the rights and obligations of CTFS as Seller and Servicer under the Pooling and Servicing Agreement and certain related agreements to which CTFS was a party. CTB also assumed the rights and obligations of CTFS as Administrator of the Trust. Effective July 1, 2003, CTB appointed CTFS as sub-Servicer and sub-Administrator.

In 2006, CTB began offering retail banking products, including High-Interest Savings Accounts, GICs and residential mortgages in certain pilot markets. CTB subsequently introduced Tax-Free Savings Accounts in which CTB retail deposit products can be held. In 2009, CTB sold its portfolio of mortgages to another Canadian financial institution for \$162.2 million and expanded the offering of its deposit products nationally except in Quebec.

CTB administers for Canadian Tire the Canadian Tire 'Money' on the Card® portion of the Canadian Tire 'Money' loyalty program. The program provides electronic-based Canadian Tire 'Money' awards to customers who use their Canadian Tire Options MasterCard credit card or Canadian Tire credit card for qualifying purchases. Canadian Tire 'Money' on the Card entitles holders to redeem the awards on future purchases of merchandise and services at Canadian Tire Associate Stores.

## CANADIAN TIRE CREDIT CARD BUSINESS

### General

The Account Assets are generated from transactions made by Obligor under two different credit card programs which CTB services: MasterCard credit card accounts and Canadian Tire credit card accounts.

MasterCard credit cards issued by CTB may be used to finance the purchase of products and services from time to time from Canadian Tire Associate Stores and other organizations accepting MasterCard credit cards and to obtain cash advances. As at October 31, 2012, CTB serviced approximately 5.5 million MasterCard credit card accounts, of which approximately 1.7 million had balances greater than zero.

Canadian Tire credit cards may be used by customers to finance the purchase of products or services from time to time from Canadian Tire Associate Stores and Canadian Tire gas bars; and to obtain cash advances at Canadian Tire Associate Stores. As at October 31, 2012, CTB serviced approximately 211,000 Canadian Tire credit card accounts, of which approximately 24,000 had balances greater than zero.

Since 1995, CTB (or its assignor CTFS) has selectively issued MasterCard credit cards to customers. In addition, CTB (or its assignor CTFS) has converted most eligible Canadian Tire credit cardholders to MasterCard credit cardholders. This strategy has resulted in the aggregate receivables balance for the Portfolio being comprised of primarily MasterCard credit card accounts. As at October 31, 2012, the aggregate balance of receivables in the Portfolio of MasterCard credit card accounts was approximately \$4.10 billion, representing 99.6% of the total Portfolio. As at October 31, 2012, the aggregate balance of receivables in the Portfolio of Canadian Tire credit card accounts was approximately \$9.4 million, representing 0.2% of the total Portfolio. As such, since 1995 the Portfolio has changed from being primarily Canadian Tire credit card accounts to primarily MasterCard credit card accounts.

CTB acts as Servicer of the Receivables pursuant to the Pooling and Servicing Agreement. See "The Custodial, Co-Ownership and Servicing Arrangement – Servicing of the Receivables". CTB also acts as the Administrator of the Trust pursuant to the Administration Agreement. See "Glacier Credit Card Trust – Administration of the Trust".

CTB's Credit Centre is located in Welland, Ontario, St. Catharines, Ontario and Oakville, Ontario.

### Terms of Accounts

Each Account is subject to the terms and conditions set out in a Credit Card Agreement. MasterCard credit card accounts and Canadian Tire credit card accounts have different terms and conditions. Under the Pooling and Servicing Agreement, CTB has the right to amend or otherwise change, subject to compliance with all applicable laws, the terms and provisions of the Accounts, the terms and provisions of the Credit Card Agreements related thereto and/or its practices and procedures relating to the operation of its credit card business in any respect whatsoever only if such change is made in compliance with certain conditions. See "The Custodial, Co-Ownership and Servicing Arrangement – Restrictions on Amendments to the Terms and Conditions of the Accounts".

### Credit Applications

CTB generates new credit card accounts on an ongoing basis primarily through credit applications made available to prospective customers at Canadian Tire Associate Stores. Canadian Tire and Visa credit card applications have been discontinued and only MasterCard credit applications are made available to prospective customers. CTB evaluates each application for credit using the factors described below.

CTB outsources credit application processing to CTFS. All credit applications are directed to the Credit Centre for processing. Approval is based on a strategy using credit bureau risk scores, application scores and fraud filters. The credit bureau data carries substantial weight in the approve/decline/credit limit decision. The credit scoring strategy is periodically reviewed and updated by CTB.

Initial credit limits are generally in place for a minimum of six months. The maximum initial credit limit granted is currently \$25,000 for a MasterCard credit card. Credit risk scores are used to monitor performance once the credit application has been approved. Credit limits may be varied by the Credit Centre upon a customer's request based upon a review of related performance information and may be varied with customer consent based upon customer data generated through the use of a series of behavioural and bureau scorecards, masterfile data and updated demographic information.

## **Billing and Payments**

Customer accounts are segregated into cycles for the purposes of determining monthly processing and statement production and billing dates. There are 25 cycles for both Canadian Tire credit card accounts and MasterCard credit card accounts.

MasterCard credit card customers are required to make a minimum payment each month equal to the sum of: (a) interest charges, plus (b) fees, plus (c) \$10, plus (d) the greater of any amount past due or any balance over the customer's credit limit, plus (e) the amount of any equal payments plan installments then due.

Canadian Tire credit card customers are required to make a minimum payment each month equal to: (A) the greater of (i) \$10 or (ii) 4% of the balance shown on the statement other than amounts still outstanding under special payment plans (or such other percentage as may be specified in writing by CTB), plus (B) the greater of (i) the portion of the minimum payment that was due on the last statement but has not been paid or (ii) any amount over the credit limit, plus the amount of any equal payments plan installments then due.

In all instances, balances under \$10.00 are due in full.

Interest accrues daily on each charge made to a credit card account from the date of the transaction giving rise to the particular charge at a daily interest rate equivalent to the applicable annual interest rate divided by the number of days in the particular calendar year. Interest is compounded monthly. However, a customer will not have to pay interest on new purchases if payment in full of the balance on a statement is received by the due date for that statement. The due date is 26 days from the statement date for residents of Québec and 21 days from the statement date for customers who reside elsewhere. If the due date falls on a Saturday, Sunday or a holiday it will be automatically extended to the next business day. There is no interest-free grace period for cash advances, balance transfers, convenience cheques and other transactions, such as gaming transactions, that do not constitute a purchase of goods or services, or for fees charged for such transactions.

CTB currently offers fixed rate credit card accounts and occasionally offers temporary promotional rates on those accounts and "no interest, no payment" plans. CTB may offer additional interest rate programs in the future.

## **Collection Procedures**

The collection process proceeds in stages and is initiated at a point in the cycle when an account is in arrears and CTB determines, based upon, among other things, an assessment of the statistical probability that an account will be written-off and that collection procedures should be initiated. The collection process is initiated by inserting a comment on the customer's monthly billing statement and by making contact with the customer (by collection staff or automated dialer), reminding the customer that his or her payment is past due. If such contact does not result in a payment to the account, collection tracking analysis is initiated. If collection efforts made by CTB collection personnel are not successful, CTB may refer accounts to third party collection agencies as part of its overall collection strategy.

CTB writes off the receivables owing under both Canadian Tire credit card accounts and MasterCard credit card accounts which are in arrears for 180 days or more as determined in accordance with the Servicer's normal practices. In circumstances where CTB becomes aware of cardholder fraud or bankruptcy, or a cardholder proposal under the *Bankruptcy and Insolvency Act* (Canada), outstanding balances under such accounts are immediately identified for write-off. Once an account has been designated as a written-off account, CTB may transfer the account to a collection agency and will continue to monitor the recoveries and/or progress on such accounts. For the purpose of the Invested Amount calculation, Written-Off Amounts include the sum of all receivables balances in all Written-Off Accounts, which are (a) Accounts in arrears for 180 days or more as determined in accordance with the Servicer's normal practices, or (b) Accounts subject to bankruptcy proceedings or where fraud has been perpetrated. Each Series will continue to represent an interest in Written-Off Amounts and all Recoveries will be treated as Collections and dealt with as noted under "Series of Ownership Interests – Allocation of Collections".

## **Changes in Credit Granting and Collection Procedures**

CTB may amend its credit granting policies and/or its practices and procedures relating to collection of Receivables under the Accounts. See "The Custodial, Co-Ownership and Servicing Arrangement – Restrictions on Amendments to the Terms and Conditions of the Accounts". These amendments may include changes to the statistical evaluation systems used and the collection strategies with which CTB manages the Portfolio.

## **SERIES OF OWNERSHIP INTERESTS**

In connection with each sale by the Seller to a Co-Owner of a Series, the Co-Owner will enter into a Series Purchase Agreement, pursuant to which it will purchase, and the Seller will sell, transfer, assign and convey to it, a Series as of the date specified therein. The creation, transfer and servicing of each Series is provided for in the Pooling and Servicing Agreement as supplemented by the related Series Purchase Agreement. Each Series will constitute an undivided co-ownership interest in the Account Assets purchased pursuant to the related Series Purchase Agreement entitling the Co-Owner to those rights and benefits set out in the Pooling and Servicing Agreement and in the related Series Purchase Agreement. The following is a description of certain material attributes of each Series. This description does not purport to be complete. Reference is made to the Pooling and Servicing Agreement and to the related Series Purchase Agreement for the full particulars of the attributes of a particular Series. Each Series Purchase Agreement to which the Trust is a party will be in substantially identical form differing only as set out in the applicable pricing supplements. See "Material Contracts".

### **Creation and Purchase of a Series of Ownership Interests**

On or before each Closing Date, the Trust, CTB and the Custodian will enter into a Series Purchase Agreement under which, among other things, the Trust will purchase, and CTB will sell, a Series. Each Series will have an initial Invested Amount equal to the aggregate principal amount of the applicable Notes. The proceeds of the offering of a series of Notes will be used by the Trust to finance the purchase of the applicable Series, as described under "Use of Proceeds".

### **Description of Series of Ownership Interests**

Each Series includes a fully serviced, undivided co-ownership interest in the Account Assets existing from time to time entitling the Trust to receive a share of future Collections from the Account Assets of up to, but in some circumstances less than, an amount sufficient to cover the Trust's future payment obligations under the related series of Notes and certain other amounts. At any time, the Trust's aggregate entitlement to future Collections from its investment in a Series will equal the Invested Amount for such Series determined at that time.

The Invested Amount of a Series on any Determination Day is generally calculated as the aggregate of:

- (a) the Unadjusted Invested Amount on the Determination Day;

plus:

- (b) an amount of Credit Charge Receivables plus Recoveries for the related Determination Period equal to the lesser of: (i) the amount, if any, by which the Ownership Income Source for the related Determination Period is greater than zero, and (ii) an amount equal to the Ownership Income Share for the related Determination Period;

minus:

- (c) the amount, if any, by which the Ownership Income Source for the related Determination Period is less than zero;

plus:

- (d) the Enhancement Draw Amount, if any, on such Determination Day;

provided, however, that if, the sum of the Invested Amounts of all Series for a Determination Day exceed the Pool Balance on such day, the Invested Amount of the applicable Series for the day will equal the product of (x) the Pool Balance for the day and (y) a fraction, the numerator of which is the amount that would have been the Invested Amount of such Series for the day if determined without regard to this proviso, and the denominator of which is the sum of the amounts that would have been the Invested Amounts of all Series for the day if each had been determined without regard to the equivalent proviso.

The Invested Amount determines the entitlement of the Trust as Co-Owner to Collections and to a monthly share of Credit Charge Receivables, Recoveries and Pool Losses. See “– Allocation of Collections” and “– Description of Series of Ownership Interests – Allocation of Credit Charge Receivables, Recoveries and Pool Losses”. The following is a description of the various defined terms and elements underlying the foregoing calculation:

*Elements of the Invested Amount Formula*

The “**Unadjusted Invested Amount**” on a day in respect of a Series is the amount, if any, by which the aggregate of (a) the Invested Amount of such Series on the immediately preceding Determination Day and (b) all amounts, each of which is the stated dollar amount of an Additional Ownership Interest of such Series acquired after such Determination Day and on or before the day, exceeds (c) the aggregate of all Collections deposited into the related Series Accounts or which, but for CTB’s right to commingle funds as described under “The Account Assets – Collection Account”, would have been deposited into such Series Accounts, in each case on a day after such immediately preceding Determination Day and not later than that day.

The “**Ownership Income Source**” on any Determination Day in respect of a Series is an amount for the related Determination Period equal to the product of (a) the applicable Floating Allocation Percentage for the period, and (b) the sum of Credit Charge Receivables for the period, plus Recoveries for the period, minus amounts that became Written-Off Amounts during the period. For greater certainty, the Ownership Income Source will be less than zero in a period during which there are Pool Losses.

The “**Ownership Income Share**” for a Determination Period ending on a Determination Day will in respect of a Series equal (a) the amount by which the sum of: (i) the Funding Costs incurred for such Determination Period (including the interest accruing during the period on the related series of Notes); plus (ii) the related Additional Funding Expenses for such Determination Period (including the portion of the fees and expenses of the Issuer Trustee and the Indenture Trustee allocable to such Series for the period, the portion of the distribution to be made to the beneficiary of the Trust allocable to such Series for the period and amounts due and payable under the related Subordinated Loan Agreement, but excluding expenses, debts, liabilities and obligations that have been or will be paid with amounts advanced pursuant to such Subordinated Loan Agreement); plus (iii) the Cumulative Deficiency, if any, for such Series on the immediately preceding Determination Day; plus (iv) during the applicable Pre-Liquidation Reserve Period, the related Required Yield Reserve Deposit Amount for such Determination Day; exceeds (v) any investment earnings from amounts on deposit in the related Series Liquidation Principal Funding Account during such Determination Period to be deposited into the applicable Series Accumulations Account, less (b) the applicable Series Liquidation Yield Draw Amount for such Determination Day.

The “**Cumulative Deficiency**” on a Determination Day in respect of a Series will be an amount, which shall not be less than zero, equal to:

- (a) the Cumulative Deficiency for such Series on the immediately preceding Determination Day;

plus:

- (b) the amount, if any, by which the Ownership Income Share exceeds the sum of the Ownership Income Source and the Enhancement Draw Amount, in each case for such Series and the Determination Period ending on such Determination Day;

minus:

- (c) the amount, if any, by which the Ownership Income Source exceeds the Ownership Income Share, in each case for such Series and the Determination Period ending on such Determination Day.

*Allocation of Credit Charge Receivables, Recoveries and Pool Losses*

On each Determination Day, the Invested Amount for a Series will increase by a share of Credit Charge Receivables plus Recoveries for the related Determination Period equal to the lesser of (a) the applicable Ownership Income Share for the period, and (b) the applicable Ownership Income Source for the period. If the Ownership Income Share exceeds the Ownership Income Source for a Series, the Invested Amount for such Series will increase only by an amount equal to the Ownership Income Source and will be reduced to the extent that the Ownership Income Source is

less than zero, except if and to the extent that the Enhancement Amount for such Series is available to make up the difference and, if applicable, to cover the shortfall and reduction. If the sum of the Ownership Income Source for a Determination Period plus the Enhancement Draw Amount for the related Determination Day for a Series is less than the Ownership Income Share for such period, the difference will constitute a Deficiency for such Series. See “– Enhancement Amount”.

#### *Recovery of Deficiencies*

If, on a Determination Day on which there is a Cumulative Deficiency for a Series, the Ownership Income Source exceeds the Ownership Income Share, the Invested Amount for such Series may increase by an amount equal to the lesser of such excess and the Cumulative Deficiency for such Series. In such cases, the amount of the Cumulative Deficiency for such Series will reduce by such amount.

#### *Enhancement Amount*

On the Closing Date for a Series, the Enhancement Amount for such Series will equal the amount specified in the related Series Purchase Agreement (and set out in the applicable pricing supplement). The Enhancement Amount may vary depending upon whether the related Series is in its Revolving Period, Liquidation Period or Amortization Period. In addition, the Enhancement Amount for a Series will decrease to the extent of any Enhancement Draw Amounts and may increase (not to exceed the applicable Maximum Enhancement Amount) to the extent that, on a Determination Day, the Ownership Income Source exceeds the Ownership Income Share for such Series, and such excess is not allocated to increase the Invested Amount to recover a Cumulative Deficiency. The Enhancement Amount may not exceed the applicable Maximum Enhancement Amount. On each Determination Day after the Closing Date for a Series, the applicable Enhancement Amount will be calculated by the Servicer prior to making any other determinations and calculations required in respect of such Series for the day. In respect of a Series, the Enhancement Amount is available to cover what would otherwise be a Deficiency for a Determination Period. See “– Allocation of Credit Charge Receivables, Recoveries and Pool Losses”.

The “**Enhancement Amount**” on a Determination Day in respect of a Series will equal the lesser of:

- (a) an amount (the “**Maximum Enhancement Amount**” for such Series) equal to:
  - (i) if the Determination Day occurs during either the Revolving Period or the Liquidation Period, the greater of (x) the product of the Enhancement Percentage and the greater of (A) 40% (or such other percentage set out in the related Series Purchase Agreement (and set out in the applicable pricing supplement)) of the largest Unadjusted Invested Amount at any time during the most recently completed twelve Determination Periods and (B) the Unadjusted Invested Amount for the Determination Day, and (y) 3% (or such other percentage set out in the related Series Purchase Agreement (and set out in the applicable pricing supplement)) of the initial Invested Amount; or
  - (ii) if the Determination Day occurs during an Amortization Period, the greater of (x) the amount determined in (a)(i) on the Determination Day immediately preceding the Amortization Commencement Day and (y) the product of the Enhancement Percentage and the Invested Amount as of the Determination Day immediately preceding the Amortization Commencement Day; and
- (b) an amount equal to the sum of:
  - (i) the Enhancement Amount for the immediately preceding Determination Day, less any Enhancement Draw Amount for such immediately preceding Determination Day plus any Enhancement Recovery for such immediately preceding Determination Day; and
  - (ii) the product of (x) the Enhancement Percentage and (y) the amount, if any, by which the Unadjusted Invested Amount for the Determination Day exceeds the Unadjusted Invested Amount for the immediately preceding Determination Day.

The “**Enhancement Percentage**” for a Determination Day in respect of a Series will be the amount, expressed as a percentage, specified in the related Series Purchase Agreement (and set out in the applicable pricing supplement).

The “**Enhancement Draw Amount**” for a Determination Day in respect of a Series will be an amount, which may not be less than zero, equal to the lesser of (a) the Enhancement Amount determined on the Determination Day and (b) the Ownership Income Share (without taking into account the reference to the Required Yield Reserve Deposit Amount in the definition thereof) minus the Ownership Income Source, in each case for the related Determination Period; provided, however, that if the aggregate of enhancement draw amounts for all Series determined on the Determination Day exceeds the amount of the Retained Interest determined on such Determination Day, the Enhancement Draw Amount in respect of a Series will equal the lesser of the Enhancement Draw Amount otherwise determined and the product of (x) the Enhancement Amount divided by the sum of the enhancement amounts for all Series, and (y) the amount of the Retained Interest.

The “**Enhancement Recovery**” for a Determination Day in respect of a Series will be the amount, if any, by which the Ownership Income Source for the related Determination Period exceeds the sum of (a) the Ownership Income Share for the related Determination Period, plus (b) the amount of any Cumulative Deficiency existing on the immediately preceding Determination Day after making all necessary calculations and adjustments to the Invested Amount on such immediately preceding Determination Day.

The Enhancement Amount of a Series may also be reduced in the future in certain circumstances and subject to certain conditions, including the Rating Agency Condition with respect to the applicable series of Notes, as a result of the Transfer of Additional Property to the Trust or the issuance of a separate class of notes within the same series of Notes which would rank subordinate to the existing Notes of such series. See “– Additional and Substitute Enhancements” and “The Custodial, Co-Ownership and Servicing Arrangement – Additional Ownership Interests of Other Series”.

#### *Additional and Substitute Enhancements*

A Series Purchase Agreement will, at the request of CTB, be amended by the Servicer, CTB, the Trust and the Custodian, without the consent of holders of the related series of Notes, to provide for Additional Property to be deposited with the Custodian and Transferred to the Trust in respect of the applicable Series in accordance with the terms of such amendment. Upon such a Transfer, the applicable Series will, in addition to constituting an undivided co-ownership interest in the Account Assets, constitute an interest in such Additional Property. In addition, the Trust may, subject to the terms of the Trust Indenture and the applicable Series Supplement, elect to issue a separate class of notes within the same series of Notes, which notes will rank subordinate to the existing Notes of such series. The Trust will use the proceeds received from the sale of such notes to purchase from the Seller an Additional Ownership Interest in relation to such Series.

The foregoing transactions in respect of a Series will be conditional upon the following:

- (a) confirmation that CTB believes that such amendment does not and is not reasonably expected to result in the occurrence of an amortization event with respect to any Series or Class or materially adversely affect the amount or timing of distributions to be made in respect of any Series or Class;
- (b) satisfaction of the Rating Agency Condition; and
- (c) satisfaction of the conditions set out in the Pooling and Servicing Agreement with respect to the creation and Transfer of additional Series.

Such transactions in respect of a Series may be completed in order to reduce the Enhancement Amount for such Series as described under “– Description of Series of Ownership Interests – Enhancement Amount”. Under the terms of an Additional Property Agreement for a Series, an Entitled Party may become entitled to certain voting and other rights of a Co-Owner. Despite the Enhancement Amount being reduced, the amount of credit protection would remain the same as one form of credit support is substituted for another form of credit support.

#### **The Trust’s Undivided Co-Ownership Interest in Newly Generated Receivables**

Except in the circumstances described under “– Availability of Collections Allocable But Not Distributed to Other Series”, Collections allocable but not distributed or deposited to a particular Series Account in respect of the related Series will sustain the amount of the Trust’s investment in the undivided co-ownership interest in Account Assets constituted by such Series.

## Allocation of Collections

On each Business Day, the Trust is entitled to an allocable portion of Collections in respect of each Series equal to the applicable Ownership Allocable Collections for the day. Notwithstanding this, the amount of Collections actually deposited to a Series Account or distributed to the Trust on a Business Day in respect of a Series will depend on a number of factors including whether such Series is in its Revolving Period, Liquidation Period or Amortization Period and the debt servicing requirements of the Trust in respect of the related series of Notes and other related expenses. The specific amounts to be deposited to Series Accounts and required by the Trust at these times and for these purposes will be described in the "Distribution Notice" for such Series.

As a general rule, the amount of Collections available to be deposited or distributed in respect of a Series for a day will equal the lesser of (a) the Ownership Allocable Collections for the day plus, if required and available in the circumstances described under "– Availability of Collections Allocable But Not Distributed to Other Series", all or a portion of Excess Collections not distributed in respect of other Series, and (b) the amount directed to be deposited to a related Series Account or distributed on such day under the Distribution Notice for such Series. Such amount will be withdrawn by the Custodian (upon the direction of the Servicer) from the Collection Account and will be deposited to a related Series Account or distributed to the Issuer Trustee, by deposit into the related Series Accumulations Account or, alternatively, will be deposited directly by the Servicer if the Servicer is entitled to commingle funds in the circumstances described under "The Account Assets – Collection Account". Collections allocable to the Trust for a Series but which are not deposited to a related Series Account or distributed to the Trust will constitute Excess Collections for such Series, to be available for the benefit of Co-Owners of other Series (including to the Trust in respect of the other Series owned by it) or, if not so utilized, to be available for distribution to CTB or held unallocated, in each case as described under "– Availability of Collections Allocable But Not Distributed to Other Series".

**"Ownership Allocable Collections"**, for a Business Day in respect of a Series, will equal the product of:

- (a) (i) the Floating Allocation Percentage for the day, if such Series is in the Revolving Period, or (ii) the Ownership Allocation Percentage for the day, if such Series is in its Liquidation Period or an Amortization Period; and
- (b) the amount of Collections received by the Servicer for the day;

provided, however, that if for any day the sum of (x) for each existing Series in its revolving period, the floating allocation percentage for the day in respect of such Series, and (y) for each existing Series in a liquidation period or an amortization period, the ownership allocation percentage for the day in respect of such Series, exceeds 100%, then the Ownership Allocable Collections for the day shall mean a pro rata allocation of Collections received by the Servicer for the day based on such floating allocation percentages and ownership allocation percentages.

**"Ownership Allocation Percentage"**, for or in respect of a Business Day for a Series, will equal the sum of:

- (a) a fraction, expressed as a percentage, the numerator of which is equal to the product of:
  - (i) (x) the amount of Credit Charge Receivables for the immediately preceding Business Day, divided by (y) the Collections for the day; and
  - (ii) the sum of (x) the Unadjusted Invested Amount for the immediately preceding Determination Day and (y) the Enhancement Amount determined as of the Determination Day immediately preceding the earlier to occur of the Liquidation Commencement Day or the Amortization Commencement Day (each in respect of such Series);

and the denominator of which is the Pool Balance for the immediately preceding Determination Day; and

- (b) a fraction, expressed as a percentage, the numerator of which is equal to the product of:
  - (i) (x) the Collections for the day minus the amount of Credit Charge Receivables for the immediately preceding Business Day, divided by (y) the Collections for the day; and
  - (ii) the sum of (x) the Invested Amount and (y) the Enhancement Amount, in each case determined as of the Determination Day immediately preceding the earlier to occur of the Liquidation Commencement Day or the Amortization Commencement Day (each in respect of such Series);

and the denominator of which is the Pool Balance for the Determination Day immediately preceding the earlier to occur of the Liquidation Commencement Day or the Amortization Commencement Day for such Series.

## **Distributions to the Trust in respect of a Series of Ownership Interests**

The Trust's entitlement to Collections in respect of a particular Series will be determined by reference to the amount specified in or determined under the related Distribution Notice delivered by the Trust on the applicable Closing Date. The Distribution Notice for a Series will be an irrevocable direction by the Trust to the Servicer to distribute Collections at the times and in the amounts required to meet its obligations in relation to such Series. The amount of Collections distributable or to be deposited to a Series Account in respect of a Series will vary depending on whether the Series is in its Revolving Period, Liquidation Period or Amortization Period. The following is a summary of the requirements:

### *During the Revolving Period*

For each month commencing during the Revolving Period, the Distribution Notice for a Series will direct the Custodian to withdraw from the Collection Account and deposit into the applicable Series Accumulations Account, commencing on the first Business Day of the month and on each Business Day thereafter, an amount up to the aggregate of the Ownership Allocable Collections and Excess Collections, if any, in respect of such Series for the day; provided that the amount for a day will be limited to the amount, if any, by which (a) the expected Funding Costs and Additional Funding Expenses relating to such Series for the month and any such amounts remaining unpaid from prior months, exceeds (b) the aggregate of all amounts previously deposited into such Series Accumulations Account therefor. The Additional Funding Expenses in respect of a Series for a month will be specified in, or determined by reference to information set forth in, the related Distribution Notice and will generally be amounts which are payable at any time during the month. In addition, during the Pre-Liquidation Reserve Period for a Series, deposits will be made to the related Series Liquidation Yield Reserve Account as directed by the Trust pursuant to the applicable Distribution Notice.

If the Servicer is permitted to commingle Collections in the circumstances described under "The Account Assets – Collection Account", the Servicer may elect not to make such deposits during a month, but rather will be entitled to deposit funds directly into the applicable Series Accumulations Account for a Series (a) in respect of Additional Funding Expenses for such Series, on the Business Day prior to the day on which such amount is due and payable and (b) in respect of the Funding Costs for such Series for a month, on the earlier of the last Business Day of the month or the Business Day immediately preceding any related Interest Payment Date occurring during the month. Such direct deposits will equal (and for greater certainty will not exceed), in the aggregate for a month, the amount that would have been deposited into such Series Accumulations Account for the month had the Servicer not been permitted to commingle the Trust's Collections.

### *During the Liquidation Period*

For each month commencing during the Liquidation Period for a Series, the related Distribution Notice will direct the Custodian to withdraw from the Collection Account and deposit into the applicable Series Accumulations Account or the related Series Liquidation Principal Funding Account, as applicable, commencing on the first Business Day of the month and on each Business Day thereafter, an amount up to the aggregate of the Ownership Allocable Collections and Excess Collections, if any, in respect of such Series for the day; provided that the amount for a day will generally be limited to the sum of (a) the amount, if any, by which (i) the expected Funding Costs and Additional Funding Expenses for such Series for the month and any such amounts remaining unpaid from prior months, exceeds (ii) the aggregate of all amounts previously deposited into such Series Accumulations Account therefor, plus (b) for each full month during such Liquidation Period, the Monthly Principal Accumulation Amount to be deposited to such Series Liquidation Principal Funding Account. See "– Liquidation Period".

In respect of a Series, on the earlier of (a) the Business Day immediately prior to the Expected Repayment Date and (b) the Amortization Commencement Day, the Custodian will withdraw the funds on deposit in the applicable Series Liquidation Principal Funding Account and deposit such funds into the related Series Accumulations Account.

If the Servicer is permitted to commingle Collections in the circumstances described under "The Account Assets – Collection Account", the Servicer may in respect of a Series elect not to make such deposits during a month, but rather will be entitled to deposit funds directly (x) into the applicable Series Accumulations Account (a) in respect of Additional Funding Expenses, on the Business Day prior to the day on which such amounts are due and

payable, (b) in respect of Funding Costs, on the earlier of the last Business Day of the month and the Business Day immediately preceding any Interest Payment Date occurring during the month, and (y) into the related Series Liquidation Principal Funding Account in respect of the Monthly Principal Accumulation Amount for a month, on the last Business Day of the month. Such direct deposits will equal (and for greater certainty will not exceed), in the aggregate for a month, the amount that would have been deposited into such Series Accumulations Account or the related Series Liquidation Principal Funding Account, as applicable, for the month had the Servicer not been permitted to commingle the Collections for such Series. Deposited amounts that are invested will be invested in Eligible Investments. See “– Eligible Investments”. Investment earnings on amounts on deposit in a particular Series Liquidation Principal Funding Account during a Determination Period will be deposited to the related Series Accumulations Account to the extent of the lesser of (a) such investment earnings and (b) amounts required in respect of the sum of the related Funding Costs and Additional Funding Expenses for such period and the Cumulative Deficiency for such Series on the immediately preceding Determination Day. Remaining investment earnings shall be distributed to the Seller in respect of the Retained Interest.

#### *During an Amortization Period*

For each Business Day occurring during an Amortization Period for a Series, the Distribution Notice will direct the Custodian to withdraw from the Collection Account and deposit into the related Series Accumulations Account an amount up to the aggregate of the Ownership Allocable Collections and Excess Collections, if any, in respect of such Series for the day; provided that the amount for a day will be limited to an amount equal to the Unadjusted Invested Amount of such Series on the day. Such amounts for a month will be applied by the Trust on the first Business Day of the following month to make the payments in the order of priority described under “Details of the Offering – The Notes” and “– The Trust Indenture – Security and Ranking”. Pending the application of deposited amounts for this purpose, funds that are invested will be invested in Eligible Investments for such Series. See “– Eligible Investments”.

Allocations and distributions of Collections to the Trust in respect of a Series will cease at the time that the Invested Amount for such Series is reduced to zero on a Determination Day. In no event will the Trust be entitled to receive on account of a Series a distribution of Collections in excess of the Unadjusted Invested Amount for such Series.

#### **Series Liquidation Yield Reserve Accounts**

Each Series will entitle the Trust to receive funds deposited to the related Series Liquidation Yield Reserve Account in certain circumstances. Such Series Liquidation Yield Reserve Account is intended to provide the Trust with an additional source of funds to mitigate certain risks arising during the Liquidation Period for such Series; primarily the possibility that the entitlement of the Trust to income earned on Eligible Investments from amounts on deposit in the related Series Liquidation Principal Funding Account (including in relation to investments of deposits made in respect of Monthly Principal Accumulation Amounts for such Series) may be insufficient to cover the Trust’s related Funding Costs. See “Series of Ownership Interests – Liquidation Period” and “Series of Ownership Interests – Distributions to the Trust in Respect of a Series of Ownership Interests”.

The yield risk outlined in the preceding paragraph will be less significant during the Amortization Period for a Series as amounts on deposit in the related Series Accumulations Account will be paid in accordance with the priorities set forth under “Details of the Offering – The Trust Indenture – Security and Ranking” on a monthly basis during such Amortization Period. In ascribing their ratings of the Notes of a series, the Trust understands that the Rating Agencies have not relied on the availability of the funds deposited to the related Series Liquidation Yield Reserve Account in determining the amount of credit enhancement required to obtain such ratings. The Rating Agencies are relying on the funds deposited to the related Series Liquidation Yield Reserve Account only to cover off yield risk during the related Liquidation Period.

In respect of a Series, the Custodian, upon the direction of the Servicer, shall withdraw from the Collection Account and deposit to the related Series Liquidation Yield Reserve Account the applicable Series Liquidation Yield Reserve Account Available Collections during the related Pre-Liquidation Reserve Period until the amount deposited into such Series Liquidation Yield Reserve Account is equal to the related Aggregate Required Yield Reserve Deposit Amount. An amount equal to the Aggregate Required Yield Reserve Deposit Amount in respect of a Series will be held (subject to investment in Eligible Investments as contemplated by “– Eligible Investments”) in such Series Liquidation

Yield Reserve Account, unless withdrawn for deposit to the related Series Accumulations Account, until the related Yield Reserve Termination Date, at which time such amounts shall be released to the Seller in respect of the Retained Interest. All investment earnings on the amount on deposit in such account shall be released to the Seller in respect of the Retained Interest.

Funds in the Series Liquidation Yield Reserve Account for a Series will be available during the related Liquidation Period and Amortization Period, if applicable, to the extent of the lesser of (a) the balance on deposit in the related Series Liquidation Yield Reserve Account and (b) an amount equal to the Ownership Income Share (without taking into account the references to the Required Yield Reserve Deposit Amount and the related Series Liquidation Yield Draw Amount in the definition thereof) minus the Ownership Income Source (if such Ownership Income Source is greater than zero; otherwise, the Ownership Income Source shall be deemed to be zero), each, in respect of such Series and as of the applicable Determination Day.

### **Eligible Investments**

Collections and any other amounts in respect of a Series deposited into the applicable Series Accounts that are invested will be invested in Eligible Investments. Amounts deposited in a Series Accumulations Account relating to a Series will be invested by the Administrator, as agent on behalf of the Issuer Trustee, in Eligible Investments for such Series pending application of such amounts as contemplated under “Details of the Offering – The Trust Indenture – Security and Ranking”. Amounts deposited in a Series Liquidation Yield Reserve Account and Series Liquidation Principal Funding Account for a Series that are invested will be invested by the Custodian, as agent on behalf of the Seller and applicable Co-Owners in Eligible Investments, upon direction from the Servicer.

“**Eligible Investments**” means, in respect of a Series (unless otherwise provided in the related Series Purchase Agreement and set out in the applicable pricing supplement), book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form payable in Canadian dollars having remaining maturities of 30 days or less at the time of investment such that funds will be available at the close of business on or before the Business Day next preceding the date on which payment of such funds is scheduled to be made, which evidence:

- (a) direct obligations of, and obligations fully guaranteed as to timely payment by, Canada or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of Canada;
- (b) securities of or guaranteed by a province of Canada or a municipality in Canada having a rating of R-1 (middle) (short term) or better or AA (low) (long term) or better from DBRS and A-1 or better from S&P when purchased;
- (c) demand deposits, time deposits or certificates of deposit of any chartered bank or trust company incorporated under the laws of Canada or any province thereof and subject to supervision and examination by federal banking or depository institution authorities; provided, however, that at the time of the investment or contractual commitment to invest therein, the commercial paper or other short-term unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall have a credit rating of R-1 (middle) (short term) or better or AA (low) (long term) or better from DBRS and A-1 or better from S&P;
- (d) commercial paper issued by a Canadian corporation having, at the time of the investment or contractual commitment to invest therein, a rating of R-1 (middle) (short term) or better or AA (low) (long term) or better from DBRS and A-1 or better from S&P;
- (e) asset-backed commercial paper backed by global style liquidity having a rating of R-1(high) (sf) (short term) from DBRS and A-1 (sf) or better (short term) from S&P;
- (f) investments in money market funds having a rating of AAA or better from DBRS and AAA-m or AAA-mg from S&P;
- (g) demand deposits, time deposits and certificates of deposit of any chartered bank or trust company incorporated under the laws of Canada or any province thereof which are fully insured by Canada Deposit Insurance Corporation when purchased;
- (h) bankers’ acceptances issued by any chartered bank referred to in clause (c) above, other than bankers’ acceptances of Schedule II chartered banks which are not guaranteed by a parent of such chartered bank;

- (i) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, Canada or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of Canada, in either case entered into with a Schedule I chartered bank with a rating from each applicable Rating Agency equivalent to at least R-1 (middle) (short term) or better or AA (low) (long term) or better from DBRS and A-1 or better from S&P, or a trust company (acting as principal) described in clause (c);
- (j) deposits in a deposit account established and maintained with an Eligible Institution or an institution that otherwise satisfies the Rating Agency Condition; or
- (k) any other investment with respect to the investment in which the Rating Agency Condition shall have been satisfied at the time of the investment therein or contractual commitment to invest therein.

#### **Availability of Collections Allocable But Not Distributed to Other Series**

Collections for a Business Day will be first allocated to each Series in an amount equal to such Series' ownership allocable collections. If Collections allocable on a Business Day to a Series are not distributed in respect of such Series, then, subject to certain conditions (including that the Pool Balance exceeds the Required Pool Amount on the day after giving effect to the distribution thereof), such Collections (the aggregate of Collections allocable but not distributed in respect of all Series, the "**Excess Collections**" for the Business Day) will be available for distribution to Co-Owners in respect of other Series for which the amount required for distribution or deposit (as determined by such Series' then current distribution notice) exceeds the ownership allocable collections for such Series (in respect of a Series, an "**Excess Requirement**" for the Business Day). If the aggregate of Excess Requirements for all Series on a Business Day exceeds the amount of Excess Collections on the Business Day, Excess Collections will be distributed pro rata in respect of the applicable Series based on the relative amounts of their Excess Requirements. To the extent that Excess Collections exceed Excess Requirements, the balance will be reinvested in Account Assets and will be distributed to CTB in respect of the Retained Interest. No distributions of Excess Collections will be made at any time that the Required Pool Amount exceeds the Pool Balance. Excess Collections not distributed will be held unallocated by the Custodian in the Collection Account until a time when the Pool Balance is equal to or exceeds the Required Pool Amount, at which time such amount will be distributed.

#### **Liquidation Period**

In respect of a Series, assuming no earlier commencement of an Amortization Period, the Revolving Period will end and the Liquidation Period is scheduled to commence on a date stipulated in the related Series Purchase Agreement (and set out in the applicable pricing supplement); provided, however, that if the Controlled Liquidation Period Length (determined as described below) is more than one month, the date on which the Liquidation Period actually begins will be the close of business on the last day of the month preceding the month that is the number of full calendar months prior to the month in which the Expected Repayment Date occurs equal to the Controlled Liquidation Period Length. As a result, the number of Determination Periods in the Liquidation Period will at least equal the Controlled Liquidation Period Length. On the Calculation Day immediately preceding the Determination Day that occurs no later than twelve months preceding the related Expected Repayment Date, and on each Calculation Day thereafter that occurs prior to the earlier of (i) the Calculation Day occurring in the Determination Period in which the Liquidation Period is scheduled to begin and (ii) the Amortization Commencement Day, the Servicer will determine the "**Controlled Liquidation Period Length**" which will equal the minimum number of months such that the sum of the Controlled Liquidation Period Factors for each month during the Liquidation Period will be equal to or greater than the Required Liquidation Factor Number; provided, further, that the Controlled Liquidation Period Length shall not be less than one month. Notwithstanding the foregoing, if the Controlled Liquidation Period Length for a Series shall have been determined to be less than twelve months and, after the date on which such determination is made, a series amortization event as designated in any Series Purchase Agreement (each, a "**Series Amortization Event**") shall occur with respect to any other outstanding Series, the Liquidation Period will begin on the earlier of (i) the first day of the Determination Period immediately succeeding the date that such Series Amortization Event shall have occurred with respect to such Series and (ii) the date on which the Liquidation Period is then scheduled to commence. The effect of the foregoing calculation is to permit the reduction or increase of the length of the Liquidation Period for a Series based on the invested amount of certain other Series which are scheduled or expected to be in their Revolving Periods during the Liquidation Period and increases or decreases in the principal payment rate occurring after the related Closing Date.

In respect of a Series, for each full month commencing during the Liquidation Period, the related Distribution Notice will direct the Custodian to deposit (a) Collections required to be distributed to the Trust in respect of such Series into the related Series Accumulations Account in an amount sufficient to enable the Trust to pay Funding Costs and Additional Funding Expenses on the related series of Notes, (b) the applicable Monthly Principal Accumulation Amount for the month into the related Series Liquidation Principal Funding Account and (c) if the Pre-Liquidation Reserve Period is continuing, the applicable Required Yield Reserve Deposit Amount into the related Series Liquidation Yield Reserve Account. In respect of a Series, the “**Monthly Principal Accumulation Amount**” for a month will equal the lesser of: (a) the Controlled Accumulation Amount for such month, plus the amount of any Accumulation Shortfalls; and (b) the Unadjusted Invested Amount of such Series. In respect of a Series, the “**Controlled Accumulation Amount**” for each month occurring during the related Liquidation Period will be the amount specified in the related Series Purchase Agreement (and set out in the applicable pricing supplement), provided that if the Controlled Liquidation Period Length is determined to be more than one month, the Controlled Accumulation Amount for each Determination Day during the Liquidation Period will be equal to the Invested Amount on the related Closing Date divided by the Controlled Liquidation Period Length. In respect of a Series, amounts deposited into the related Series Liquidation Principal Funding Account in respect of Monthly Principal Accumulations Amounts that are invested will be invested by the Servicer in Eligible Investments as described under “– Eligible Investments”.

In respect of a Series, the amounts deposited to the related Series Liquidation Principal Funding Account during the Liquidation Period will be deposited to the related Series Accumulations Account for repayment of the principal of the related series of Notes on the earlier of (a) the Business Day immediately prior to the Expected Repayment Date and (b) the Amortization Commencement Day.

In respect of a Series, the Liquidation Period for the related series of Notes will end on the earlier of (a) the first Determination Day on which the Invested Amount of such Series is reduced to zero, and (b) the applicable Amortization Commencement Day.

#### **Amortization**

Upon the occurrence of an Amortization Event in respect of a Series that is not waived and, in the case of certain Amortization Events, after the delivery by the Issuer Trustee or the Custodian of a notice to CTB or a successor Servicer, the Amortization Period for such Series will commence. During the Amortization Period for a Series, the Custodian will withdraw from the Collection Account and deposit into the applicable Series Accumulations Account on each Business Day Collections allocable to such Series for the day equal to the Ownership Allocable Collections for the Business Day and any Excess Collections distributable to the Trust in respect of such Series for the Business Day. No further reinvestment of allocable Collections to sustain the amount of the Trust’s investment in the undivided co-ownership interest in the Account Assets constituted by a Series will occur during the related Amortization Period. See “– Amortization Events in Respect of a Series of Ownership Interests”.

Each Series has its own amortization events, which may be different from those of other Series. Therefore, different Series may not amortize and Collections may not be distributed to Co-Owners in the same circumstances and at the same time. Amortization events for a Series will be specified in the related Series Purchase Agreement. See “The Custodial, Co-Ownership and Servicing Arrangement – Sale of Other Series”.

#### **Amortization Events in Respect of a Series of Ownership Interests**

In respect of a Series, the Revolving Period or, if commenced, the Liquidation Period, will end on the Amortization Commencement Day. The occurrence of one or more of the following events in relation to a Series will constitute an “Amortization Event” for such Series, which in turn may result in the commencement of an Amortization Period for such Series in the circumstances described below:

- (a) failure on the part of CTB, in its capacity as the Seller, or the Servicer, to make any distribution, transfer or deposit required in respect of the Series and such failure continues for a period of 5 Business Days, or failure on the part of CTB, in its capacity as the Seller, or the Servicer, to observe or perform any covenant or agreement contained in the Pooling and Servicing Agreement or the related Series Purchase Agreement, if such failure has a material adverse effect on the ability of the Trust to satisfy its obligations to holders of related Senior Notes (without regard to funds available in the applicable Series Liquidation Yield Reserve Account) and continues unremedied for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice thereof to CTB and any successor Servicer;

- (b) any representation or warranty made by CTB, in its capacity as the Seller, or the Servicer, in the Pooling and Servicing Agreement or the related Series Purchase Agreement, is found to have been incorrect when made, or any information required to be given by CTB, in its capacity as the Seller, or the Servicer, is found to have been incorrect when given, and such incorrect representation, warranty or information has a material adverse effect on the ability of the Trust to satisfy its obligations to holders of the related Senior Notes (without regard to funds available in the applicable Series Liquidation Yield Reserve Account) and continues to be incorrect or unremedied for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice thereof to CTB and any successor Servicer;
- (c) certain events related to the insolvency of CTB or Canadian Tire;
- (d) a servicer termination event arising in any of the circumstances described under (a), (b), (c) or (d) under the heading "The Custodial, Co-Ownership and Servicing Arrangement – Servicer Termination Events" has occurred;
- (e) an Event of Default shall have occurred and be continuing;
- (f) the number, expressed as a percentage, equal to 12 times (i) (x) the average Ownership Income Source for the three preceding Determination Periods, minus (y) the sum of the average Ownership Income Share (without taking into account the reference to the Required Yield Reserve Deposit Amount in the definition thereof) for the three preceding Determination Periods and the average for the three preceding Determination Periods of the product of the Floating Allocation Percentage for the related Determination Day and any successor Servicer fees paid or payable in respect of the Determination Period, to the extent not paid by CTB, plus (z) the average allocable portion of the Subordinated Loan Repayment Amount and all other Additional Funding Expenses which, by their terms, provide for the postponement and subordination of all amounts owing by the Trust for payment thereof during the Amortization Period for the three preceding Determination Periods, divided by (ii) the average Invested Amount as of the three preceding Determination Days, is less than 2.0%;
- (g) (i) the number, expressed as a percentage, equal to 12 times (x) the average of amounts that became Written-Off Amounts during the three preceding Determination Periods, divided by (y) the average Pool Balance as of the three preceding Determination Days, is less than or equal to 10.0% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement), and (ii) the number, expressed as a percentage, equal to (x) the average amount of Collections for the three preceding Determination Periods, divided by (y) the average Pool Balance as of the three preceding Determination Days, is less than 8.0% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement);
- (h) (i) the number, expressed as a percentage, equal to 12 times (x) the average of amounts that became Written-Off Amounts during the three preceding Determination Periods, divided by (y) the average Pool Balance as of the three preceding Determination Days, is greater than 10.0% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement), and (ii) the number, expressed as a percentage, equal to (x) the average amount of Collections for the three preceding Determination Periods, divided by (y) the average Pool Balance as of the three preceding Determination Days, is less than 10.0% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement);
- (i) on the Expected Repayment Date for such Series the balance on deposit in the related Series Accumulations Account is insufficient to satisfy all amounts due and payable on the related series of Notes on such date;
- (j) on any Determination Day during the Revolving Period for such Series, the Enhancement Draw Amount is greater than zero, or on any Determination Day during the Liquidation Period for such Series, the Enhancement Draw Amount is greater than 15% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement) of the Enhancement Amount on the applicable Closing Date;
- (k) the Pool Balance is on any Determination Day less than the Required Pool Amount and such deficiency has not been remedied by the addition of Additional Accounts pursuant to the Pooling and Servicing Agreement within 3 days after the first Calculation Day on which such deficiency is identified by CTB or a successor Servicer;

- (l) on any Business Day (A) the Servicer is required pursuant to the Pooling and Servicing Agreement to deposit Collections into the Collection Account not later than the second Business Day after the applicable date of processing thereof, (B) the Servicer continues to commingle excess Collections as permitted by the Pooling and Servicing Agreement but is required to comply with the Partial Commingling Condition, and (C) the daily asset test described in paragraph (a) of the definition of Partial Commingling Condition indicates that the Pool Balance is less than the Required Pool Amount on such Business Day and such deficiency has not been remedied, including by way of the addition of Additional Accounts pursuant to this Agreement, within ten days after the Business Day on which such deficiency is identified by the Servicer; and
- (m) on any Business Day (A) the Servicer is required pursuant to the Pooling and Servicing Agreement to deposit Collections into the Collection Account not later than the second Business Day after the applicable date of processing thereof, (B) the Servicer continues to commingle excess Collections as permitted by the Pooling and Servicing Agreement but is required to comply with the Partial Commingling Condition, and (C) the Servicer fails to deliver to DBRS, if required, the officers' certificate described in paragraph (b) of the definition of Partial Commingling Condition on or before the date that is five Business Days after the date such delivery is required to be made,

and, for greater certainty, if an amount, average amount or average of amounts is to be calculated for or in respect of a Determination Period that does not correspond to an entire calendar month, such amount, average amount or average of amounts will be calculated as the product of (x) the applicable average daily amount for the Determination Period and (y) the number of days in the calendar month during which such Determination Period occurs.

In the case of an Amortization Event for a Series described in (a), (b), (d), (g) and (h) above, an Amortization Period for such Series will commence only if, after the applicable grace period, if any, either the Custodian or the Issuer Trustee provides written notice to CTB and any successor Servicer of the applicable Amortization Commencement Day, and the Amortization Period for such Series will commence on the Amortization Commencement Day specified in such notice. The Series Supplement for a Series will provide that the Issuer Trustee must provide such written notice where there has been an Amortization Event contemplated in (a), (b) or (d) which is continuing, unless the Issuer Trustee is satisfied that such Amortization Event occurred as a result of inadvertence or error on the part of CTB or a successor Servicer and is capable of timely rectification without having a material adverse effect on the holders of the related Senior Notes.

In the case of an Amortization Event for a Series described in (c), (e), (f), (i), (j) and (k) above, the Amortization Commencement Day for such Series will be deemed to be the day on which the Amortization Event occurs, without any requirement for notice or other action on the part of the Custodian or the Issuer Trustee; provided, however, that the Issuer Trustee shall, upon receipt of a Noteholder Direction from the holders of the related Senior Notes and receipt of a Noteholder Direction from the holders of the related Subordinated Notes, if any, within 3 Business Days after recognition of the applicable Amortization Event, waive the commencement of the Amortization Period.

On each Business Day during an Amortization Period for a Series, Collections allocable to such Series in an amount equal to the Ownership Allocable Collections and any Excess Collections available for the Series will be deposited by the Servicer into the Collection Account and, in turn, by the Custodian (upon the direction of the Servicer) into the related Series Accumulations Account and, subject to prior payment by the Trust of certain expenses and other amounts, will be available to be applied on the first Business Day of the following month to pay interest owing first under the related Senior Notes and thereafter on the related Subordinated Notes, if any, and subsequently to pay principal first on such Senior Notes and thereafter on such Subordinated Notes. See “– Amortization”, “– Allocation of Collections” and “– Distributions to the Trust in Respect of Series of Ownership Interests”.

### **Clean-up Repurchase Option**

The Servicer may purchase a Series on a Determination Day, subject to applicable notice requirements, if the Invested Amount of such Series is reduced to an amount less than or equal to 10% of the sum of (a) the initial Invested Amount and (b) the stated dollar amount of any Additional Ownership Interests in respect of such Series acquired after the applicable Closing Date. The repurchase price for such Series will be equal to the Invested Amount calculated on the Determination Day on which the purchase is made, plus the amount which would have been the Ownership Income Share for the period from the purchase date to the date of payment in full of the purchase price, plus any related

Cumulative Deficiency on the purchase date. The purchase price will be deposited by the Servicer into the applicable Series Accumulations Account and be applied by the Issuer Trustee to make the payments described under “Details of the Offering – The Notes” and “– The Trust Indenture – Security and Ranking”.

## THE ACCOUNT ASSETS

### General

The Account Assets, in which each Series represents an undivided co-ownership interest, consist of Receivables owing from time to time under the Accounts and all monies due or becoming due thereunder, including interest and all other non-principal charges due or becoming due under the Accounts, all Insurance Proceeds and the then applicable Pool Interchange Amount, together with all monies on deposit in, and Eligible Investments credited to, the Collection Account, and all amounts received with respect thereto after the Cut-Off Date, in the case of the Initial Accounts, after the applicable Additional Cut-Off Date, in the case of Additional Accounts and after the applicable Substitution Date, in the case of Substituted Accounts. Subject to certain requirements, Accounts may be added, removed or substituted in the manner described under “– Addition, Substitution and Removal of Accounts”.

### The Receivables

The Receivables consist of all amounts owing by the Obligor under the Accounts (other than (a) Excluded Amounts, (b) receivables in any Designated Accounts originated on or after the applicable Removal Commencement Date and (c) Receivables which are purchased by CTB as described under “– Addition, Substitution and Removal of Accounts – Removal of Accounts” and under “– Mandatory Reassignment”), for the purchase of products and services, amounts advanced to the cardholder as cash advances and all other fees and charges billed to the cardholders on the Accounts including Credit Charge Receivables. The aggregate dollar amount of Receivables (and therefore the Pool Balance) fluctuates from day-to-day as new Receivables are generated in the Accounts and as existing Receivables are collected, written-off or otherwise adjusted. The Pool Balance at any time is equal to the aggregate of the unpaid balances of all Receivables, excluding Deferred Receivables and Written-Off Amounts, at that time. While the Receivables may include Deferred Receivables and Written-Off Amounts, amounts owing in respect thereof are not included in calculating the Floating Allocation Percentage, the Ownership Allocation Percentage, the Pool Balance and other amounts impacting on the allocation of Credit Charge Receivables, Recoveries, Pool Losses and Collections and the maintenance of the Required Pool Amount. Deferred Receivables become Receivables after the expiry of the related deferral period, whereupon amounts previously deferred thereunder can be billed to the related Account.

### The Accounts

The Accounts subject to the Pooling and Servicing Agreement include Canadian Tire credit card accounts included as Initial Accounts; Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts included as either Additional Accounts or Substituted Accounts in accordance with the provisions described under “– Addition, Substitution and Removal of Accounts”; Related Accounts; replacement accounts; Transferred Accounts; and each surviving account resulting from the combination of two or more Accounts. Accounts will not include any Removed Accounts, Purged Accounts or Written-Off Accounts.

#### *MasterCard Credit Card Accounts*

Receivables generated under MasterCard credit card accounts are debts owed by the MasterCard credit cardholders to CTB incurred to finance the purchase of products and services from entities that accept the MasterCard credit card as a form of payment. In addition, MasterCard credit cardholders may obtain cash advances under their MasterCard credit cards. MasterCard credit card accounts established by or assigned to CTB are serviced, and the receivables generated thereunder are collected, by CTB. The collection and administrative procedures relating to the MasterCard credit card accounts do not differ materially from those relating to the Canadian Tire credit card accounts. Except in limited circumstances, the terms and conditions associated with MasterCard credit cards differ materially from the terms and conditions associated with Canadian Tire credit cards. See “Canadian Tire Credit Card Business”.

### *Canadian Tire Credit Card Accounts*

Canadian Tire credit card accounts were created in connection with the extension of credit by CTB to cardholders on a revolving basis under a Credit Card Agreement to finance the purchase of products and services from Canadian Tire Associate Stores, other Canadian Tire operations and certain organizations associated with Canadian Tire, and the making of cash advances to such cardholders.

### *Eligibility of Accounts*

CTFS represented and warranted to the Custodian and the Trust that each of the Initial Accounts satisfied, as of March 31, 1995, the criteria set out in (a), (b) and (c), below. In addition, CTFS or CTB, as the case may be, represented and warranted or will represent and warrant to the Trust that each Additional Account is an Eligible Account on the date that it is added and that each Substituted Account is an Eligible Account on the date that it is substituted (except that the Substituted Account need not comply with paragraph (d) of the definition of Eligible Account). An Eligible Account is a Canadian Tire credit card account, a MasterCard credit card account or an Other Credit Card Account established by or assigned to CTB with an Obligor which, as of a specified date:

- (a) is in existence, maintained and serviced by the Servicer, a sub-servicer delegated responsibility by the Servicer as permitted by the Pooling and Servicing Agreement or a successor Servicer appointed under the Pooling and Servicing Agreement;
- (b) is an account in respect of which no amounts have been written-off at any time or are classified as past due on the specified date;
- (c) is not identified by the Servicer as being the subject of any voluntary or involuntary bankruptcy or insolvency proceeding; and
- (d) has on the specified date provided to the Servicer a billing address located in Canada.

### **Interchange**

The Seller receives interchange fees from financial institutions, Canadian Tire Associate Stores, and Petroleum for clearing transactions arising under Canadian Tire credit card accounts and MasterCard credit card accounts and as compensation for assuming credit risk and funding receivables for a limited period of time prior to initial billing and may also receive interchange fees from Other Credit Card Accounts. The Seller will transfer to the Servicer on a daily basis the Pool Interchange Amount, representing a portion of the Interchange Fees earned based on the ratio that cardholder purchases, net of returns, related to the Accounts on such day is of cardholder purchases, net of returns, related to all Canadian Tire credit card accounts, MasterCard credit card accounts and any Other Credit Card Accounts in the Seller's portfolio on such day, as reasonably estimated by the Seller. The Account Assets will include the then applicable Pool Interchange Amount.

### **Deposit of Account Assets with the Custodian**

All of CTB's right, title and interest in, to and under the Account Assets has been delivered to and deposited with the Custodian, as agent and bailee for and on behalf of CTB and the Co-Owners. In connection with the delivery and deposit of the Account Assets, CTB or CTFS, as applicable, was and CTB will in the future be required to indicate in its computer files that its right, title and interest in the Receivables forming part of the Account Assets have been delivered to and deposited with the Custodian. Otherwise, the records and agreements relating to the Account Assets have not and will not be segregated from those relating to other accounts of CTB and/or Canadian Tire, and the physical documentation relating to the Account Assets has not and will not be stamped or marked to reflect the delivery and deposit of the Account Assets to and with the Custodian. In addition, CTB is required to provide a computer file, microfiche or written list in connection with the addition of any Additional Accounts, the substitution of any Substituted Accounts, the removal of any Removed Accounts and the purging of any Purged Accounts. Ownership of the Accounts and certain records and original agreements relating to the Account Assets will not be delivered to or deposited with the Custodian and Transferred to the Trust. CTB has represented and warranted that it has, or has covenanted that it will, file financing statements and all other applicable registration documentation in accordance with applicable provincial laws to perfect the Transfer of Ownership Interests.

### **Transfer of Written-Off Accounts**

On the date on which an Account becomes a Written-Off Account, all Receivables balances owing under such Written-Off Account at such time shall be included in the Written-Off Amount and, accordingly, are thereafter excluded from the calculation of the Pool Balance. On the date on which an Account becomes a Written-Off Account, all the right, title and interest of the Co-Owners, any Entitled Parties, and the Seller in respect of the Retained Interest in and to (a) the Account Assets in such Written-Off Account and all monies due at such date with respect to such Account Assets (including any Receivables forming part of such Account Assets at such date) but excluding any Recoveries relating thereto and (b) Interchange Fees (if any) with respect to such Account Assets, each as at such date, shall be deemed to be Transferred to the Seller automatically and without any action or consideration, and without recourse, representation or warranty, at which time such Written-Off Account shall cease to be an Account.

### **Purging of Accounts**

The Servicer may designate one or more Accounts (each, a “**Designated Purged Account**”), which, subject to the following conditions, shall cease to be Accounts on the applicable Purging Date, and remove such Designated Purged Accounts from the list of Accounts delivered pursuant to the Pooling and Servicing Agreement:

- (a) each such Designated Purged Account shall have no Receivables outstanding;
- (b) each such Designated Purged Account shall otherwise meet the criteria established in accordance with the Servicer’s practices and procedures for purging inactive Accounts, including in circumstances in which the Account has been closed or has been inactive for a designated period of time; and
- (c) the Servicer shall be deemed to represent and warrant as of the applicable Purging Date that the conditions specified in clauses (a) and (b) immediately above have been satisfied with respect to such Designated Purged Accounts.

On the day on which the conditions specified above with respect to a Designated Purged Account are satisfied (a “**Purging Date**”), such Designated Purged Account shall thereupon cease to be an Account (a “**Purged Account**”) and upon the written request of the Seller, the Custodian on behalf of all Co-Owners and any Entitled Party shall execute and deliver to the Seller a reassignment of such Person’s interest in the related Account Assets, in form satisfactory to the Seller acting reasonably.

### **Addition, Substitution and Removal of Accounts**

CTB has the right (subject to certain limitations and conditions described below), and in some circumstances is obligated, to designate from time to time additional Canadian Tire, MasterCard and Other Credit Card Accounts to be included as Additional Accounts and to Transfer undivided co-ownership interests in the receivables existing thereunder to the Co-Owners in accordance with the Pooling and Servicing Agreement. Discontinued use of credit cards is normal and naturally leads to attrition in the total balance under the selected Accounts. To offset the impact of such attrition, CTB identifies Additional Accounts for inclusion from time to time, subject to satisfaction of the requirements and conditions for additions of Existing Accounts and New Accounts described under “The Account Assets – Addition, Substitution and Removal of Accounts”. In addition, CTB may substitute Canadian Tire, MasterCard and Other Credit Card Accounts and receivables thereunder for other Canadian Tire, MasterCard or Other Credit Card Accounts (as the case may be) of the same cardholders, such accounts to be included as Substituted Accounts and Receivables. Each such Additional Account and Substituted Account must be, and CTB must confirm to the Custodian by way of an officers’ certificate that such Additional Account or Substituted Account is, an Eligible Account as of the applicable Addition Date or Substitution Date (except that the Substituted Account need not comply with paragraph (d) of the definition of Eligible Account). In respect of any deposit of Account Assets under Additional Accounts or Substituted Accounts, CTB will follow the procedure set forth under “– Deposit of Account Assets with the Custodian”, except that information with respect to such Additional Accounts or Substituted Accounts will be stated as of the date that such Additional Accounts or Substituted Accounts are identified and selected.

#### *Addition of Accounts*

CTB may from time to time, at its sole discretion, voluntarily designate Existing Accounts or New Accounts to be included as Additional Accounts on and after the applicable Addition Date and thereupon Transfer to the Co-Owners

undivided co-ownership interests in the Account Assets under such Additional Accounts as of the applicable Additional Cut-Off Date, subject to the applicable quantitative limits and other conditions described below under “– Addition, Substitution and Removal of Accounts – Quantitative Limits on Additions” and the satisfaction of the following conditions:

- (a) CTB must have given the Custodian, the Servicer and each Rating Agency an appropriate notice as required under the Pooling and Servicing Agreement;
- (b) the accounts to be added as Additional Accounts must be Eligible Accounts as of the Addition Date;
- (c) to the extent required by the Pooling and Servicing Agreement, the Servicer must have deposited in the Collection Account all Collections with respect to such Additional Accounts since the Additional Cut-Off Date, except if the Servicer is entitled to commingle funds and is not required to make daily deposits of Collections into the Collection Account in the circumstances described under “– Collection Account”;
- (d) as of each of the Additional Cut-Off Date and the Addition Date, CTB must not be or have been insolvent, will not have been made insolvent by the Transfer of undivided co-ownership interests in Account Assets under the Additional Accounts and must not be aware of any pending insolvency;
- (e) the addition of accounts as Additional Accounts must not result in the occurrence of an Amortization Event in respect of any Series; and
- (f) CTB must have delivered to the Custodian an appropriate officers’ certificate.

CTB, by designating any Additional Account, is deemed to have represented and warranted to the Custodian and the Co-Owners as of the applicable Addition Date as to the matters set forth in paragraphs (d) and (e) above and that the list of accounts delivered pursuant to the Pooling and Servicing Agreement is, as of the applicable Additional Cut-Off Date, true and complete in all material respects. In addition, on or before January 31st and July 31st of each year, CTB is required to cause to be delivered to the Custodian, each Entitled Party and each Rating Agency an opinion of counsel with respect to the Transfer and perfection of the Transfer of undivided co-ownership interests in the Account Assets under Additional Accounts, if any, added to the pool during the immediately preceding 6 month period.

#### *Quantitative Limits on Additions*

Unless the Rating Agency Condition has been satisfied or except to the extent provided in the next following paragraph, CTB may voluntarily designate an Existing Account to be added as an Additional Account on an Addition Date only if the balance of the Receivables on the Additional Cut-Off Date under such Existing Account, together with the balance of the Receivables on such Additional Cut-Off Date under other Existing Accounts added as Additional Accounts on the same Addition Date, and the balance on the respective Additional Cut-Off Dates of the Receivables under Existing Accounts previously added as Additional Accounts (including in the circumstances described under “– Addition, Substitution and Removal of Accounts – Mandatory Additions of Accounts”) during:

- (a) the 3 preceding Determination Periods, does not exceed 30.0% of the Pool Balance on such Additional Cut-Off Date; and
- (b) the 12 preceding Determination Periods, does not exceed 40.0% of the Pool Balance on such Additional Cut-Off Date.

In addition to the foregoing, CTB may voluntarily designate a New Account to be added as an Additional Account on an Addition Date, only if the following conditions are satisfied:

- (a) in respect of proposed additions in any 3 consecutive Determination Periods commencing in January, April, July and October of a calendar year, CTB shall have requested each Rating Agency to notify, and each Rating Agency shall have notified, CTB, the Servicer and the Custodian of any additional limitations to the right of CTB to designate New Accounts as Additional Accounts during such 3 consecutive Determination Periods, and CTB shall comply with such limitations; and
- (b) the balance of the Receivables on the Additional Cut-Off Date under such New Account together with the balance of the Receivables on such Additional Cut-Off Date under other New Accounts that are added as Additional Accounts on the same Addition Date, and the balance on the respective Additional Cut-Off Dates of Receivables under New Accounts that were previously added as Additional Accounts during:
  - (i) the 3 preceding Determination Periods, does not exceed 15.0% of the Pool Balance on such Additional Cut-Off Date; and

- (ii) the 12 preceding Determination Periods, does not exceed 20.0% of the Pool Balance on such Additional Cut-Off Date.

On or before January 31st, April 30th, July 31st and October 31st of each year, the Rating Agency Condition with respect to the Notes must be satisfied with respect to the addition of all New Accounts that have been added as Additional Accounts during the 3 consecutive Determination Periods ending in the calendar month prior to such date. If the Rating Agency Condition with respect to the Notes is not so satisfied in respect of the addition of New Accounts, CTB will, until the Rating Agency Condition with respect to the Notes is satisfied, no longer be permitted to voluntarily designate New Accounts as Additional Accounts under the preceding paragraph.

#### *Mandatory Additions of Accounts*

If, as of the close of business on a Determination Day, the Pool Balance is less than the Required Pool Amount as determined on the following Calculation Day (after giving effect to the calculations, allocations, distributions and adjustments to be made on such Calculation Day), CTB is required under the Pooling and Servicing Agreement to add Existing Accounts and receivables thereunder as Additional Accounts and Receivables not later than 10 days after such Calculation Day so that, after the addition of such Additional Accounts and the Receivables thereunder, the Pool Balance as of the close of business on the Addition Date is at least equal to the Required Pool Amount on such date. CTB shall satisfy the conditions applicable to the addition of Additional Accounts in respect of any additions required to be made, but shall not be subject to the quantitative limits described above in respect of such additions. The failure of CTB to Transfer undivided co-ownership interests in Account Assets to the Co-Owners solely as a result of the unavailability of a sufficient amount of receivables will not constitute a breach of the Pooling and Servicing Agreement, but may result in the occurrence of an amortization event in respect of a Series if and when the related Series Purchase Agreement so provides.

#### *Substitution of Accounts*

Subject to the conditions described below, CTB may from time to time, (i) replace the Canadian Tire credit card account of an Obligor with a MasterCard credit card account or Other Credit Card Account and credit the Obligor's Canadian Tire credit card account in the amount of the outstanding balance of Receivables thereunder on a specified date (the "**Substitution Date**") and debit the Obligor's MasterCard credit card account or Other Credit Card Account (as the case may be) in the same amount, (ii) replace the MasterCard credit card account of an Obligor with a Canadian Tire credit card account or Other Credit Card Account and credit the Obligor's MasterCard credit card account in the amount of the outstanding balance of Receivables thereunder on the Substitution Date and debit the Obligor's Canadian Tire credit card account or Other Credit Card Account (as the case may be) in the same amount, (iii) replace the Other Credit Card Account of an Obligor with a Canadian Tire credit card account or MasterCard credit card account and credit the Obligor's Other Credit Card Account in the amount of the outstanding balance of Receivables thereunder on the Substitution Date and debit the Obligor's Canadian Tire credit card account or MasterCard credit card account (as the case may be) in the same amount, and (iv) establish or re-establish a Canadian Tire credit card account, a MasterCard credit card account or an Other Credit Card Account, as the case may be, in favour of an Obligor in addition to an existing credit card account of the Obligor which is included on the Substitution Date as an Account and credit such credit card account in an amount up to the outstanding balance of Receivables thereunder on a specified date and debit the Obligor's Canadian Tire credit card account, MasterCard credit card account or Other Credit Card Account, as the case may be, in the same amount. Prior to or at the time of such substitution, CTB must designate the Obligor whose Canadian Tire, MasterCard or Other Credit Card Account, as the case may be, will be included as an Account (each such account, a "**Substituted Account**") as of the Substitution Date and on the Substitution Date the following conditions must be satisfied:

- (a) the Substituted Account must be an Eligible Account on the Substitution Date (except that the Substituted Account need not comply with paragraph (d) of the definition of Eligible Account);
- (b) as of the Substitution Date CTB must not be insolvent and must not be aware of any pending insolvency; and
- (c) the inclusion of such Substituted Account must not result in the occurrence of an amortization event in respect of any Series.

CTB will be required to deliver to the Custodian on or before the seventh day after the last Business Day of a month during which any substitution is made, a computer file or written list with respect to the Substituted Accounts

substituted during the month and an appropriate officers' certificate. In addition, on or before January 31st and July 31st of each year, CTB must cause to be delivered to the Custodian, each Entitled Party and each Rating Agency an opinion of counsel with respect to the Transfer and perfection of the Transfer of undivided co-ownership interests in the Account Assets under Substituted Accounts, if any, substituted during the immediately preceding 6 month period.

In addition, on or before January 31st, April 30th, July 31st and October 31st of each year, the Rating Agency Condition with respect to the Notes must be satisfied with respect to the substitution of all Substituted Accounts that have been substituted as Substituted Accounts during the 3 consecutive Determination Periods ending in the calendar month prior to such date. If the Rating Agency Condition with respect to the Notes is not so satisfied in respect of such Substituted Accounts, CTB will, until the Rating Agency Condition with respect to the Notes is satisfied, no longer be permitted to designate and substitute Substituted Accounts.

The designation and inclusion of a Substituted Account and the replacement of the related Canadian Tire, MasterCard or Other Credit Card Account, as the case may be, will not otherwise be subject to the limitations and conditions applicable to the addition of Additional Accounts or the removal of Accounts under the Pooling and Servicing Agreement.

#### *Removal of Accounts*

CTB has the right under the Pooling and Servicing Agreement to randomly designate Accounts to be removed and to cease Transferring undivided co-ownership interests in the Account Assets under such Accounts, provided that the Pool Balance would equal or exceed the Required Pool Amount after the removal and the following conditions are satisfied:

- (a) CTB must deliver an appropriate notice (the "**Removal Notice**") to the Custodian and each Rating Agency, designating the Account or Accounts to be removed (the "**Designated Accounts**") specifying the account number of the Designated Accounts and the date on and after which CTB will cease Transferring to the Co-Owners undivided co-ownership interests in receivables arising under such Designated Accounts (the "**Removal Commencement Date**"), not less than 5 Business Days before the Removal Commencement Date;
- (b) CTB must determine, on or before the seventh day after the last Business Day of a week during which a Removal Commencement Date occurs, the outstanding balance of Receivables under each Designated Account as of the Removal Commencement Day (the "**Designated Balance**") and deliver to the Custodian on the same day a list of the account numbers of such Designated Accounts and the Designated Balance of each Designated Account;
- (c) CTB must represent and warrant to the Custodian on or before the seventh day after the last Business Day of a week during which a Removal Commencement Day occurs that the removal of the Designated Accounts on the Removal Date does not and will not, in the reasonable belief of CTB, cause an amortization event in respect of any Series to occur or cause the Pool Balance to be less than the Required Pool Amount;
- (d) on or before the fifth Business Day after the Removal Date, CTB must amend the Pooling and Servicing Agreement by delivering to the Custodian a list of the Removed Accounts, and must represent and warrant to the Custodian as of the Removal Date that such list of Removed Accounts is, as of the Removal Date, true and complete in all material respects;
- (e) the Rating Agency Condition with respect to the Notes must have been satisfied in respect of the removal of the Designated Accounts; and
- (f) on or before the fifth Business Day after the Removal Date, CTB must deliver to the Custodian an appropriate officers' certificate.

In addition to the general provisions relating to the random designation and removal of Accounts, the Pooling and Servicing Agreement permits CTB, without any requirement to provide notice to the Custodian, any Co-Owner, any Entitled Party or any Rating Agency, or the satisfaction of any pre-conditions, other than the requirement to maintain the Required Pool Amount and the quantitative limits set out in (c) and, if applicable, (d), below, to do either or both of the following:

- (a) randomly designate one or more Designated Accounts and cease Transferring undivided co-ownership interests in the Account Assets under such Accounts on and after a specified Removal Commencement Date; and

- (b) randomly designate one or more Designated Accounts and pay on behalf of the Obligors the outstanding balance of Receivables under any of such Designated Accounts, or, subject to the limitations described in (d), purchase Receivables thereunder, in each case by depositing cash in an amount equal to the outstanding balance of Receivables under such Designated Accounts into the Collection Account on or prior to the second Business Day after the Removal Commencement Date (except if the Servicer is entitled to commingle funds and is not required to make daily deposits of Collections into the Collection Account in the circumstances described under “– Collection Account”), and such amount will be allocated among Co-Owners and CTB, as the owner of the Retained Interest, as if such amount had been paid by the Obligors under the Designated Accounts and formed part of the Collections on the date paid,

provided that:

- (a) the outstanding balance of Receivables under each Designated Account so designated, together with the outstanding balance of Receivables under all other Accounts designated under (a) and (b), above and Accounts removed on the basis described in the next paragraph, on the same date, and the outstanding balance on the respective Removal Commencement Dates of Receivables under all other Accounts previously designated under (a) and (b), above and Accounts removed on the basis described in the next paragraph, during the previous 12 Determination Periods, may not exceed 5.0% of the Pool Balance on the day the Designated Account is so designated; and
- (b) the outstanding balance of Receivables under each Designated Account which are purchased under (b), above together with the outstanding balance of Receivables under all other Designated Accounts which are purchased under (b), above and Accounts purchased on the basis described in the next paragraph, on the same date, and the outstanding balance on the respective Removal Commencement Dates of Receivables under all other Designated Accounts which were previously purchased under (b), above and Accounts purchased on the basis described in the next paragraph, after the Closing Date may not exceed 5.0% of the Pool Balance on the day the Designated Account is so designated.

In addition to the foregoing, if an Obligor under an Account independently requests that the Servicer transfer, or cause the transfer of, the balance owing thereunder to a credit card account established by CTB which is not at the time of the request an “Account”, such Account will, subject to satisfaction of the conditions set forth below, automatically become a “**Removed Account**” and, accordingly, will cease to be an “Account”:

- (a) the outstanding balance of the Receivables owing under an Account that would cease to be an “Account” would not, when added together with the outstanding balances of the Receivables contemplated by (c) and, if purchased by CTB, (d), above, at the relevant time, exceed the quantitative limits contemplated by (c) and (d) applicable at such time;
- (b) the Transfer, if completed, would not result in a Pool Balance being reduced below the Required Pool Amount; and
- (c) CTB will have deposited cash into the Collection Account in an amount equal to the outstanding balance of the Receivables owing under an Account that would cease to be an “Account”.

Except if paid or repurchased pursuant to (b), above, all Account Assets originated in Designated Accounts prior to the applicable Removal Commencement Date will, on and after such Removal Commencement Date, continue to be Account Assets in which the Co-Owners and CTB will, until paid, have their respective undivided co-ownership interests. On and after the applicable Removal Commencement Date, amounts collected from an Obligor under a Designated Account will be divided by the Servicer between the Co-Owners and CTB, on the one hand in respect of their interest in the Designated Balance, and CTB, on the other hand in respect of its interest in the receivables originating under the Designated Account after the Removal Commencement Date, in each case on the following basis:

- (a) first, to the Co-Owners and CTB, on the one hand, and to CTB, on the other hand, according to their respective interests in and to Credit Charge Receivables billed under the Account on and after the Removal Commencement Date on the basis of amounts owing to them, respectively, under the Designated Account;
- (b) second, to the payment of the oldest Receivable outstanding under such Designated Account; and
- (c) third, the balance, if any, to CTB in respect of receivables originated under the Designated Account on and after the Removal Commencement Date.

On the day after the day on which distributions of Collections from a Designated Account on and after the Removal Commencement Date equal the Designated Balance of such Designated Account, together with Credit Charge Receivables, Recoveries and Pool Losses, if any, allocated in respect of the Account based on the declining amount of the Designated Balance, or the amount of Receivables which constitute Account Assets in any Removed Account is repaid or repurchased (in each case, the “**Removal Date**” for the related Designated Account), the Custodian is required, upon the written request of CTB, to execute and deliver to CTB a reassignment in form reasonably satisfactory to CTB with respect to such Designated Account. After execution and delivery of the reassignment, the Designated Account will be a Removed Account and will therefore cease to be an Account subject to the Pooling and Servicing Agreement.

### **Mandatory Reassignment**

The Seller has made certain representations and warranties in the Pooling and Servicing Agreement relating to, among other things, the Account Assets. The Servicer has also made certain representations, warranties and covenants relating to the Account Assets. If certain of these representations and warranties of the Seller or the Servicer, with respect to any Account Assets are found to have been incorrect when made and such incorrect representations or warranties have a material adverse effect on a Series and continue to be incorrect or unremedied, and continue to have such a material adverse effect, for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice to CTB, then, subject to certain conditions specified in the Pooling and Servicing Agreement, CTB is required to purchase affected Ownership Interests or such affected Account Assets on or before the expiry of such 30 Business Day period. If CTB, in its capacity as Servicer, fails to comply with certain covenants with respect to any Account Asset and such non-compliance has a material adverse effect on a Series and continues unremedied for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice thereof to CTB, then, subject to certain conditions specified in the Pooling and Servicing Agreement, CTB is required to purchase such affected Account Assets on or before the expiry of such 30 Business Day period. In the event of a transfer of servicing obligations to a successor Servicer, such successor Servicer, rather than CTB, would be responsible for any failure to comply with the Servicer’s covenants and any breach of the Servicer’s representations and warranties arising thereafter.

### **Excluded Amounts**

Currently, all Receivables originated under Canadian Tire credit card accounts included as Accounts in relation to purchases of Petroleum Products at Specified Locations are originated by CTB upon the extension of credit to cardholders by CTB as principal, and are therefore included as Account Assets. In the future, Canadian Tire and CTB may, subject to satisfaction of certain conditions under the Pooling and Servicing Agreement, agree to change the current credit arrangements so that Canadian Tire would extend credit directly to purchasers of Petroleum Products at Specified Locations under Canadian Tire credit cards issued by CTB, with CTB acting as agent for and on behalf of Canadian Tire. Receivables in respect of sales of such Petroleum Products that arise under the Accounts after such change in arrangements would be owned by Canadian Tire. Accordingly, CTB would have no interest in such receivables and related fees and charges (referred to herein as “**Excluded Amounts**”) and such Excluded Amounts would not form part of the Account Assets. See “Glossary – Excluded Amounts”. In these circumstances, credit charges in respect of the receivables would be calculated based on the respective amounts owing by the cardholder for purchases of Petroleum Products, on the one hand; and for purchases of other products and services and cash advances, on the other hand. Collections received from Obligor in respect of these receivables will be apportioned between Canadian Tire in respect of Excluded Amounts, on the one hand, and CTB and the Co-Owners, on the other hand, based on the provisions relating to the application of payments contained in the related credit card agreement.

CTB has covenanted in the Pooling and Servicing Agreement that, except to the extent referred to under “The Custodial, Co-Ownership and Servicing Arrangement – Additional and Substitute Sellers”, it will not enter into any arrangement with any Person under which it acts as agent in connection with the extension of credit by such Person as principal under a Canadian Tire credit card account, a MasterCard credit card account or an Other Credit Card Account, other than arrangements under which CTB may act as agent for Canadian Tire with respect to the extension of credit by Canadian Tire, as principal, to finance purchases of Petroleum Products at Specified Locations under Canadian Tire credit card accounts as described in the preceding paragraph.

## Collection Account

Under the Pooling and Servicing Agreement, the Servicer has established and is required to maintain an Eligible Deposit Account (which, in the case of the Collection Account means a segregated account that satisfies all the criteria applicable to an Eligible Deposit Account set forth in each Series Purchase Agreement) in the name of the Custodian. The Custodian holds the amounts in the Collection Account in trust for the Co-Owners and CTB and, upon the direction of Servicer, distributes amounts from the Collection Account to the Co-Owners and CTB as described under “Series of Ownership Interests – Distributions to the Trust in Respect of a Series of Ownership Interests” and “– Availability of Collections Allocable But Not Distributed to Other Series”.

Collections will be deposited into the Collection Account by the Servicer, except in the circumstances and at the times described below. As Servicer, CTB will be obligated to deposit into the Collection Account Collections within two Business Days of receipt of such Collections, but only to the extent that such Collections are required for distribution to one or more Co-Owners, in each case as specified or determined in accordance with the Series’ distribution notice. Amounts deposited into the Collection Account will thereafter be deposited into the applicable Series Accumulations Account or other related Series Accounts, as applicable, the Eligible Deposit Accounts established in respect of other Series and otherwise distributed to CTB in respect of the Retained Interest or held unallocated, in each case based upon the respective entitlements to receive allocations and distributions of Collections under the Pooling and Servicing Agreement and each related Series Purchase Agreement. As the Servicer, CTB collects and administers the Receivables as agent for and on behalf of the Co-Owners and CTB.

As Servicer, CTB will be obligated to deposit into the Collection Account those Collections which are required for distribution to Co-Owners in respect of all Series within two Business Days of the applicable date of processing. However, if (i) CTB is a majority-owned subsidiary of Canadian Tire, (ii) CTB remains the Servicer and (iii) CTB satisfies the additional conditions and requirements specified in one or more Series Purchase Agreements or Additional Property Agreements, CTB will be permitted to commingle Collections otherwise required to be deposited in respect of a Series in the Collection Account with its general funds until the Business Day prior to the relevant payment or specified deposit date (each as specified in the related Distribution Notice). Unless otherwise specified in a Series Purchase Agreement (and set out in the applicable pricing supplement) in respect of a Series, such additional conditions and requirements shall be that no Servicer Termination Event or Amortization Event has occurred and is continuing, no Series is in its amortization period and either (a) Canadian Tire or another Person guarantees the obligations of CTB as Servicer and Canadian Tire or such other Person maintains a rating from each Rating Agency then rating its securities equivalent to at least R-1(low) from DBRS and A-1+ from S&P (or such other ratings as may be provided in the related Series Purchase Agreement and set out in the applicable pricing supplement), or (b) CTB arranges for and maintains a letter of credit in favour of the Custodian from an Eligible Institution in an amount equal to at least 18.0% of the Pool Balance, or a continuing performance guarantee from a Person meeting specified Rating Agency requirements.

Based on satisfaction of such requirements, CTB may make deposits as required directly into the related Series Accumulations Account and the accumulations accounts and other Eligible Deposit Accounts established for other Series, in each case by 12:00 noon Toronto time on the Business Day on which the deposit is required to be made. As at the date of this Prospectus, Canadian Tire’s short term ratings from DBRS and S&P are “R-1(low)” and “A-1(low)”, respectively. Accordingly, and as CTB has not arranged for the letter of credit or performance guarantee referred to in clause (b) above, CTB will not, as of the date hereof, be permitted to commingle Collections required to be deposited in respect of a Series. CTB may be permitted to commingle Collections required to be deposited in respect of other Series if it satisfies commingling conditions set forth for such Series. If CTB commingles any excess Collections, as permitted under the Pooling and Servicing Agreement, but is required to comply with the Partial Commingling Condition, and the daily asset test described in paragraph (a) of the definition of Partial Commingling Condition indicates that the Pool Balance is less than the Required Pool Amount on such Business Day, then the Servicer will thereafter deposit Collections into the Collection Account not later than the second Business Day after the applicable date of processing, and no payment will be made to the Seller with respect to its Retained Interest until the Pool Balance is at least equal to the Required Pool Amount or an Amortization Event has occurred, in which case the Seller will only receive payments with respect to its Retained Interest in accordance with the provisions of the Pooling and Servicing Agreement or the Series Purchase Agreement that apply upon the occurrence of an Amortization Event. If CTB is not permitted to commingle Collections required to be deposited in respect of a Series, but is permitted to commingle deposits in respect of other Series, then, despite the general requirement to deposit Collections into the Collection Account described above, the Servicer will be required to deposit Collections required to be deposited in respect of that Series directly into the related Series Accumulations Account on the day that such deposits would otherwise have been made into the Collection Account.

### **The Series Liquidation Principal Funding Accounts**

With respect to a Series, the Custodian is required to establish and maintain an Eligible Deposit Account in the name of the Custodian to serve as its Series Liquidation Principal Funding Account.

The Custodian, upon the direction of the Servicer, is required to deposit such amounts as set forth in the Distribution Notice for a Series into the applicable Series Liquidation Principal Funding Account. The Custodian shall hold such deposited amounts (subject to investment in Eligible Investments) until the earlier of (a) the Business Day immediately prior to the Expected Repayment Date and (b) the Amortization Commencement Day, in each case, for such Series, at which time all amounts on deposit shall be transferred by the Custodian into the related Series Accumulations Account and applied, together with other amounts on deposit therein, to make the payments described herein in "The Notes – Repayment of Principal". See "Distributions to the Trust in respect of a Series of Ownership Interests – During the Liquidation Period".

### **The Series Liquidation Yield Reserve Accounts**

With respect to a Series, the Custodian is required to establish and maintain an Eligible Deposit Account in the name of the Custodian to serve as its Series Liquidation Yield Reserve Account.

In respect of a Series, the Custodian, upon the direction of the Servicer, is required to withdraw from the Collection Account and deposit to the applicable Series Liquidation Yield Reserve Account the Series Liquidation Yield Reserve Account Available Collections during the Pre-Liquidation Reserve Period until the amount deposited to such Series Liquidation Yield Reserve Account in respect of this requirement is equal to 0.50% (or such other percentage specified in the related Series Purchase Agreement and set out in the applicable pricing supplement) of the initial Invested Amount of such Series. The amount so deposited in respect of a Series will be held in the related Series Liquidation Yield Reserve Account, unless withdrawn for deposit to the related Series Accumulations Account, until the Yield Reserve Termination Date, at which time such amounts shall be released to the Seller in respect of the Retained Interest.

In respect of a Series, funds in each Series Liquidation Yield Reserve Account will be available during the Liquidation Period and the Amortization Period, if applicable, to the extent of the lesser of (a) the balance on deposit in the applicable Series Liquidation Yield Reserve Account and (b) an amount equal to the Ownership Income Share (without taking into account the references to the Required Yield Reserve Deposit Amount and the applicable Series Liquidation Yield Draw Amount in the definition thereof) minus the Ownership Income Source (if the Ownership Income Source is greater than zero; otherwise, the Ownership Income Source shall be deemed to be zero), each as of the applicable Determination Day. See "Distributions to the Trust in respect of a Series of Ownership Interests – Series Liquidation Yield Reserve Accounts".

## **THE CUSTODIAL, CO-OWNERSHIP AND SERVICING ARRANGEMENT**

### **Custodial Arrangement**

Pursuant to the Pooling and Servicing Agreement, all of the Seller's present and future right, title and interest in the Account Assets has been delivered to and deposited with the Custodian and the terms upon which the Seller would sell from time to time Ownership Interests in Series and Classes have been established. The Pooling and Servicing Agreement also sets out certain common provisions relating to the attributes of Ownership Interests of all Series and the attributes of the Retained Interest, including the method for allocating Credit Charge Receivables, Recoveries and Pool Losses and for allocating Collections among Series and the Retained Interest and the other terms and conditions of the custodial, co-ownership and servicing arrangements described in this prospectus. CTB and the Trust have appointed the Custodian to act as agent and bailee to hold their respective interests in the Account Assets and, if applicable, Additional Property, and to perform certain other duties on their behalf.

The Pooling and Servicing Agreement provides that each Co-Owner and CTB, as the owner of the Retained Interest, will pay the Custodian reasonable compensation for all services rendered by the Custodian and will reimburse the Custodian for all reasonable expenses incurred in the exercise and performance of its duties under the Pooling and Servicing Agreement.

## The Custodian

The Custodian appointed under the Pooling and Servicing Agreement is Computershare Trust Company of Canada. The Custodian's corporate trust office is at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1. Under the Pooling and Servicing Agreement, the Custodian, as agent and bailee for the Co-Owners and CTB, is required to hold the Account Assets and to perform the duties which are specifically set out in the Pooling and Servicing Agreement, including reviewing reports and certificates required to be delivered by the Servicer to ensure that they substantially conform in form to the requirements of the agreement and notifying the Issuer Trustee if an Amortization Event occurs.

The Pooling and Servicing Agreement sets out eligibility requirements relating to the Custodian to be satisfied on an on-going basis, including that the Custodian must at all times (a) either be a Schedule I chartered bank or a trust company or insurance company organized and doing business under the laws of Canada or any province thereof, and, in each case, (b) be authorized under applicable law to exercise corporate trust powers, (c) have a combined capital and surplus of at least \$50,000,000, (d) have a rating of at least AA(low) (long term) and R-1 (middle) (short term) from DBRS if DBRS is a Rating Agency and an investment grade rating from each other Rating Agency or have its duties, responsibilities and obligations as Custodian guaranteed pursuant to a guarantee substantially in the form provided in the Pooling and Servicing Agreement or otherwise be acceptable to each Rating Agency or the appointment of such Custodian shall satisfy the Rating Agency Condition and (e) be subject to supervision or examination by federal or provincial authorities. The Pooling and Servicing Agreement provides that CTB, as the owner of the Retained Interest, and the Co-Owners may remove the Custodian and appoint a successor Custodian if, among other things, the Custodian ceases to be eligible in accordance with the provisions of the Pooling and Servicing Agreement and fails to resign voluntarily. The Custodian may also resign at any time, in which event CTB, as the owner of the Retained Interest, and the Co-Owners will be obligated to appoint a successor Custodian. If they do not, the Servicer may apply to a court for the appointment of a successor Custodian. Any resignation or removal of the Custodian and appointment of a successor Custodian does not become effective until the acceptance of the appointment by the successor Custodian.

## Sale of Other Series

The Pooling and Servicing Agreement provides that, pursuant to one or more Series Purchase Agreements, CTB may, subject to satisfying certain conditions as described below, Transfer one or more Series to Persons who are from time to time Co-Owners. Ownership Interests of other Series may be sold to the Trust and to other Persons, including directly to individual investors in accordance with applicable securities legislation. If additional Series are created and sold, the Trust, each other Co-Owner and CTB will each have an undivided co-ownership interest in the same Account Assets. The Trust may purchase other Ownership Interests with the proceeds of notes or other obligations issued under, or otherwise permitted by, the Trust Indenture from time to time.

A Series Purchase Agreement relating to a new Series may specify, among other things, with respect to the new Series: (a) its name or designation, (b) its initial invested amount (or method for calculating such amount), (c) subject to the general allocation provisions in the Pooling and Servicing Agreement, its entitlement to be allocated and to receive distributions of Collections, (d) the related revolving period, liquidation period and amortization events, the occurrence of which could lead to the commencement of the related amortization period, (e) the distribution date or dates and the date or dates from which entitlements to distributions of amounts in respect of the Series shall be made, (f) subject to the general allocation provisions in the Pooling and Servicing Agreement, the basis for allocating Credit Charge Receivables, Recoveries and Pool Losses to Co-Owners of such Series, (g) servicing fees and certain other fees, if applicable, (h) the terms of any Additional Property with respect to the Series and the name of any Entitled Party under the related Additional Property Agreement, (i) the enhancement amount or manner of calculating the enhancement amount for the Series, (j) the attributes of one or more Classes within the Series, (k) the extent to which Additional Property may be substituted for the enhancement amount or any other credit enhancement provided in respect of the Series, (l) if the Series is evidenced by certificates, the terms on which the certificates of a Series or Classes within the Series may be exchanged, purchased by CTB or remarketed to other Co-Owners, and (m) any other terms permitted by the Pooling and Servicing Agreement (all such terms, the "Principal Terms" of the Series). Subject to the conditions set forth below, there is no limit to the number of different Series that may be created and Transferred under the Pooling and Servicing Agreement and related Series Purchase Agreements.

Each Series may have an amortization period or liquidation period that has a different length and begins on a different date than the amortization period or liquidation period for other Series. As a result, one or more Series may be

in their amortization periods or liquidation periods while other Series are not. Thus, certain Series may be amortizing or liquidating Collections, while other Series are in their Revolving Periods. Under the Pooling and Servicing Agreement, the entitlement to receive amounts derived from any Additional Property will only be available to the particular Series (or a particular Class within a Series) to which the Additional Property relates.

Under the Pooling and Servicing Agreement and pursuant to a Series Purchase Agreement, a new Series may be created and Transferred only upon satisfaction of the following conditions: (a) at least five Business Days in advance of the applicable closing date, CTB shall have given the Custodian, the Servicer and each Rating Agency, among others, notice of the proposed creation and Transfer and the anticipated closing date, (b) CTB shall have delivered to the Custodian the related Series Purchase Agreement in form satisfactory to the Custodian signed by each party thereto other than the Custodian and specifying the Principal Terms of such Series, (c) CTB shall have delivered to the Custodian each related Additional Property Agreement, if any, signed by each party thereto, if applicable, (d) the Custodian shall have received an opinion of counsel as to certain specified matters, (e) satisfaction of the Rating Agency Condition with respect to the Notes, (f) CTB shall have delivered to the Custodian, among others, an officer's certificate to the effect that CTB reasonably believes that such Transfer will not result in the occurrence of an amortization event with respect to any Series and is not reasonably expected to result in the occurrence of such an amortization event at any time in the future, and (g) after giving effect to such Transfer, the Pool Balance will not be less than the Required Pool Amount and CTB will have delivered to the Custodian, among others, an officers' certificate to such effect. Upon satisfaction of all such conditions that are applicable in the circumstances and the payment of the consideration for the new Series to CTB, the Custodian is required to execute the related Series Purchase Agreement as agent for and on behalf of all existing Co-Owners.

#### **Additional Ownership Interests of Other Series**

The Pooling and Servicing Agreement provides that, if permitted pursuant to an applicable Series Purchase Agreement, the invested amount of a Series may be increased upon the purchase by Co-Owners of such Series of an Additional Ownership Interest. Subject to the terms of the Trust Indenture and the Series Supplement, the Trust may purchase an Additional Ownership Interest by issuing additional Senior Notes or additional Subordinated Notes. The conditions, if any, relating to the Transfer of Additional Ownership Interests of a Series will be set out in the related Series Purchase Agreement. The Transfer of an Additional Ownership Interest in relation to a Series will be subject to several pre-conditions, including satisfaction of the Rating Agency Condition with respect to the related series of Notes and that such Transfer will not result in the occurrence of an amortization event with respect to any Series or Class or materially adversely affect the amount or timing of distributions to be made in respect of Ownership Interests of any Series or Class. Upon the Transfer of an Additional Ownership Interest, the unadjusted invested amount of the related Series will be increased by the stated dollar amount of the Additional Ownership Interest.

The Series Purchase Agreement for a Series will provide that Additional Ownership Interests of the Series may be Transferred to the Trust to facilitate the reduction or substitution of the Enhancement Amount, subject to the conditions described under "Series of Ownership Interests – Description of Series of Ownership Interests – Additional and Substitute Enhancements". A separate class of notes within the same series as a series of Notes, but ranking subordinated thereto, may be issued and sold in order to reduce the Enhancement Amount or in replacement of or substitution for Additional Property for a Series, subject to satisfaction of the conditions described under "Series of Ownership Interests – Description of Series of Ownership Interests – Additional and Substitute Enhancements". Except if otherwise provided in accordance with the general amending provisions of the Pooling and Servicing Agreement, as the same may be modified by the related Series Purchase Agreement, the attributes of a Series may not be altered as a result of the Transfer of Additional Ownership Interests in respect of such Series.

#### **Certificated Issues**

The Pooling and Servicing Agreement provides that Ownership Interests of a Series or Class may be evidenced by certificates in bearer form or in fully registered form (including, without limitation, any uncertificated Series or Class which is registered in the certificate register to be maintained by the Custodian), in each case if so provided in the related Series Purchase Agreement. A Series Purchase Agreement will not provide for the issuance of certificates to evidence the existence thereof.

### **The Required Pool Amount**

The Required Pool Amount on any Determination Day is an amount equal to at least the sum of (a) all amounts, each of which is the product of (i) the invested amount of a Series and (ii) the Required Pool Percentage for such Series on such day, plus (b) the sum of the enhancement amounts in respect of all Series on such day. The Required Pool Percentage for a Series is 107% (or such other percentage as specified in the related Series Purchase Agreement and as set out in the applicable pricing supplement). If the Pool Balance is less than the Required Pool Amount on any Determination Day, CTB is obligated to add Additional Accounts and Receivables thereunder to the pool until the Pool Balance equals or exceeds the Required Pool Amount. See “The Account Assets – Addition, Substitution and Removal of Accounts – Mandatory Additions of Accounts”. If, in these circumstances, CTB fails to add Additional Accounts with sufficient Receivables within a specified period of time, an Amortization Event in respect of each Series will result. In addition, certain rights of CTB under the Pooling and Servicing Agreement may not be exercised if, at the time or as a result of such exercise, the Pool Balance would be less than the Required Pool Amount.

### **The Retained Interest**

The balance of the interest in the Account Assets other than the Ownership Interests constitutes the Retained Interest owned by CTB. The dollar amount of the Retained Interest is calculated as the remainder of the Pool Balance after deducting the sum of the Invested Amounts of all of the Series. The dollar value of the Retained Interest at any time must be maintained at not less than the Required Pool Amount less the sum of the Invested Amounts for all Series.

### **Additional and Substitute Sellers**

The Pooling and Servicing Agreement provides that, in addition to the Transfer to Co-Owners of undivided co-ownership interests in Account Assets by CTB, CTB may designate an affiliated Person or other Person satisfying specified eligibility criteria as an Additional Seller to Co-Owners of undivided co-ownership interests in Account Assets. Such designation will be set out in, and the Transfer of undivided co-ownership interests in receivables originating under Eligible Accounts specified as Accounts and any related transactions will be effected under, a supplement to the Pooling and Servicing Agreement (which supplement will be subject to the general amending provisions of the Pooling and Servicing Agreement to the extent that it amends any of the terms of the Pooling and Servicing Agreement). Each Additional Seller will retain a “Supplemental Interest” reflecting such Additional Seller’s ownership interest in the Retained Interest. Such Supplemental Interest will constitute full consideration to the Additional Seller for its Transfer to Co-Owners and any other Seller or Sellers of undivided co-ownership interests in such receivables. The addition of Additional Sellers and Accounts under which such Additional Sellers originate Receivables will be conditional upon satisfaction of the conditions set out in the Pooling and Servicing Agreement with respect to the creation and Transfer of additional Series, including the Rating Agency Condition with respect to the related Notes. In addition, the Pooling and Servicing Agreement provides that the obligations of CTB and any Additional Seller may be assumed by a designated Person, subject to satisfaction of several conditions, including the Rating Agency Condition with respect to the related Notes.

The purpose of these provisions is to provide flexibility to CTB in structuring, developing and operating its credit card business. References in this prospectus to CTB include additional and substitute Sellers, if and to the extent that the reference relates to an obligation, representation, warranty, status or entitlement of CTB in its capacity as a “Seller” under the Pooling and Servicing Agreement.

### **Termination of Custodial Arrangement**

The custodial arrangement pursuant to the Pooling and Servicing Agreement will terminate on the day following the Calculation Day on which the sum of the Invested Amounts for all Series is zero and no other amounts are distributable to Co-Owners in respect of any Ownership Interest pursuant to any Series Purchase Agreement and CTB notifies the Custodian that no further Ownership Interests are intended to be created and sold pursuant to the Pooling and Servicing Agreement. Upon the termination of the custodial arrangement, all right, title and interest in the Account Assets and other funds held by the Custodian (other than amounts in the Collection Account, any accumulations account or other deposit account established in respect of a Series, required for the final distribution of amounts to Co-Owners) will be delivered to CTB in respect of the Retained Interest.

### **Servicing of the Receivables**

Under the Pooling and Servicing Agreement, CTB (as assignee of CTFS) has been appointed the Servicer of the Account Assets. The Pooling and Servicing Agreement requires that the Servicer use its best efforts to service and administer the Account Assets, collect all Collections, make all required distributions, transfers and deposits, maintain records with respect to the Accounts and the Receivables, make calculations and adjustments to each Series in accordance with the Pooling and Servicing Agreement and the related Series Purchase Agreements and report on such calculations to the Custodian and CTB at the time prescribed in such Series Purchase Agreements. On or before April 30th of each year, the Servicer must provide the Custodian with a report of the independent auditors of the Servicer to the effect that such auditors have examined the books and records of the Servicer relating to the servicing of the Accounts and the Receivables during the previous calendar year and that on the basis of such examination, the calculations made by the Servicer under the Pooling and Servicing Agreement and each Series Purchase Agreement have been properly made in all material respects and correspond with the books and records maintained by the Servicer or, if such is not the case, stating the nature of the exceptions.

The Servicer may, in the ordinary course of its business, delegate some or all of its duties as Servicer to any Person that agrees to perform those duties in accordance with the Pooling and Servicing Agreement. Such delegation will not relieve the Servicer of its liability and responsibility for the performance of those duties and will not constitute a resignation of the Servicer. CTB has appointed CTFS as sub-Servicer.

### **Servicing Compensation and Payment of Expenses**

CTB, as Seller and Servicer, has agreed that the consideration received by it for each Series, as and when sold by CTB, constitutes compensation in full for services rendered in its capacity as Servicer and reimbursement of expenses incurred by it in such capacity. CTB, as Servicer, has agreed pursuant to the Pooling and Servicing Agreement to pay certain expenses incurred in connection with servicing the Account Assets, including the payment of the fees and expenses of any successor Servicer, payment of reasonable fees and disbursements of independent accountants and all other expenses incurred by the Servicer or successor Servicer, as the case may be, in connection with its activities under the Pooling and Servicing Agreement and including all other fees and expenses relating to the Account Assets not expressly stated therein to be for the account of the Co-Owners.

No Co-Owner, including the Trust, has any obligation to collect the Receivables or to pay compensation to CTB or any successor Servicer. If a successor Servicer is appointed, CTB, as Seller and Servicer, is required to reimburse the Custodian for the additional servicing fees and expenses, if any, and the Custodian is entitled to deduct such additional fees and expenses, if any, from monies otherwise to be distributed to the owner of the Retained Interest. If CTB fails to pay the fees and expenses of a successor Servicer or the Custodian is unable to deduct those amounts from monies to be distributed to the owner of the Retained Interest, a portion of such fees and expenses will be borne by each Co-Owner.

### **Servicer Termination Events**

A Servicer Termination Event will be deemed to have occurred in respect of each Series if one or more of the events specified as a "servicer termination event" in a Series Purchase Agreement for a Series occurs, including all required notices having been delivered and grace periods having elapsed and the requisite number of Co-Owners specified in the related Series Purchase Agreement having not waived the servicer termination event.

With respect to a Series, unless otherwise specified in the related Series Purchase Agreement and set out in the related pricing supplement, the following events are the "servicer termination events" specified in the related Series Purchase Agreement for and in respect of each Series:

- (a) the Servicer fails to make any distribution, transfer or deposit required in respect of such Series and such failure continues for a period of 5 Business Days, or the Servicer fails to observe or perform any covenant or agreement contained in the Pooling and Servicing Agreement or the related Series Purchase Agreement, if such failure has a material adverse effect on the ability of the Trust to satisfy its obligations to holders of the related Senior Notes or Subordinated Notes and continues unremedied for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice thereof to the Servicer;

- (b) any representation or warranty made by the Servicer in the Pooling and Servicing Agreement or the related Series Purchase Agreement, is found to have been incorrect when made or any information required to be given by the Servicer is found to have been incorrect when given, and such incorrect representation, warranty or information has a material adverse effect on the ability of the Trust to satisfy its obligations to holders of the related Senior Notes or Subordinated Notes and continues to be incorrect or unremedied for a period of 30 Business Days after delivery by the Custodian or the Issuer Trustee of written notice thereof to the Servicer;
- (c) subject to certain permitted reorganizations, the occurrence of certain events of bankruptcy, insolvency, receivership or liquidation with respect to the Servicer;
- (d) subject to certain permitted reorganizations and to the permitted arrangements described under “The Account Assets – Excluded Amounts” and “– Additional and Substitute Sellers”, CTB, if then the Servicer, withdraws from the revolving credit card business; and
- (e) if CTB is the Servicer and a Standby Servicer and an Independent Investment Advisor have been appointed and have agreed to act in the circumstances described under “– Appointment of a Standby Servicer and an Independent Investment Advisor”, the Independent Investment Advisor notifies the Trust, the Administrator and CTB in writing that:
  - (i) in its reasonable opinion, there has been a material adverse change in the financial condition or operation of CTB that is reasonably likely to result in CTB being unable to pay its liabilities as they become due within 90 days of the date on which the Independent Investment Advisor becomes aware of such material adverse change; and
  - (ii) as a result of such material adverse change, the Independent Investment Advisor believes that it is in the best interests of Noteholders that CTB be replaced as the Servicer by the Standby Servicer appointed as described under “– Appointment of a Standby Servicer and an Independent Investment Advisor”,

and, accordingly, the Independent Investment Advisor recommends in writing that CTB be so replaced as Servicer; provided, however, that no servicer termination event will be considered to have occurred if, on or before the fifth Business Day occurring after such recommendation the related Noteholders provide the Issuer Trustee with a Noteholder Direction to the effect that such event shall not give rise to a servicer termination event for these purposes.

If a Servicer Termination Event has occurred and is continuing, Co-Owners of Series having Invested Amounts aggregating to more than 50% of the aggregate of the Invested Amounts of all Series may terminate all the rights and obligations of the Servicer under the Pooling and Servicing Agreement and appoint a successor Servicer. Co-Owners will exercise such voting rights in Series; each Series voting together as a group where a majority (based on the amount of Ownership Interests of the Series) will be sufficient to direct the voting entitlement of the entire Series. In exercising its voting rights in respect of a Series, the Trust will act upon the direction of holders of the related Senior Notes and Subordinated Notes representing more than 50% of the aggregate outstanding principal amount of such Senior Notes and Subordinated Notes, voting together as a single series. If a material delay in obtaining the direction of the Co-Owners with respect to the termination of the Servicer would be reasonably expected to have a material adverse effect on the interests of Co-Owners, the Custodian, acting for and on behalf of all Co-Owners and CTB, will be permitted and, in certain circumstances contemplated in the Pooling and Servicing Agreement, will be irrevocably directed by the Co-Owners and CTB, to replace the Servicer without requiring that the foregoing voting take place.

#### **Appointment of a Standby Servicer and an Independent Investment Advisor**

Pursuant to a Series Purchase Agreement relating to a Series, the Custodian is required to use its best efforts to arrange for a Standby Servicer if (a) the rating of CTB issued by DBRS and S&P or, (b) the rating of Canadian Tire issued by DBRS and S&P in circumstances where CTB is not then rated by DBRS and S&P and Canadian Tire has provided the servicer guarantee contemplated under the heading “The Account Assets – Collection Account”, has been reduced to a rating of BB (high) or below by DBRS and BB+ or below by S&P or CTB (except in the circumstances described in (b), above) or Canadian Tire (where Canadian Tire is providing a servicer guarantee as described in (b), above), as the case may be, is unrated by DBRS and S&P. As CTB is not currently rated by DBRS or S&P and Canadian Tire has agreed, at least initially, to provide a servicer guarantee as contemplated under “The Account Assets – Collection Account”, the foregoing determinations will be based initially on the ratings of Canadian Tire by DBRS and S&P. The designation of any Standby Servicer shall, in the case of DBRS, be subject to satisfaction of the Rating Agency Condition.

Pursuant to these arrangements, the Standby Servicer will agree to be available to act as a successor Servicer if CTB is replaced as the Servicer in the circumstances described in (e) under “– Servicer Termination Events”. CTB will agree to pay any standby fee payable (or an allocable portion thereof) in connection with the engagement of the Standby Servicer in these circumstances. The Standby Servicer will, unless another Person has been appointed as a successor Servicer, be obligated to perform the functions, and assume all of the obligations and responsibilities, of a successor Servicer under the Pooling and Servicing Agreement if CTB is replaced as Servicer as a result of the occurrence of a servicer termination event contemplated in (e) under “– Servicer Termination Events”.

Promptly after the appointment of the Standby Servicer, the Custodian will also be required under the related Series Purchase Agreement to engage an Independent Investment Advisor to perform the monitoring functions and to make the determinations contemplated in (e) under “– Servicer Termination Events”. The Independent Investment Advisor will be selected by the Custodian on the basis of the recommendation of the Issuer Trustee, who in turn will rely upon the advice of the Administrator in making such recommendation. CTB will be required to make available all financial information reasonably requested by the Independent Investment Advisor and CTB will be required to pay all reasonable fees, and reimburse all reasonable expenses, of the Independent Investment Advisor appointed under the related Series Purchase Agreement.

### **Certain Matters Regarding the Servicer**

The Servicer may not resign from its obligations and duties under the Pooling and Servicing Agreement, except upon a determination that such duties are no longer permissible under applicable law and there is no reasonable action which the Servicer could take to make the performance of its duties permissible under applicable law. No such resignation will become effective until a successor Servicer has assumed the Servicer’s responsibilities and obligations under the Pooling and Servicing Agreement.

Any Person into which, in accordance with the Pooling and Servicing Agreement, the Servicer may be amalgamated or consolidated or any Person resulting from any amalgamation or consolidation to which the Servicer is a party, or any Person succeeding to the business of the Servicer, will be the successor Servicer under the Pooling and Servicing Agreement.

### **Reporting Requirements**

Pursuant to the Pooling and Servicing Agreement and Series Purchase Agreements, the Servicer is required to prepare certain reports in relation to related Series in the form and within the time limits prescribed by the Pooling and Servicing Agreement and the related Series Purchase Agreement and to deliver the reports to the Custodian, CTB and the Issuer Trustee. In addition, CTB is required to provide to the Custodian and the Issuer Trustee a monthly certificate as to whether any amortization events relating to Canadian Tire and CTB, respectively, have occurred and to provide certain other reports and certificates to the Rating Agencies.

Based on the foregoing reports and certificates, the Administrator will in respect of a Series prepare a monthly investor-oriented report (the “**Investors’ Monthly Performance Summary**”) for the related Noteholders which will include information concerning yield, Ownership Income Share, Ownership Income Source, Written-Off Amounts, net write-off rate, Enhancement Draw Amounts, Pool Balance, aggregate Collections, and the monthly collection rate for the pool of selected Accounts and such other information as determined by the Administrator. The form of Investors’ Monthly Performance Summary may change at the discretion of the Administrator.

It is intended that the information contained in the Investors’ Monthly Performance Summary will be posted on the Bloomberg® Service under “Glacier Credit Card”, together with other similar asset-backed securities reports carried on the service under “ccr.go”. Also, the report will be posted at the following website: “www.canadiantire.ca”, under the subject matter “Investors”. Additionally, for Noteholders without access to the Bloomberg Service or such website, the Administrator will distribute the Investors’ Monthly Performance Summary for the applicable Series via fax, e-mail or regular post directly to Noteholders who provide a written request to the Administrator. Such written request must be forwarded to the following address: Canadian Tire Bank, in its capacity as Administrator for Glacier Credit Card Trust, c/o Manager, Treasury, 3475 Superior Court, Oakville, Ontario L6L 0C6. The Administrator will post on www.sedar.com on a quarterly basis certain information pertaining to the Account Assets in which the Trust maintains undivided co-ownership interests through ownership of the Ownership Interests.

Except as described above, to the extent Notes are represented by Book-Entry Notes, information relating to the Notes will be available to Noteholders only to the extent it is forwarded by or otherwise available through CDS and its Participants. The manner in which notices and other communications are conveyed by CDS to Participants, and by Participants to the Noteholders, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Servicer, the Issuer Trustee, the Indenture Trustee and the Administrator may recognize as owner of a Note the Person in whose name the Note is registered on the books and records of the Indenture Trustee, as registrar in respect of the Notes.

### **Restrictions on Amendments to the Terms and Conditions of the Accounts**

Under the Pooling and Servicing Agreement, CTB may amend or otherwise change, subject to compliance with all applicable laws, the terms and provisions of any or all of the Accounts, the terms and provisions of the Credit Card Agreements related thereto and its practices and procedures relating to the operation of its credit card business, in each case in any respect whatsoever (including the calculation of the amount and the timing of write-offs, the amount and manner of payment of periodic credit, finance or service charges and other fees or amounts charged or assessed with respect to or in connection with the Accounts and the designation or name of the applicable card or cards) only if such change is made:

- (a) to comply with changes in applicable laws;
- (b) so that the terms and conditions of the Accounts, Credit Card Agreements and/or such practices and procedures are, in the opinion of CTB acting reasonably, competitive with those currently available to customers of its competitors or, in the opinion of CTB acting reasonably, will be competitive with those which are expected to be made available by its competitors;
- (c) applicable to the comparable segment of revolving credit card accounts, if any, owned or serviced by CTB which have, in the opinion of CTB acting reasonably, the same or substantially similar credit characteristics as the Accounts which are the subject of such change, and for such purpose the Retained Interest held by CTB shall be deemed to constitute a comparable segment of revolving credit card accounts owned or serviced by CTB; or
- (d) in any other manner which, in the opinion of CTB acting reasonably, is not materially detrimental to the interests of the Co-Owners or any Entitled Party.

The implementation of the arrangement under which CTB may originate receivables as agent for Canadian Tire in relation to purchases by cardholders of Petroleum Products at Specified Locations will not constitute an amendment to the Accounts, Credit Card Agreements or the practices and procedures relating to the operation of CTB's credit card business for the purposes of the foregoing limitations or otherwise be prohibited, provided that the conditions precedent to the implementation of such arrangements are satisfied and such arrangements are limited to receivables arising in relation to the purchase of Petroleum Products at Specified Locations. See "The Account Assets – Excluded Amounts".

### **Enforcement**

Pursuant to the Pooling and Servicing Agreement and the related Series Purchase Agreements, each Co-Owner, the Custodian and CTB have agreed and will in the future agree that, among other things, the provisions of such agreements regarding the collection of the Receivables and the distribution of the Collections are binding and that each will:

- (a) subject to restrictions, if any, under applicable law, not commence or consent to the commencement of any proceedings to declare CTB bankrupt;
- (b) take all reasonable steps to ensure that they observe the provisions of the Pooling and Servicing Agreement and the related Series Purchase Agreements regarding the collection of the Receivables and the distribution of the Collections;
- (c) not Transfer, grant a security interest in, pledge or otherwise enter into a transaction in relation to an Ownership Interest unless the other party to such transaction agrees to be bound by the provisions of the Pooling and Servicing Agreement and the related Series Purchase Agreement;

- (d) not challenge or bring into question the validity, priority, perfection or enforceability of the Ownership Interest of any Co-Owner or the Retained Interest of CTB and not otherwise affect, disturb or prejudice the rights of any other Co-Owner or CTB; and
- (e) not enforce any right under the Pooling and Servicing Agreement (except as expressly provided for thereunder) or otherwise pursuant to applicable law in relation to, among other things, the giving of notice to any Obligor requiring payment of any Receivable or applying for partition of any of the Account Assets.

### **Indemnification**

The Pooling and Servicing Agreement provides that the Servicer will indemnify the Custodian, the Co-Owners and each Entitled Party from and against any loss, liability, expense, damage, claim or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of activities of the Servicer or the Custodian in breach of their respective obligations under the Pooling and Servicing Agreement or any Series Purchase Agreement; provided that no such Person will be so indemnified if such acts, omissions or alleged acts or omissions constitute fraud, gross negligence, breach of fiduciary duty or wilful misconduct by it. The Servicer will not indemnify the Custodian, the Co-Owners or the Entitled Parties for any act taken by the Custodian at the request of any Co-Owner or Entitled Party to the extent the Custodian is indemnified by such Person with respect to such action, or (unless otherwise specified in a Series Purchase Agreement) for any Canadian federal, provincial, territorial or local income or sales taxes, goods and services taxes, or large corporations and capital taxes (or any interest or penalties with respect thereto) required to be paid by the Custodian or any Co-Owner or Entitled Party.

The Pooling and Servicing Agreement provides that neither CTB, nor, except as described above and with certain other exceptions, the Servicer, nor any of their directors, officers, employees or agents, will be under any liability to the Custodian, the Co-Owners, any Entitled Party or any other Person for taking any action, or for refraining from taking any action, pursuant to the Pooling and Servicing Agreement. However, neither CTB, the Servicer nor any of their directors, officers, employees or agents will be protected against any liability which would otherwise be imposed by reason of wilful misfeasance, bad faith or gross negligence of any such Person in the performance of their duties or by reason of reckless disregard of their obligations and duties under the Pooling and Servicing Agreement. In addition, the Pooling and Servicing Agreement provides that the Servicer is not under any obligation to appear in, prosecute or defend any legal action which is not incidental to its servicing responsibilities under the Pooling and Servicing Agreement.

### **DETAILS OF THE OFFERING**

Each series of Notes will evidence limited recourse, secured debt obligations of the Trust. Each series of Notes will be issued pursuant to a series supplemental trust indenture (each, a "**Series Supplement**") to the trust indenture dated as of November 29, 1995 between the Issuer Trustee, as trustee of the Trust, and the Indenture Trustee (the trust indenture, as so supplemented in relation to a series of Notes and as the same has been and as may be further amended, supplemented, restated or otherwise modified from time to time including, in respect of other series of Notes, as supplemented by the related Series Supplement, the "**Trust Indenture**"). Unless otherwise specified in the applicable Series Supplement and set out in the applicable pricing supplement, each series of Notes related to a Series will be divided into a senior class (the "**Senior Notes**") and one or more sequentially-ranked subordinated classes (the "**Subordinated Notes**").

### **The Notes**

The Notes are issuable from time to time at the discretion of the Trust during the period that this Prospectus remains valid on terms determined at the time of issue in an aggregate principal amount not to exceed \$1,500,000,000. The Notes are offered pursuant to an MTN Program, as contemplated by the National Instrument. The National Instrument permits the omission from this Prospectus of certain variable terms of the Notes, which will be established at the time of the offering and sale of the Notes and will be included in pricing supplements, which are incorporated by reference into this Prospectus solely for the purpose of the Notes issued thereunder. A pricing supplement containing the specific terms of any particular offering of Notes will be delivered to purchasers of such Notes together with this Prospectus.

The specific variable terms of any offering of Notes including, where applicable and without limitation, the aggregate principal amount of Notes being offered, the issue price, the issue, delivery and maturity dates, the redemption or repayment provisions, if any, the interest rate or interest rate basis and the interest payment date(s), will be established by the Trust and set forth in the applicable pricing supplement that will accompany this Prospectus. The Trust reserves the right to set forth in a pricing supplement specific variable terms of an offering of Notes that are not within the options and parameters set forth in this Prospectus. Reference is made to the applicable pricing supplement for a description of the specific terms of any offering of Notes. Notes will be offered in such amounts, at such times, at such rates of discount or interest and on such other terms and conditions as the Trust may, from time to time, determine based on financing requirements, prevailing market conditions and other factors.

The Expected Repayment Date for the Notes of a series will be as specified in the applicable Series Supplement and as set out in the applicable pricing supplement. Holders of the Notes will receive payments of principal and interest until the applicable Series Termination Date.

#### *Payment of Interest*

Each class of Notes will bear interest at the rate per annum specified in the related Series Supplement (and set out in the applicable pricing supplement) and will, in each case, be payable in arrears on each Interest Payment Date before as well as after default and judgment with interest on overdue interest at the same rate. The interest payable on each Note on each Interest Payment Date shall be calculated in the manner specified in the related Series Supplement (and set out in the applicable pricing supplement). Any interest due but not paid on any Interest Payment Date will be due on the next succeeding Interest Payment Date together with additional interest on such amount at the applicable rate of interest for the particular class of Notes. Periodic payments of interest on the Subordinated Notes will be made on each Interest Payment Date following payment in full of the interest payable on the Senior Notes on such Interest Payment Date. Periodic payment of interest on the Subordinated Notes of any lower ranked class will be made on each Interest Payment Date following payment in full of the interest payable on the Subordinated Notes of all higher ranked classes on such Interest Payment Date.

During an Amortization Period, and after the Expected Repayment Date if the Notes have not been fully repaid by such date, interest will be payable in arrears on the first Business Day of each month (commencing in the first month following the month during which the Expected Repayment Date or an Amortization Commencement Day occurs) in respect of interest accruing for the preceding month calculated based on the outstanding principal amounts of the Senior Notes and the Subordinated Notes, respectively, determined on the last Business Day of such preceding month. Interest will accrue but will not be paid on any day in respect of the Subordinated Notes if any amount required to be paid in respect of interest on the Senior Notes on that day remains outstanding as due and payable or if a mandatory prepayment is required as a result of the commencement of an Amortization Period. Unless otherwise specified in the applicable Series Supplement (and set out in the applicable pricing supplement), the record date for holders of Senior Notes and Subordinated Notes entitled to receive interest on any interest payment date will be the date which is 15 days preceding such interest payment date or, if such date is not a Business Day, the next succeeding Business Day.

#### *Repayment of Principal*

Subject to the commencement of an Amortization Period in respect of a Series, no principal payments will be made to the holders of the related series of Notes until the related Expected Repayment Date. On such Expected Repayment Date, amounts on deposit in the applicable Series Accumulations Account (including all amounts deposited thereto from the applicable Series Liquidation Principal Funding Account in respect of Monthly Principal Accumulation Amounts during the Liquidation Period and the amounts, if any, deposited thereto from the related Series Liquidation Yield Reserve Account but excluding any amounts derived from a claim made under the Seller's Representation and Indemnity Covenant) will be applied in the following order of priority:

- (a) first, in payment or reimbursement of the following Additional Funding Expenses then payable, in order of priority:
  - (i) obligations of the Trust ranking in priority to the interest of the Notes in the Series,
  - (ii) an allocable portion of fees and expenses of the Indenture Trustee,
  - (iii) an allocable portion of fees and expenses of the Issuer Trustee, and

- (iv) an allocable portion of fees and expenses of the Administrator;
- (b) second, to pay the interest accrued and unpaid on the Senior Notes;
- (c) third, to pay the interest accrued and unpaid on the Subordinated Notes;
- (d) fourth, to pay the outstanding principal amount of the Senior Notes;
- (e) fifth, to pay the outstanding principal amount of the Subordinated Notes;
- (f) sixth, to pay all accrued and unpaid interest then payable, if any, on any class of notes ranking subordinate to the Notes and issued pursuant to the Series Supplement;
- (g) seventh, to pay the outstanding principal amount of the notes described in (f) immediately above;
- (h) eighth, to the Subordinated Lender in respect of an amount equal to all principal and interest payable on such day under the applicable Series Subordinated Loan Agreement;
- (i) ninth, in respect of all other Additional Funding Expenses and other Obligations of the Trust relating to the applicable Series payable on such day, if any, to the Persons (including the applicable Subordinated Lender) to whom such other Additional Funding Expenses and other Obligations are payable, the aggregate amount of such Additional Funding Expenses and other Obligations to be divided on a pro rata basis among such Persons based on the aggregate amount of such Additional Funding Expenses and other Obligations payable by the Trust to each such Person on such day; and
- (j) tenth, to the beneficiary of the Trust in respect of an amount equal to the allocable portion of any amount distributable on such day in respect of the annual distribution amount as provided for under the Declaration of Trust.

As such, no principal payments will be made to the holders of the Subordinated Notes of a series of Notes until all amounts owing under the Senior Notes of such series of Notes have been paid in full.

#### *Mandatory Prepayment*

In respect of a Series, prepayment of the principal amount owing under the Senior Notes of a related series of Notes will commence in advance of the Expected Repayment Date if an Amortization Period commences. Repayment of principal in respect of the Subordinated Notes of a series of Notes will not be made during an Amortization Period until all amounts owing under the related Senior Notes have been paid in full.

In respect of a Series, on the first Business Day of each month during an Amortization Period (commencing in the first month following the month during which the Amortization Commencement Day occurs), holders of the related Senior Notes (as of record on the close of business on a date which is 15 days preceding such Business Day or, if such date is not a Business Day, the next succeeding Business Day) will be paid a pro rata share of the amounts withdrawn from the Collection Account and deposited on each Business Day during the preceding month into the applicable Series Accumulations Account, plus amounts earned on Eligible Investments of such deposits during such preceding month, subject to prior payment or reservation for payment of certain priority amounts. See “– The Trust Indenture – Security and Ranking”. Subject to payment of certain Additional Funding Expenses in respect of a Series then due and payable, all amounts held in the applicable Series Accumulations Account on the Amortization Commencement Day will be used by the Trust to make payments first to the holders of the related Senior Notes in respect of all accrued and unpaid interest thereon, and, on a subordinated basis, to make payments to the holders of the related Subordinated Notes in respect of all accrued and unpaid interest thereon, and thereafter to pay the outstanding principal amount of the related Senior Notes. If, after payment in full of all amounts owing under such Senior Notes, the Invested Amount of the applicable Series is greater than zero, on the first Business Day of each month during an Amortization Period (commencing in the first month on or after which all principal and interest owing under such Senior Notes have been paid in full), holders of the related Subordinated Notes will be paid a pro rata share of the available amounts withdrawn from the Collection Account and deposited on each Business Day during the preceding month into the applicable Series Accumulations Account, plus amounts earned on Eligible Investments of such deposits during such preceding month, subject to prior payment or reservation for payment of certain amounts. Such payments shall continue until the Series Termination Date for such Series. See “Series of Ownership Interests – Amortization” and “– Allocation of Collections”.

## **The Trust Indenture**

The Trust Indenture provides for the issuance, pursuant to Series Supplements, of additional series of Notes. The aggregate principal amount of notes that may be issued is not limited by the Trust Indenture, but notes may only be issued in order to fund the purchase of new Series and upon the terms and subject to the conditions provided in the Trust Indenture. Each Series Supplement provides for the attributes of the relevant series of Notes, including events of default, subordination provisions, priority of payment to third party credit enhancers, liquidity lenders, hedge counterparties, and other Persons who may have security on the assets of the Trust, and such attributes (other than Events of Default) will be specific to the series provided for in the relevant Series Supplement.

For the purposes of determining whether the holders of the requisite principal amount of notes of a particular series have given any request, demand, notice, consent or waiver under the Trust Indenture, the Senior Notes and the Subordinated Notes of a series will be treated and deemed to constitute a single series of Notes.

### *Limited Recourse*

Recourse to the Trust for amounts owing under each series of Notes will be limited to the right to be paid amounts distributed to the Trust in respect of the related Series, together with the Trust's entitlement to amounts deposited into or earned in the related Series Accounts (including Eligible Investments made with such deposited amounts), subject to the prior or equal ranking payment of certain amounts described under "– The Trust Indenture – Security and Ranking". Holders of each series of Notes will also have certain other rights and remedies relating to the related Series. Holders of each series of Notes will not have recourse to Canadian Tire, CTB, the Issuer Trustee (other than in its capacity as trustee of the Trust), the Custodian, the Indenture Trustee, or any affiliate thereof, nor will they have recourse to any other Series, to Additional Property deposited in respect of other Ownership Interests or other property and assets owned by the Trust, the Issuer Trustee in its individual capacity, the Indenture Trustee, or to any enhancement or subordination provided in respect of any other series of Notes. Holders of Senior Notes of a series will have the benefit of the subordination of payments due with respect to the related Subordinated Notes to the extent described herein.

### *Security and Ranking*

Each series of Notes which has been and may be issued and all Obligations will be secured by a security interest over all of the present and after acquired property of the Trust. All such security will be held by the Indenture Trustee for the benefit of the holders of each series of Notes and all other Series Specific Creditors. The Trust Indenture will provide for a security sharing arrangement pursuant to which the holders of Senior Notes of a series and, on a subordinated basis to the extent specified herein, the holders of the related Subordinated Notes, will be entitled to receive priority over the applicable Series, all amounts deposited into and earned in the related Series Accounts, subject to the prior or equal ranking payment of certain amounts described below. Other Persons for whom the Indenture Trustee holds security will be entitled to priority over Ownership Interests acquired by the Trust to support the Trust's obligations to such Persons and amounts deposited into and earned in accumulations accounts or other deposit accounts established for their benefit and any related series property. See "The Custodial, Co-Ownership and Servicing Arrangement – Sale of Other Series".

In respect of a Series, during the Revolving Period and the Liquidation Period prior to the related Expected Repayment Date, funds on deposit in the related Series Accumulations Account (including all amounts deposited thereto from the related Series Liquidation Principal Funding Account in respect of Monthly Principal Accumulation Amounts during the Liquidation Period and amounts, if any, deposited thereto from the related Series Liquidation Yield Reserve Account, but excluding any amounts derived from a claim made under the Seller's Representation and Indemnity Covenant) will unless otherwise provided for in the related Series Supplement (and as disclosed in the applicable pricing supplement) be applied in the following order of priority:

- (a) first, in payment or reimbursement of the following Additional Funding Expenses then payable, in order of priority:
  - (i) obligations of the Trust ranking in priority to the interest of the related Notes in such Series,
  - (ii) an allocable portion of fees and expenses of the Indenture Trustee,
  - (iii) an allocable portion of fees and expenses of the Issuer Trustee, and
  - (iv) an allocable portion of fees and expenses of the Administrator;

- (b) second, in payment of all accrued and unpaid interest then payable, if any, on the related Senior Notes;
- (c) third, in payment of all accrued and unpaid interest then payable, if any, on the related Subordinated Notes;
- (d) fourth, to pay all accrued and unpaid interest then payable, if any, on any class of notes ranking subordinate to the Notes and issued pursuant to the applicable Series Supplement;
- (e) fifth, to the Subordinated Lender in respect of an amount equal to all principal and interest payable on such day under the applicable Series Subordinated Loan Agreement; provided that no such payment shall be made if on such day there has been (x) an Enhancement Draw Amount in respect of such Series on any Determination Day prior to such day or (y) a Cumulative Deficiency in respect of such Series on any Determination Day prior to such day;
- (f) sixth, in respect of all other Additional Funding Expenses and other Obligations of the Trust relating to such Series payable on such day, if any, to the Persons (including the Subordinated Lender) to whom such other Additional Funding Expenses and other Obligations are payable, the aggregate amount of such Additional Funding Expenses and other Obligations to be divided on a pro rata basis among such Persons based on the aggregate amount of such Additional Funding Expenses and other Obligations payable by the Trust to each such Person on such day; and
- (g) seventh, to the beneficiary of the Trust in respect of an amount equal to the allocable portion of any amount distributed on such day in respect of the annual distribution amount as provided for under the Declaration of Trust.

With respect to a series of Notes, on the Expected Repayment Date, funds on deposit in the related Series Accumulations Account will be applied in the order of priority described under “– The Notes – Repayment of Principal”.

On and after an Amortization Commencement Day and if a series of Notes is not fully repaid on the applicable Expected Repayment Date, funds on deposit in the related Series Accumulations Account will be applied in the following order of priority (excluding any amounts derived from a claim made under the Seller’s Representation and Indemnity Covenant):

- (a) first, in payment or reimbursement of the following Additional Funding Expenses then payable, in order of priority:
  - (i) obligations of the Trust ranking in priority to the interest of the related Notes in such Series,
  - (ii) an allocable portion of fees and expenses of the Indenture Trustee,
  - (iii) an allocable portion of fees and expenses of the Issuer Trustee, and
  - (iv) an allocable portion of fees and expenses of the Administrator;
- (b) second, in payment of all accrued and unpaid interest then payable, if any, on the related Senior Notes;
- (c) third, in payment of all accrued and unpaid interest then payable, if any, on the related Subordinated Notes;
- (d) fourth, in repayment of the principal amount outstanding under the related Senior Notes, until such Senior Notes have been paid in full;
- (e) fifth, in repayment of the principal amount outstanding under the related Subordinated Notes, until such Subordinated Notes have been paid in full;
- (f) sixth, to pay all accrued and unpaid interest then payable, if any, on any class of notes ranking subordinate to the Notes and issued pursuant to the applicable Series Supplement;
- (g) seventh, to pay the outstanding principal amount of the notes described in (f) immediately above;
- (h) eighth, to the Subordinated Lender in respect of an amount equal to all principal and interest payable on such day under the applicable Series Subordinated Loan Agreement;
- (i) ninth, in respect of all other Additional Funding Expenses and other Obligations of the Trust relating to such Series payable on such day, if any, to the Persons (including the Subordinated Lender) to whom such other Additional Funding Expenses and other Obligations are payable, the aggregate amount of such Additional Funding Expenses and other Obligations to be divided on a pro rata basis among such Persons based on the aggregate amount of such Additional Funding Expenses and other Obligations payable by the Trust to each such Person on such day; and

- (j) tenth, to the beneficiary of the Trust in respect of an amount equal to the allocable portion of any amount distributable on such day in respect of the annual distribution amount as provided for under the Declaration of Trust.

Each of the above priorities of payments are subject to the claims of any Person with a security interest or lien ranking in priority to the security created under or pursuant to the Trust Indenture. The Trust has agreed not to grant or permit to exist any security interest or lien over the Trust Assets, except as permitted or provided for under the Trust Indenture. The Trust has also agreed not to incur or create or guarantee any indebtedness, except for indebtedness created as expressly permitted under the Trust Indenture or except as otherwise consented to by each relevant Rating Agency.

*Events of Default; Rights Upon Event of Default*

An "Event of Default" is defined in the Trust Indenture as being the occurrence of one or more of the following events:

- (a) a default by the Trust in making any payment of any amount owing under any note of any series, which, by its terms, is then required to be paid (other than where the Indenture Trustee is satisfied that the non-payment has resulted from inadvertence or error on the part of the Issuer Trustee or the Administrator which is capable of timely rectification without having a material adverse effect on the holders of notes of the series), which default continues unremedied for a period of 5 Business Days, provided that, for greater certainty, no such default shall be considered to occur as a result of amounts allocable to the Series relating to such series of Notes being insufficient to make such required payment;
- (b) a default by the Trust in the observance or performance of any other covenant or agreement of the Trust made in the Trust Indenture which has a material adverse effect upon the Trust, the Trust's interests in the Account Assets or Additional Property or the Trust's ability to pay and perform any notes or Obligations and which continues to be unremedied for a period of 30 days after written notice thereof is given to the Trust by the Indenture Trustee or to the Trust and the Indenture Trustee by the holders of at least 25% of the principal amount of the notes then outstanding of the affected series (in the case where such covenant or agreement is made expressly for the benefit of one or more particular series of Notes) or of all outstanding series of Notes (in all other cases); provided that, for greater certainty, no such default shall be considered to occur as a result of amounts allocable to the Series relating to such series of Notes being insufficient to make such required payment;
- (c) any representation or warranty made by the Trust in the Trust Indenture or in any certificate delivered pursuant thereto or in connection therewith having been incorrect as at the time made and which has a material adverse effect upon the Trust, the Trust's interests in the Account Assets or Additional Property or the Trust's ability to pay and perform any notes or Obligations and which continues to be incorrect or unremedied for a period of 30 days after written notice thereof is given to the Trust by the Indenture Trustee or to the Trust and the Indenture Trustee by the holders of at least 25% of the principal amount of the notes then outstanding of the affected series (in the case where such representation or warranty is made expressly for the benefit of one or more particular series of Notes) or of all outstanding series of Notes (in all other cases);
- (d) certain events of bankruptcy, insolvency, receivership or liquidation of (i) the Issuer Trustee (except in connection with any transaction permitted under the Declaration of Trust) or (ii) the Trust (other than which occurs by reason or in consequence or as a result of (A) deficiencies in respect of a Series or (B) cashflows being insufficient to make payments in respect of expenses incurred by the Trust and for which advances are made to the Trust under the related Series Subordinated Loan Agreement);
- (e) certain events of bankruptcy, insolvency, receivership or liquidation of the Issuer Trustee in its personal capacity and such Issuer Trustee is not replaced as Issuer Trustee for the purposes of the Declaration of Trust within 60 days thereafter; or
- (f) any other events specified as "events of default" in any series supplement.

Subject to certain limitations described in the Trust Indenture, if an Event of Default occurs under clauses (d) or (e) and is continuing, then the Indenture Trustee will be obligated to declare all notes and Obligations to be immediately due and payable, except in the case of a particular Obligation where the agreement under which such

Obligation is created or the nature or context of the Obligation otherwise provides or requires. Any declaration that the notes of a series are due and payable and the consequences of such declaration may, under certain circumstances, be rescinded and annulled by a Noteholder Direction from the holders of notes of such series.

The Trust Indenture provides that, subject to certain limitations described therein, if an Event of Default occurs under clauses (a), (b), (c) or (f) and is continuing, then the Indenture Trustee may, in its discretion, declare the notes of any series and the Obligations with respect to such series (except in the case of a particular Obligation of such series where the agreement under which such Obligation is created or the nature or context of such Obligation otherwise provides or requires) to be immediately due and payable and, if requested by a Noteholder Direction from the holders of notes of the particular series, will declare such series of notes and all such Obligations with respect to such series to be immediately due and payable. The Series Supplement for a series of notes provides that, subject to waiver by the Indenture Trustee in respect of the applicable Notes and subject to certain limitations described in the Trust Indenture, the Indenture Trustee will be obligated to declare that such Notes are immediately due and payable upon the occurrence of an Event of Default. Any declaration by the Indenture Trustee that the notes of a series are due and payable and the consequences of such declaration may, under certain circumstances, be rescinded and annulled by a Noteholder Direction from the holders of the notes of such series, except a payment default by the Trust or an Event of Default arising therefrom, which declaration may only be rescinded and annulled with the consent of each affected holder of notes of such series then outstanding properly represented at a duly constituted meeting of such holders of such notes called to consent to such waiver or the written consent of each affected holder of such notes then outstanding.

If the notes of a particular series have been declared due and payable following the occurrence and continuance of an Event of Default, the Indenture Trustee will be permitted and, if directed by a Noteholder Direction from the holders of the notes of such series (and by the holders of notes of such series holding more than 66 $\frac{2}{3}$ % of the principal amount of the notes of such series which are properly represented at a duly constituted meeting of the holders of such notes or by a direction pursuant to an instrument in writing signed by holders holding more than 66 $\frac{2}{3}$ % of the principal amount of the notes of such series, in the case of directing the action in clause (d) below to be taken by the Indenture Trustee), will be obligated to take one or more of the following actions (subject, however, to provision of an indemnity to the Indenture Trustee as described below):

- (a) institute proceedings against the Trust for the collection of amounts due on the notes of such series and the Obligations then outstanding with respect to such series;
- (b) exercise all rights, powers and discretions, make all elections, give all notices that may be exercised, made or given by the Issuer Trustee under the Basic Documents in respect of the related Ownership Interest but subject to any restrictions imposed on the Custodian or the Trust therein;
- (c) appoint a receiver or institute proceedings in any court of competent jurisdiction for the appointment of a receiver, upon terms and conditions set out in the Trust Indenture;
- (d) sell, liquidate or otherwise dispose of the Trust Assets to which the holders of the notes of such series have recourse pursuant to the security sharing arrangements, including the related Ownership Interest, monies on deposit in the related accumulations account, related investments and the benefits of any enhancement or subordination available with respect to the notes of such series;
- (e) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee and the other Series Specific Creditors with respect to a Series lodged in any proceedings relative to the Trust; and
- (f) take and maintain possession of the Trust Assets to which, pursuant to the security sharing arrangements in the Trust Indenture, the holders of the notes of such series have recourse, including taking control of the related accumulations account.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, if an Event of Default occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of the rights, powers or discretions, make any elections or give any notices under the Trust Indenture at the request or direction of holders of any series of notes, if the Indenture Trustee reasonably believes that it will not be adequately indemnified against the costs, expenses and liabilities which might be incurred by it in complying with such request. Subject to such provisions for indemnification and certain limitations contained in the Trust Indenture, the holders of notes of all series (or, if the

remedy does not relate to all series of Notes, the holders of notes of all series to which such remedy relates) shall have the right, in each case by a Noteholder Direction, to direct the time, method and place of conducting any proceeding or any remedy available to the Indenture Trustee; provided that the Indenture Trustee shall have the right to decline to follow any such direction if the action so directed may not lawfully be taken or would be unduly prejudicial to the rights of holders of notes of such affected series not a party to such direction.

In addition, if an Event of Default has occurred and is continuing and whether or not the Indenture Trustee has declared the notes or the Obligations with respect to any series of Notes to be due and payable, the Indenture Trustee may, and shall, when directed by a Noteholder Direction from the holders of notes of all outstanding series, replace the Administrator under the Administration Agreement.

No Series Specific Creditor (including a holder of Notes) will have the right to institute any proceeding permitted by the Trust Indenture, whether at law or in equity, judicial or otherwise, for the purpose of exercising any remedy provided under the Trust Indenture in respect of a related series or class of notes, except that holders of more than 50% of the principal amount of notes then outstanding of all series to which the proceeding relates or any other Series Specific Creditor specified in the related Series Supplement may institute any such proceeding if the Indenture Trustee has failed to do so for more than 60 days after provision of required notices and requests and satisfactory indemnities with respect to the series or class; provided, however, that the enforcement of any remedy provided under the Trust Indenture by any such Series Specific Creditor will be subject to the security sharing arrangement provided for in the Trust Indenture and described under “– The Trust Indenture – Security and Ranking” and “– Payments and Ranking upon Event of Default”.

Neither the Indenture Trustee nor any of its owners, agents, officers, directors, employees, successors or assigns, nor the beneficiary of the Trust shall, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of, interest on or other amounts due under the Senior Notes, the Subordinated Notes or for the agreements of the Trust contained in the Trust Indenture.

#### *Payments and Ranking Upon Event of Default*

The priority of payments that applies during an Amortization Period for a Series will also generally apply after the declaration by the Indenture Trustee that the related Notes are immediately due and payable, except if such declaration has been rescinded and annulled in accordance with the Trust Indenture.

#### *Amendments to the Trust Indenture*

The Trust Indenture provides that, without the consent of any holder of notes and except as otherwise provided in a Series Supplement, any other Series Specific Creditor, the Indenture Trustee and the Issuer Trustee may, and shall when so required pursuant to the Trust Indenture, execute indentures supplemental to the Trust Indenture or to any related security documents executed and delivered pursuant to the Trust Indenture (the “**Related Security Documents**”), other than Series Supplements under which notes of a series are created and issued in accordance with, and subject to the conditions therefor set out in the Trust Indenture, (such indentures supplemental to the Trust Indenture are each referred to as an “**Amendment**”) for certain purposes, including the following:

- (a) to add to the limitations or restrictions specified in the Trust Indenture (which term does not include a Series Supplement) or in any Related Security Document or add to the covenants of the Trust contained in the Trust Indenture (which term does not include a Series Supplement) or in any Related Security Document for the protection of all or any of the Series Specific Creditors;
- (b) to add to or modify, amend or eliminate any of the terms of the Trust Indenture (which term does not include a Series Supplement) or of any Related Security Document, provided that no such addition, modification, amendment or elimination shall be effective with respect to any notes which are then outstanding and that the Indenture Trustee may decline, in its discretion, to enter into any such Amendment which would adversely affect its own rights, duties or immunities under the Trust Indenture or otherwise;
- (c) to make any addition to or modification, amendment or elimination of any of the terms of the Trust Indenture (which term does not include any Series Supplement) or any Related Security Document which, in the unanimous opinion of the Indenture Trustee, the Trust and each rating agency selected by the Administrator to rate the notes and is then rating the notes, do not individually or in the aggregate materially adversely affect the interests of the holders of notes then outstanding;

- (d) to make any addition to or modification, amendment or elimination of any of the terms of any Series Supplement which, in the unanimous opinion of the Indenture Trustee, the Trust and each rating agency selected by the Administrator to rate the notes issued under such Series Supplement and is then rating such notes, do not individually or in the aggregate materially adversely affect the interests of the holders of such notes then outstanding;
- (e) to make any addition to or modification, amendment or elimination of any of the terms of the Trust Indenture (which term includes the Series Supplements) or any Related Security Document in order to conform such documents to the descriptions thereof, if applicable, contained in this prospectus, but only with the consent of the Rating Agencies; or
- (f) any other purposes considered appropriate by the Indenture Trustee which, in the opinion of the Indenture Trustee, do not materially adversely affect the interests of the holders of the notes then outstanding,

provided that, in each case, such Amendment does not have the result of reducing the entitlement to receive a distribution of income from the Trust Assets otherwise available to the beneficiary of the Trust.

The Indenture Trustee will be permitted, and will be obligated when so required pursuant to the Trust Indenture, to enter into, from time to time, Amendments to the Trust Indenture and any Related Security Document for any purpose not authorized above, with the consent of (a) each Series Specific Creditor (other than the holders of the notes) which would be materially adversely affected by such Amendment and whose consent is expressly required under a Series Supplement and (b) the holders of notes of all series and classes which would be materially adversely affected, by a Noteholder Direction from the holders of notes of such series or class. No such Amendment, however, may:

- (a) reduce the amount of or delay the time of any payment required to be made to any holder of a note;
- (b) change the definition or manner of calculating amounts to which any holder of a note is entitled;
- (c) reduce the amount available under any related liquidity agreement or credit or other enhancement agreement, if any;
- (d) adversely affect the rating of any series or class of notes by any rating agency selected by the Administrator to rate such series or class of notes and which is then rating such series or class of notes;
- (e) reduce the specified percentage of noteholders required to consent in respect of certain acts provided for in the Trust Indenture; or
- (f) reduce any of the percentages of noteholders required to consent to any such proposed Amendment,

except, in the case of (d), if the consent of holders of notes of such affected series or class, holding more than 66 $\frac{2}{3}$ % of the principal amount of the notes of such series or class then outstanding which are properly represented at a duly constituted meeting of the holders of such notes or by a direction pursuant to an instrument in writing signed by the holders of more than 66 $\frac{2}{3}$ % of the principal amount of the notes of such series or class, is obtained and, in any other case, if the consent of each affected holder of a note then outstanding properly represented at a duly constituted meeting of such affected holders of notes called to consent to such proposed Amendment or the written consent of each affected holder of such notes then outstanding is obtained. In addition, the Issuer Trustee has agreed pursuant to the related Series Purchase Agreement that it will not agree to or permit any Amendment to be made to the Trust Indenture, any Related Security Document or the Series Supplement without the prior written consent of each of the parties to the related Series Purchase Agreement.

It is only necessary in obtaining the consent of any holder of notes or, unless otherwise provided in a Series Supplement, any other Series Specific Creditor to any proposed Amendment to have such Person approve the substance of the Amendment rather than the particular form thereof. The Indenture Trustee shall prescribe from time to time the manner of obtaining such consents and of evidencing the authorization of the execution thereof.

#### *Certain Covenants*

The Trust has agreed in the Trust Indenture that, among other things, it will not:

- (a) create or permit to exist any lien, charge or other encumbrance on any of the Trust Assets, other than the security interest granted to the Indenture Trustee pursuant to the Trust Indenture and the Related Security Documents, permitted liens and other liens, charges or encumbrances permitted under any of the Trust Documents;

- (b) sell or otherwise dispose of any of the Trust Assets except as otherwise permitted by the prior written consent of the Indenture Trustee (as directed by a Noteholder Direction by the holders of Notes of the related series) or as contemplated in the Pooling and Servicing Agreement, any Series Purchase Agreement or any Series Supplement);
- (c) take action to remove the Servicer or the Custodian, other than in accordance with the provisions of the Pooling and Servicing Agreement;
- (d) other than indebtedness permitted under the Trust Indenture, incur or create or guarantee any indebtedness, without the consent of each of the rating agencies selected by the Administrator to rate the notes and which are then rating the notes;
- (e) engage in any activity other than those contemplated by the Trust Documents; or
- (f) except (i) with the prior written consent of the Indenture Trustee (as directed by a Noteholder Direction by the holders of Notes of all applicable series), or (ii) where the consent or agreement of the Trust is not required pursuant to the terms of a Trust Document to which it is a party, amend or waive compliance with the terms and conditions on the part of the other party to such Trust Document if (A) such amendment or waiver would reasonably be considered to have a material adverse effect on the Series Specific Creditors of a series or (B) if any Canadian accounting guideline applicable to the Trust contains the concept of a “qualifying special purpose entity”, the Administrator has not delivered to the Indenture Trustee and the Rating Agencies then rating the notes of the Trust a certificate of the Trust confirming that such amendment or waiver will not cause the Trust to cease to be a “qualifying special purpose entity” within the meaning of any Canadian accounting guideline applicable to the Trust.

*Amendments to Basic Documents*

The Indenture Trustee will, upon the written request from time to time of the Trust, enter into or consent to, as applicable, any proposed amendment or waiver of any Basic Document, which action may be taken without the necessity of obtaining the consent of any Series Specific Creditor, if the Indenture Trustee is of the opinion that such amendment or waiver would not individually or in the aggregate materially adversely affect the interests of the holders of notes of the applicable series or of all outstanding series, as the case may be, or the entitlement of the beneficiary of the Trust to receive a distribution of income from the Trust Assets otherwise available to them. If the Indenture Trustee is of the opinion that such amendment or waiver would have a material adverse effect on the interests of any such noteholders, the Indenture Trustee will not enter into or consent to, as applicable, such amendment or waiver without the consent of the holders of notes of the series which would be materially adversely affected, by a Noteholder Direction from the holders of notes of such series (except if the amendment or waiver has the effect of reducing the amount available under any related liquidity agreement or credit or other agreement under which an Obligation is established, in which case such amendment or waiver requires the consent of each affected holder of a note then outstanding who is properly represented at a duly constituted meeting of such affected holders of notes called to consent to such proposed amendment or waiver or the written consent of each affected holder of such notes then outstanding).

Notwithstanding the foregoing, (a) the Indenture Trustee may decline to enter into or consent to, as applicable, a proposed amendment or waiver of any such Basic Document that adversely affects its own rights, duties or immunities under the Trust Indenture or otherwise, and (b) no such proposed amendment or waiver may be entered into or consented to, as applicable, which would materially adversely affect the interests of any Person to whom the Trust has incurred an Obligation and whose consent to such proposed amendment or waiver is required under a Series Supplement, without the consent of such Person so affected.

It is only necessary in obtaining the consent of any holder of notes or, unless otherwise provided in a Series Supplement, any other Series Specific Creditor to any proposed amendment or waiver to have such Person approve the substance of such proposed amendment or waiver rather than the particular form thereof. The Indenture Trustee shall prescribe, from time to time, the manner of obtaining such consents and of evidencing the authorization of the execution thereof.

## Series Subordinated Loan Agreements

Each Series Subordinated Loan Agreement permits the Trust to borrow amounts from time to time from the applicable Subordinated Lender. Borrowed amounts may be applied by the Trust to finance the payment of expenses payable by the Trust in connection with the purchase of the related Series. The Trust will repay principal of and will pay interest on amounts borrowed under each Series Subordinated Loan Agreement from Collections distributed to the Trust in respect of the related Series; provided, however, that no such payment may be made to the Subordinated Lender in respect of amounts borrowed under such Series Subordinated Loan Agreement on or after the commencement of an amortization period or during a period for which there is an enhancement draw amount or a cumulative deficiency, pending the payment in full of the principal amount of the related series of Notes and all interest accrued thereon. See “– The Trust Indenture – Security and Ranking”.

## Book-Entry Registration

Unless otherwise specified in the applicable Series Supplement (and set out in the applicable pricing supplement), the Notes will be represented by one or more fully registered book entry only certificates (each, a “**BEO Certificate**” and collectively, the “**BEO Certificates**”) held by, or on behalf of, CDS, as custodian of the BEO Certificates, and registered in the name of CDS or its nominee, except in the circumstances described herein. Registration of ownership and transfers of the Notes will be made only through the depository service of CDS. Except as described herein, no purchaser of a Note will be entitled to a definitive certificate or other instrument from the Trust or CDS evidencing that purchaser’s beneficial ownership thereof, and no holder of an interest in a BEO Certificate (a “**Book-Entry Certificate Owner**”) will be shown on the records maintained by CDS, except through book entry accounts of a participant in the depository system of CDS (a “**Participant**”) acting on behalf of the Book-Entry Certificate Owner.

Transfers of beneficial ownership of Notes represented by BEO Certificates will be effected through records maintained by CDS for such BEO Certificates or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to Persons other than Participants). Beneficial owners who are not Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, BEO Certificates may do so only through Participants.

The ability of a Book-Entry Certificate Owner to pledge a Note or otherwise take action with respect to such owner’s interest in the Note (other than through a Participant) may be limited due to lack of a physical certificate.

Unless and until Definitive Notes are issued, Book-Entry Certificate Owners will not be recognized by the Indenture Trustee as Noteholders. All references herein or in the Trust Indenture to payments, notices, reports and statements to, or actions by, Noteholders will refer to the same made with respect to or by CDS or its nominee, as the case may be, as the registered holder of the Notes upon instructions of a requisite number of Book-Entry Certificate Owners acting through Participants.

Notes of a class will each be issued as a class in fully registered certificated form (“**Definitive Notes**”) to Book-Entry Certificate Owners or their nominees other than to CDS or its nominee only if (a) the Trust advises the Indenture Trustee in writing that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to such class of Notes and the Indenture Trustee or the Trust is unable to locate a qualified successor depository, (b) the Trust advises the Indenture Trustee in writing that it elects to terminate the use of the CDS depository system with respect to such class of Notes, or (c) after the occurrence and during the continuance of an Event of Default, Book-Entry Certificate Owners representing in aggregate not less than 51% of the outstanding principal amount of such class of Notes advise the Indenture Trustee and CDS, through Participants in writing, that the continuation of a book-entry system through CDS is no longer in the best interests of Book-Entry Certificate Owners of such class.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Indenture Trustee is obliged to notify all Book-Entry Certificate Owners in respect of each affected class of Notes, through the CDS depository system, of the availability of Definitive Notes for such class. Upon surrender by CDS of the relevant BEO Certificate and instructions from CDS for re-registration, the Trust will issue Definitive Notes for the applicable class and thereafter the Indenture Trustee and the Trust will recognize the registered holders of such Definitive Notes as the holders of Notes of such class under the Trust Indenture. Payments of principal, interest and other amounts with respect

to the Notes of such class will thereafter be made by the Indenture Trustee directly to holders of Definitive Notes in accordance with the procedures set out in the Trust Indenture to holders in whose names the Definitive Notes were registered at the close of business on the applicable record date. Such payments will be made by cheque mailed to the address of such holder as it appears on the register maintained by the Indenture Trustee or its agent. The final payment on any Note, however, will be made only upon presentation and surrender of the applicable Definitive Note at the office or agency specified in the Trust Indenture.

## **Ratings**

It is a condition of the closing of the offering of any series of Notes that each class of Notes be assigned the ratings specified in the related Series Supplement (and set out in the applicable pricing supplement) by two Designated Rating Organizations at the applicable Closing Date. Payments were, or reasonably will be, made by the Trust to each applicable Rating Agency in connection with the ratings of the Senior Notes and the Subordinated Notes and in connection with ratings of other notes of the Trust that are outstanding, or will be outstanding, and continue in effect, and payments were made to DBRS and S&P during the last two years in connection with the ratings of other notes issued by the Trust. No payments were made to DBRS or S&P in respect of any other service provided to the Trust by such Rating Agencies during the last two years.

The respective ratings of Notes address the likelihood of the ultimate payment of principal and the timely payment of interest on such Notes. The Rating Agencies do not evaluate and the rating of the Notes does not address payment of the outstanding principal balance of such Notes by the Expected Repayment Date. The ratings are based primarily on the credit underlying Series, including the enhancements afforded by the applicable Enhancement Amount and, in the case of the related Senior Notes, the subordination of the related Subordinated Notes to the extent specified herein. A security rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal in the future by the Rating Agencies. Ratings with respect to the Notes will have the subscript “(sf)” which is assigned to all issues to which a regulation requires the assignment of an additional symbol which distinguishes a structured finance instrument or obligor from another instrument or obligor. The addition of this subscript to a credit rating does not change the definition of that rating or the rating agencies’ opinions about the instrument’s or issuer’s creditworthiness.

*DBRS Ratings.* Definitions of the ratings categories of DBRS in which DBRS may be asked to rate the Notes are set forth below in descending order of ranking:

### **AAA**

Obligations rated “AAA” are considered by DBRS to be of the highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

### **A**

Obligations rated “A” are considered by DBRS to be of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than “AAA” and “AA” rated obligations. Obligations in the “A” category may be vulnerable to future events, but qualifying negative factors are considered manageable.

DBRS has seven ratings categories, ranging from “BBB” to “D”, that rank below the above ratings categories. Five of these lower ranking ratings categories, ranging from “BB” to “C”, are assigned to obligations that are regarded as having varying degrees of speculative credit quality. An obligation rated “D” is in payment default or it is clear that a default will occur in the near future. The ratings from “AA” to “C” may be subcategorized by the addition of the word “(high)” or “(low)” which indicates the relative standing within the particular rating category. The absence of a “(high)” or “(low)” designation indicates the rating is in the middle of the category.

*S&P Ratings.* Definitions of the ratings categories in which S&P may be asked to rate the Notes are set forth below in descending order or ranking:

### **AAA**

An obligation rated “AAA” has the highest rating assigned by S&P. The obligor’s capacity to meet its financial commitments on the obligation is extremely strong.

## A

An obligation rated “A” is considered by S&P to be somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

S&P has eight ratings categories that rank below the above ratings categories. Five of these lower ranking ratings categories range from “BB” to “C” and are assigned to obligations that have significant speculative characteristics. An obligation rated “D” is in payment default. The ratings from “AA” to “CCC” may be modified by the addition of a plus “(+)” or minus “(-)” sign to indicate the relative standing within the rating categories. If a rating has not been modified, this indicates that the rating ranks in the middle of the particular rating category.

## USE OF PROCEEDS

The Issuer will use all of the proceeds of the offering of each series of Notes to finance the purchase of a Series pursuant to the Pooling and Servicing Agreement and the related Series Purchase Agreement.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP and Stikeman Elliott LLP, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a Noteholder if it were to acquire beneficial ownership of a Note at par as of the date hereof and who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, will hold such Note as capital property, deals with the Trust and the Dealers at arm’s length and is not affiliated with the Trust and the Dealers, but does not apply to a Noteholder which is a “financial institution” within the meaning of section 142.2 of the Tax Act, a Noteholder who has elected under the Tax Act to report its Canadian tax results in a “functional currency” (which excludes Canadian dollars) or a Noteholder an interest in which is a “tax shelter investment” for the purposes of the Tax Act. Generally, the Notes will constitute capital property to a Noteholder provided that the Noteholder does not hold the Notes in the course of carrying on a business of buying and selling securities and does not acquire them as part of an adventure in the nature of trade. Certain Noteholders who might not otherwise be considered to hold their Notes as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the one time election permitted by subsection 39(4) of the Tax Act. Noteholders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) in force as of the date hereof, counsel’s understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency (the “**CRA**”) published in writing by it prior to the date hereof and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”). However, no assurances can be given that the Tax Proposals will be enacted or otherwise implemented in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and except for the Tax Proposals, does not take into account or anticipate any changes in law or in the administrative or assessing policies and practices of the CRA, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations, is not intended to be, nor should it be construed to be, legal or tax advice to any particular Noteholder or prospective Noteholder, and no representations with respect to the income tax consequences to any particular Noteholder or prospective Noteholder are made. Accordingly, prospective Noteholders should consult their own tax advisors with respect to their particular circumstances.**

**If the principal Canadian federal income tax considerations applicable to any particular series of Notes are materially different from those that are described in this summary, such Canadian federal income tax considerations will be summarised in the applicable pricing supplement related to that particular series of Notes.**

### **Interest on the Notes**

A Noteholder that is a corporation, partnership, unit trust or trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest or amount that is considered for the purposes of the Tax Act to be interest on a Note that accrued to it to the end of the taxation year or that became receivable or was received by it before the end of the taxation year, to the extent that such interest (or amount considered to be interest) was not included in computing its income for a preceding taxation year.

Any other Noteholder, including an individual, will be required to include in computing its income for a taxation year any amount received or receivable by the Noteholder in the taxation year as interest or amount considered to be interest on the Notes, depending upon the method regularly followed by the Noteholder in computing income, to the extent that such amount was not included in computing the Noteholder's income for a preceding taxation year.

### **Disposition of Notes**

On a disposition or deemed disposition of a Note by a Noteholder at any time, the Noteholder will be required to include in computing its income for the taxation year in which the disposition occurs an amount equal to the accrued interest (or amount considered to be interest) on the Note to the date of the disposition and that is not payable until after that time, to the extent that such amount was not otherwise included in computing the Noteholder's income for that taxation year or a preceding taxation year.

In general, on the disposition or deemed disposition of a Note, the Noteholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the Note, net of any amount included in the Noteholder's income as interest and any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Note to the Noteholder. One-half of any capital gain must be included in computing the Noteholder's income as a taxable capital gain for the taxation year in which the disposition occurs, and one-half of any capital loss ("allowable capital loss") realized in a taxation year must be deducted against taxable capital gains for the year. Any allowable capital loss in excess of taxable capital gains realized in a taxation year may generally be deducted from a Noteholder's taxable capital gains in any of the three years preceding the year or any year following the year in accordance with and subject to the detailed rules contained in the Tax Act in that regard. Capital gains realized by an individual or by most trusts may give rise to alternative minimum tax under the Tax Act.

### **Refundable Tax**

A Noteholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of  $6\frac{2}{3}\%$  on its "aggregate investment income" (as defined in the Tax Act) for the year, including amounts in respect of interest and taxable capital gains.

## **PLAN OF DISTRIBUTION**

Pursuant to the Dealer Agreement, the Dealers are authorized as agents of the Issuer to solicit offers to purchase the Notes in all provinces of Canada, directly or indirectly through other investment dealers. The rate(s) of commission payable in connection with sales by the Dealers as agents of Notes shall be as determined from time to time by mutual agreement of the Issuer and the Dealers and will be set forth in the applicable pricing supplement.

The Dealer Agreement also provides that the Notes may be purchased from time to time by any of the Dealers, as principal, at such prices as may be agreed between the Issuer and the Dealer for resale to the public at prices to be negotiated with purchasers. Such resale prices may vary during the period of distribution and from purchaser to purchaser. The Dealer's compensation will be increased or decreased by the amount by which the aggregate price paid for the Notes by purchasers exceeds or is less than the aggregate proceeds paid by the Dealer to the Issuer.

The Issuer may also offer the Notes directly to the public from time to time pursuant to any applicable statutory registration exemptions at such prices and upon such terms as may be agreed upon by the purchaser, in which case no commission will be paid to the Dealers.

Notes may be sold at fixed prices or at non-fixed prices (that is, at prices determined by reference to the prevailing price of a specified security in a specific market), at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers. Accordingly, the price at which Notes will be offered and sold to the public may vary from purchaser to purchasers and during the period of distribution of the Notes in which case the Dealers' overall compensation will vary depending upon the aggregate price paid for the Notes by the purchasers.

The Issuer will have the sole right to accept offers to purchase Notes and may, in its absolute discretion, reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it in whole or in part. The obligations of the Dealers under the Dealer Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Notes will not be listed on any securities exchange. The Notes have not been and will not be registered under the *United States Securities Act of 1933*, as amended, (the "1933 Act") or under any state securities laws and may not be offered, sold or delivered in the United States (as defined in Regulation S under the 1933 Act) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except in certain transactions exempt from the registration requirements of the 1933 Act, including, if contemplated in the applicable pricing supplement, transactions under Rule 144A under the 1933 Act.

Each issue of Notes will be a new issue of securities with no established trading market. In connection with any offering of Notes, the Dealers may, subject to the foregoing, over-allot or effect transactions that stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any Dealers to or through whom Notes are sold may make a market in the Notes, but such Dealers will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in the Notes of any issue will develop or as to the liquidity of any trading market for the Notes.

## INVESTMENT CONSIDERATIONS

In connection with an investment in any series of Notes, prospective investors should consider, among other things and in addition to any matters set forth in the relevant pricing supplement, the following investment considerations:

### Limited Recourse

Each series of Notes represents secured obligations of the Trust with recourse limited to the related Series and the Trust's entitlement to amounts on deposit in, and Eligible Investments made with the proceeds of amounts deposited to, the related Series Accounts, subject to the prior payment of certain amounts and, in the case of principal on the related Subordinated Notes, to the prior payment of interest and principal on the related Senior Notes, in each case as described under "Details of the Offering – The Trust Indenture – Security and Ranking". The Trust is a special purpose entity with no independent business activities other than acquiring and financing the purchase of Ownership Interests and related activities, and has no significant assets other than Ownership Interests and the proceeds therefrom and related Eligible Investments. See "Glacier Credit Card Trust – Special Purpose Nature of the Trust", "– The Trust Assets" and "Use of Proceeds". While the limited nature of the Trust's business activities limits the Trust's business risk, the Trust remains subject to all ordinary commercial risks, including fraud relating to the Account Assets and related transactions, or lack of performance by counterparties under any relevant agreements. The Notes will not represent interests in or obligations of Canadian Tire, CTB, CTFS, Computershare Trust Company of Canada (other than in its capacity as trustee of the Trust), BNY Trust Company of Canada, the beneficiary of the Trust or any affiliate thereof and none of these entities has represented or undertaken that the Receivables will realize their face value or any part thereof and, accordingly, neither the Trust nor its creditors will have any claim against any of these entities for any deficiency arising in the realization of the Receivables. The Trust is not a trust company and does not carry on or intend to carry on the business of a trust company. Neither the Series, the Notes nor the Receivables are "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured or guaranteed by Canadian Tire, CTB, CTFS, Computershare Trust Company of Canada, BNY Trust Company of Canada or any affiliates thereof, or the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality.

## Certain Legal Matters

The interests of the Trust may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of CTB arising prior to the time undivided co-ownership interests in Receivables are Transferred to the Trust, which may reduce the amounts that may be available to the Trust and, consequently, the Noteholders. CTB will not give notice to Obligor of the Transfer to the Trust of the Series or the grant of a security interest therein to the Indenture Trustee. However, under the Pooling and Servicing Agreement, CTB will warrant that undivided co-ownership interests in the Receivables have been or will be Transferred to the Trust free and clear of the security interest or lien of any third party claiming an interest therein through or under CTB. The Trust will warrant and covenant that it has not taken and will not take any action to encumber or create any security interests or other liens in any of the property of the Trust, except for the security interest granted to the Indenture Trustee and except as permitted under the Trust Documents. In addition, while CTB is the Servicer, Collections on the Receivables may, under certain circumstances, be commingled with the funds of CTB prior to the time payments are made under the Notes and, in the event of the insolvency of CTB, the Custodian may not have a traceable interest in such Collections.

The intention of CTB is that the Transfers will be treated as sales for legal purposes and CTB will make a notation on its financial statements that the Transfers described herein are sales for legal purposes. As the subject of a legal sale, each Ownership Interest would not form part of the property of CTB subject to liquidation, receivership or control proceedings and, in any such case, available for distribution to the creditors of CTB. However, if insolvency proceedings were commenced by or against CTB, it is possible that a liquidator, receiver or a creditor of CTB may attempt to argue that the transactions between CTB and the Trust are other than a true sale of Ownership Interests. This position, if accepted by a court, could prevent timely or ultimate payment of amounts due to the Trust and, consequently, the Noteholders. Pursuant to the Pooling and Servicing Agreement and the Series Purchase Agreements, any proceeding relating to the dissolution, liquidation, winding-up, insolvency of, or appointment of a receiver for, the Seller constitutes an Amortization Event and the insolvency of the Seller will limit the ability for further Accounts to be added pursuant to certain provisions of the Pooling and Servicing Agreement. Consistent with regulatory guidelines, it is specified in the Series Purchase Agreements that no other event, including regulatory action affecting the Seller, as the supplier of assets, shall cause an Amortization Event to occur. The application of any of the foregoing could result in a timing delay of receipt and the reduction of the amounts payable to the Trust and, consequently, the Noteholders.

Also, in the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Trust are held by the Issuer Trustee in its personal capacity (and not as trustee of the Trust) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Trust in accordance with the provisions of the Declaration of Trust, the assets of the Trust would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. A trustee, liquidator or receiver appointed with respect to the Issuer Trustee may be able to recover from the property of the Trust a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Trust, is appointed or pending any proceeding in respect of the property of the Trust. Such costs may exceed the compensation provided for in the Declaration of Trust.

To further support the sale of each Ownership Interest, the Trust will make registrations in applicable jurisdictions in respect of the assignment to the Trust of such Ownership Interest in the Account Assets, as required by applicable law, and, as a result, the Trust would have an interest in the Account Assets superior to that of a liquidator of the Seller and any other party with a subsequently registered security interest therein.

Amounts that are on deposit from time to time in the Series Accounts for any Series may be invested in Eligible Investments. If insolvency proceedings were to be commenced by or against any entity with which an Eligible Investment is made or which is an issuer, obligor or guarantor of any Eligible Investment, the ability of the Trust or the Custodian, as applicable, to enforce its rights to any such Eligible Investments and the ability of the Trust to make payments to Noteholders in a timely manner may be adversely affected and may result in a loss on some or all of the Notes. In order to reduce this risk, the Eligible Investments must satisfy certain ratings criteria. See "Series of Ownership Interests – Eligible Investments".

After the occurrence of an Event of Default with respect to a series of Notes, including the insolvency of the Trust or the Issuer Trustee, and a declaration by the Indenture Trustee that Notes of a series are immediately due and payable, payments of interest and principal on the series of Notes are subordinate to all costs, charges and expenses of

the Indenture Trustee incurred in exercising its rights under the Trust Indenture with respect to the related Ownership Interest (including the appointment of a receiver), including the reasonable remuneration of such receiver or any agent or employee of such receiver or any agent of the Indenture Trustee. Such amounts may be significant in the context of an Event of Default. If such amounts become too great, payments of interest on and principal of the Notes may be reduced or delayed.

While CTB is the Servicer, Collections held by CTB may, subject to certain conditions, be commingled and used for the benefit of CTB prior to making required deposits and, in the event of the liquidation, insolvency, receivership or administration of CTB, the ability of the Trust to enforce its rights to the Collections in a timely manner may be adversely affected and Collections that have been commingled may be unrecoverable. In the event of a Servicer Termination Event as a result of the insolvency of CTB, the right of the Co-Owners to appoint a Successor Servicer may be stayed or prevented.

The application to an Obligor of Canadian federal bankruptcy and insolvency laws and related provincial laws could also affect the ability to collect the Receivables. Federal bankruptcy laws generally release individual Obligors of their obligation to pay their Receivable upon their discharge from bankruptcy.

### **Expected Repayment Date**

The accumulation of Collections each month during a Liquidation Period equal to the related Monthly Principal Accumulation Amount is expected to enable the Trust to repay the Notes on the related Expected Repayment Date with respect to a Series. However, there can be no assurance that the actual performance of the pool during the Liquidation Period will be in accordance with the assumptions underlying the determination of the related Liquidation Commencement Day or that the related Monthly Principal Accumulation Amount will be appropriate or correct or that any or all of the other factors underlying such determinations will be present. The distribution of sufficient Collections in respect of each Series by the related Expected Repayment Date is primarily dependent on the monthly collection rate and the availability of Excess Collections and will not be made if the Collections required to be distributed to the Trust in respect of such Series are insufficient. No assurance can be given as to the monthly collection rates that will actually occur in any future period. The actual rate of accumulation of Collections in the related Series Liquidation Principal Funding Account will depend, among other factors, on the rate of Collections, the timing of the receipt of Collections and the rate of default by Obligors. As a result, repayment of the Notes may occur later than the applicable Expected Repayment Date. The Expected Repayment Date would also be affected by the commencement of the related Amortization Period and the existence of other Series. See “Details of the Offering – The Notes – Repayment of Principal”.

### **Consumer Protection Laws**

The relationship between the Obligors and the Seller, as credit card issuer, is regulated by the *Bank Act* (Canada) and regulations made thereunder. Other federal consumer protection laws of general application also regulate this relationship, including the *Competition Act*, the *Personal Information Protection and Electronic Documents Act*, and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations.

Certain regulations limit a cardholder’s liability for unauthorized use, impose disclosure requirements before or when an account is opened, periodically thereafter at least monthly and for changes in account terms, and require that cardholders be given advance notice of at least one month if an interest rate is to increase. The information to be disclosed includes, among other things, the interest rate that is charged, the minimum payment required each month, and each month the total cost of borrowing, including all interest and fees. If proper disclosure is not provided, the Trust, as assignee, may be unable to recover from the Obligor all or part of the credit charges owing by the Obligor.

Other regulations now require that credit card holders give specific consent to credit limit increases, impose restrictions and requirements on debt collection practices and prohibit over-limit fees resulting from a merchant placing a hold on a credit card and entitle Obligors to cancel certain on-going optional services that have been purchased on a credit card and to be refunded a proportional amount of the charges for that service based on the portion of the service that has not been used as of the effective date of cancellation, thereby reducing the balance outstanding under the particular Account. It is also a requirement that credit card holders must be given a minimum 21-day grace period to make payment in full before interest may be charged on new purchases and payments on a credit card in excess of the minimum payment must be allocated against charges carrying different interest rates either pro rata or based on the interest rate, beginning with charges with the highest rate and then against other charges in descending order.

The federal government has also proposed regulations that would prohibit banks from sending unsolicited credit card cheques to holders of its credit cards, which may reduce the use of such cheques, and therefore, the amount of Receivables and interest that is charged under the Accounts.

Most provinces and territories also have legislation which regulates the use of consumer reports with respect to the issuance of credit cards and legislation which regulates collection practices, which may be relevant to the Accounts to the extent that such legislation is determined to apply to federally regulated banks.

Canadian banks are the subject of extensive regulation by the Canadian federal government and the governments of the provinces and territories. Numerous legislative and regulatory proposals and amendments are advanced each year which, if adopted, could limit the types of products and services that may be offered and the amount of finance charge rates or other fees that may be charged and could affect the profitability of the Seller's credit card business or the manner in which it conducts its activities. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals of the Canadian federal government or the governments of the provinces and territories will become law. Changes to existing consumer protection laws or the introduction of new consumer protection laws or other laws that govern the relationship between credit card holders and the originators of credit card accounts, including anti-money laundering legislation, may place additional requirements and obligations on the Seller with respect to the origination and maintenance of credit card accounts. Any such legislative changes may affect the Seller's ability to generate new receivables. If the rate at which the Seller generates new receivables declines significantly, the Seller might be unable to designate Additional Accounts and assign the Account Assets arising therein to the Trust, if any, and an Amortization Event with respect to a Series could occur, resulting in payment of principal to Noteholders sooner than expected. If the rate at which the Seller generates new Receivables decreases significantly at a time when Noteholders are scheduled to receive principal on the Notes, Noteholders might receive principal more slowly than planned.

In recent years certain industry groups and consumers have expressed concerns about interchange rates related to Visa accounts and MasterCard accounts and about increases in the interchange rates. Regulators outside of Canada have taken actions to challenge or reduce interchange rates and certain other fees banks charge on transactions. In the United States and Canada, several lawsuits have been filed by various merchants alleging that the establishment of interchange rates violates the antitrust laws.

While there is no specific imminent regulatory action pending to restrict interchange rates in Canada, interchange rates have been the topic of increased scrutiny by regulators. The Canadian Competition Tribunal has recently completed the hearing of an application brought by the Canadian Competition Bureau that alleges that network rules of Visa and MasterCard which require merchants to honour all cards within a network or prohibit merchants from applying a surcharge to purchases made using credit cards are harming competition. The tribunal's decision is currently under reserve. An adverse finding by the Competition Tribunal could result in a reduction in revenue from Interchange Fees.

Any restriction on or reduction in interchange rates would reduce the amount of Interchange Fees paid to the Seller and, as a result, could have an adverse effect upon the Receivables and Collections available to the Trust to make payments on the Notes.

Application of the *Bankruptcy and Insolvency Act* (Canada) to the underlying Obligors could affect the interest of the Trust in the Receivables if such laws result in any Receivables being charged off as uncollectible.

In October, 2004, a motion was filed for authorization to proceed with a class action in Quebec against CTB and a number of other banks with respect to cash advance transaction fees charged by CTB and such other banks. On November 1, 2006, the Quebec Superior Court authorized that class action to proceed. In December, 2010 a motion was filed for authorization to proceed with a class action in Québec against CTB and a number of other banks with respect to mark ups charged on foreign currency transactions charged by CTB and such others banks. CTB will agree, in connection with each series of Notes to be issued hereunder, to indemnify the Trust in respect of any loss it may suffer in respect of the foregoing claims.

### **Reliance on Historical Data**

There can be no assurance that the historical information regarding the Account Assets will be representative of the performance of the Account Assets during the term of the Notes.

## **Trading in Notes**

There is currently no market through which the Notes may be sold. The Dealers expect, but are not obligated, to make a market in the Notes. There can be no assurance that a secondary market for trading in the Notes will develop or that any secondary market that does develop will continue. Accordingly, an investment in the Notes should be considered only by those persons who are able to bear the economic risk of the investment until the related Expected Repayment Date (or, if the Notes are not paid in full on the related Expected Repayment Date, the applicable Series Termination Date).

## **Changes in Accounts**

Pursuant to the Pooling and Servicing Agreement, CTB does not transfer to Co-Owners an interest in the Accounts, but rather only Transfers an undivided co-ownership interest in the Account Assets. As owner of the Accounts, CTB will have the right to determine the periodic credit, finance or service charges, discount amounts and the fees which will be applicable from time to time under the Accounts, to alter the minimum monthly payment required under the Accounts, to change the timing of write-offs and to change various other terms with respect to the Accounts, the Credit Card Agreements related thereto and its practices and procedures relating to the operation of its credit card business, subject to compliance with certain conditions. See “The Custodial, Co-Ownership and Servicing Arrangement – Restrictions on Amendments to the Terms and Conditions of the Accounts” and “– Servicing of the Receivables”. There can be no assurances that changes in applicable law, changes in the marketplace or prudent business practice might not result in a determination by CTB to change its periodic credit, finance or service charges or other charges assessed on the Receivables or otherwise take actions which would change the terms of one or more Accounts. Any change made by CTB may have an impact upon the Receivables.

## **Addition of Accounts and Substitution of Accounts**

Subject to certain conditions, MasterCard credit card accounts, Canadian Tire credit card accounts and Other Credit Card Accounts and receivables thereunder may be added as Additional Accounts and Receivables. Such Additional Accounts and Receivables arising thereunder may include accounts that are originated or collected in a manner that is different than current Accounts. Consequently, there can be no assurance that such Additional Accounts will be of the same credit quality as current Accounts. Such Additional Accounts may consist of credit card accounts that perform differently than the current Accounts.

In addition, Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts and Receivables thereunder may be substituted with Canadian Tire credit card accounts, MasterCard credit card accounts or Other Credit Card Accounts (as the case may be) as Substituted Accounts and Receivables thereunder. MasterCard credit card accounts, Canadian Tire credit card accounts and Other Credit Card Accounts and Receivables arising thereunder may not be administered or collected in the same manner and may perform differently. See “Canadian Tire Credit Card Business.”

## **Co-Owner Action**

Subject to certain exceptions, Co-Owners of each Series may take certain actions, or direct certain actions to be taken, under the Pooling and Servicing Agreement or the related Series Purchase Agreement. However, under certain circumstances, the consent or approval of a specified percentage of all of the Co-Owners or the owners of a particular Series or Class will be required to direct certain actions, including requiring the appointment of a Successor Servicer following a Servicer Termination Event and certain amendments to the Pooling and Servicing Agreement.

## **Additional Series**

It is expected that additional Series (which may be represented by different Classes within a single Series) will be created from time to time. The terms of such additional Series may include methods for determining related allocation percentages and allocating Collections, provisions creating different or additional enhancements and Additional Property, different Classes of Ownership Interests within the Series and other terms in respect only of such additional Series. As Ownership Interests of different Series will have different attributes and entitlements, it is anticipated that some Series will be in their Revolving Periods, while others are in their Liquidation Periods or Amortization Periods. Subject to certain limitations, each future Series may have entirely different methods for allocating Credit Charge

Receivables, Recoveries and Pool Losses and for calculating the amount and timing of distributions of Collections to Co-Owners. Accordingly, there can be no assurance that the existence and future sale of Ownership Interests of other Series might not have an impact on the timing or amounts of distributions to the Trust in respect of other Series and, in turn, to the holders of Notes not related to such Series. In addition, the terms applicable to other Series may include Servicer Termination Events other than those applicable to a Series. No Series Purchase Agreement in relation to the future creation and sale of other Series, however, may change the terms of a different Series or the terms of the Pooling and Servicing Agreement as applied to a different Series. As long as a Series is existing, a condition to the execution of any such Series Purchase Agreement will be the satisfaction of the Rating Agency Condition with respect to the outstanding Notes. There can be no assurance, however, that the terms of any other Series might not have an impact on the timing or amount of Collections received by the Trust. The creation and sale of additional Ownership Interests of an additional Series to a Person other than the Trust does not require the consent of the Trust.

#### **Additional Series of Notes and Other Obligations of the Trust**

As of the date hereof, six series of Notes issued by the Trust under the Trust Indenture are outstanding. The Trust may, pursuant to the Trust Indenture, issue additional series of Notes (which may be represented by different classes within a series) from time to time and incur other related obligations. A Series Supplement delivered in connection with the issuance of a series of Notes will specify the terms applicable to such series of Notes. Such terms may include provisions creating additional security or other credit enhancements, different classes of notes (including subordinated classes of notes) and any other provisions, requirements, conditions, guarantees, indemnities, events of default and other matters relating to the terms and conditions upon which the notes of such series or class thereof are to be issued under the Trust Indenture. No Series Supplement, however, may change the terms of other series of Notes or the terms of the Trust Indenture as applied to such other series of Notes. However, a new series of Notes may introduce Events of Default which apply to each other series of Notes. Certain remedies arising upon the occurrence of Events of Default, including the right to replace CTB as the Administrator and to exercise certain rights and discretions of the Issuer Trustee under the Basic Documents, may only be exercised upon the affirmative vote of Persons holding a specified percentage of the aggregate outstanding principal amount of all outstanding Notes. As long as any of the Notes are outstanding, a condition to the execution of any Series Supplement will be that the Rating Agencies shall have advised the Trust that the issuance of the new series of Notes will not result in the reduction or withdrawal of the Rating Agencies' ratings of such outstanding Notes. The issuance of an additional series of Notes does not require the consent of outstanding Noteholders.

#### **Dependence on CTB and CTFS**

Pursuant to the Pooling and Servicing Agreement, CTB acts as Servicer of the Receivables. The servicing of the Receivables, including the collection and allocation thereof, the making of the required deposits into the Collection Account, including deposits of Interchange Fees into the Collection Account, and the directing of the Custodian to make the required withdrawals from the Collection Account are to be performed by CTB. In servicing the Accounts, the Servicer is required to apply the same policies and procedures that it exercises in handling similar matters for its own account. In addition, CTB has the ability to change the terms of the Accounts. See "The Custodial, Co-Ownership and Servicing Arrangement – Restrictions on Amendments to the Terms and Conditions of the Accounts". Pursuant to the Administration Agreement, CTB has agreed to perform certain of the Issuer Trustee's responsibilities, including administering each Series Accumulations Account and determining the cashflow needs of the Trust. CTB has appointed CTFS as sub-Servicer and sub-Administrator. Noteholders are relying on CTB's, and as applicable CTFS's, good faith, expertise, historical performance, technical resources and judgement in CTB acting as Servicer and as Administrator. It is possible that a material disruption in collecting the Receivables may ensue if a Servicer Termination Event occurs and a successor Servicer assumes CTB's servicing obligations. In addition, the collection results achieved by a successor Servicer may differ materially from the results achieved during the time CTB is the Servicer. If CTB were to cease acting as Servicer, delays in processing payments on the Receivables and information in respect thereof could occur and result in delays in payments to the Noteholders. The Issuer Trustee together with the other Co-Owners may, subject to certain conditions, replace CTB as Servicer in specified circumstances. The Issuer Trustee may also, subject to certain conditions, replace CTB as Administrator in specified circumstances. See "The Custodial, Co-Ownership and Servicing Arrangement – Servicer Termination Events" and "Glacier Credit Card Trust – Administration of the Trust".

None of Canadian Tire, CTFS or CTB is obligated to make any payment in respect of the Notes. In addition, none of Canadian Tire, CTFS or CTB (except in its capacity as Servicer) is obligated to make any payments in respect of any Ownership Interest or the Receivables (other than the obligation of CTB to purchase certain Receivables or undivided interests therein due to a failure to comply with certain covenants or the breach of certain representations and to the extent of any Eligible Investments under which Canadian Tire or CTB is the covenantor).

Canadian Tire, CTFS and CTB may from time to time purchase Notes either at the time of their initial issuance or in the secondary market.

### **Origination of New Receivables and Competition in the Credit Card Industry**

Except where an Additional Seller is added, the Trust will be completely dependent upon CTB for the generation of new Receivables. The ability of CTB to generate Receivables under the existing Accounts is, in turn, currently dependent in part on sales of products and services at Canadian Tire Associate Stores. There can therefore be no assurance that CTB will continue to originate Receivables at the same rate as in prior years. The dependency on Receivables being generated from sales at Canadian Tire Associate Stores is reduced to the extent that Receivables are being generated under MasterCard credit card accounts from sales at entities other than Canadian Tire Associate Stores. CTB is a licensee of the MasterCard trademark, a member of MasterCard and customer of MasterCard International Incorporated. Certain MasterCard credit card transactions are processed through the MasterCard authorization and settlement system. Should CTB for any reason cease to be a licensee of the MasterCard trademark or unable to use the MasterCard system, delays in payments on the Receivables and possible reductions in the amount thereof could occur. In addition, the ability of CTB to originate Receivables could be adversely impacted, as in these circumstances Receivables might only be originated through transactions at Canadian Tire Associate Stores.

In addition, the credit card industry is highly competitive and operates in a legal and regulatory environment increasingly focused on the cost of interest and fees charged for credit cards. As new credit card companies enter the market and all companies try to expand their market share, effective advertising, the use of credit cards by consumers and interchange fees charged to merchants regarding their acceptance and processing, target marketing and pricing strategies grow in importance. New federal and provincial laws and amendments to existing laws and further changes may be enacted to regulate further the credit card industry or to reduce finance charges or other fees (including interchange) or charges applicable to credit card accounts. In addition, certain credit card issuers assess periodic finance charges or other fees or charges at rates lower than the rate currently being assessed on most of the Accounts. The Seller may also solicit existing cardholders to open other revolving credit card accounts which offer benefits not available under the current credit cards, including lower periodic finance charges. If cardholders choose to utilize competing sources of credit, the rate at which new Receivables are generated in the Accounts and the applicable yield may be reduced and certain purchase and payment patterns with respect to Receivables may be affected. The Trust will be dependent upon the Seller's continued ability to generate new Receivables. If the rate at which new Receivables are generated declines significantly and the Seller does not add Additional Accounts and Receivables thereunder to the pool, an Amortization Event in respect of each Ownership Interest could occur resulting in the repayment of principal to Noteholders sooner than expected. If the rate at which the Seller generates new Receivables decreases significantly at a time when the Trust is scheduled to receive distributions for the repayment of principal owing under the Notes, Noteholders might receive principal more slowly than planned.

### **Geographic Concentration**

In general, a pool of Receivables with a significant portion of those Receivables being owed by Obligor residents in a smaller number of provinces or geographic regions may be subject to losses that are more severe than other pools having a more diverse geographic distribution of receivables. Repayments by Obligor residents could be affected by economic conditions generally, by changes in governmental rules and fiscal policies in the regions where the Obligor residents are located, and by other factors that are beyond the control of the Obligor residents. To the extent that general economic or other relevant conditions in provinces or regions in which the Obligor residents are located decline and result in a decrease in disposable incomes in the province or region, the ability of Obligor residents to repay the Receivables may be adversely affected.

## **Social, Legal Economic and Other Factors**

Changes in credit card use and payment patterns by cardholders result from a variety of economic, legal and social factors. Economic factors include the rate of inflation, unemployment levels and relative interest rates. The use of incentive programs (e.g. rewards for card usage) may affect card use. The Trust is unable to determine and has no basis to predict whether or to what extent changes in applicable laws or other economic or social factors will affect card use or repayment patterns. See “Canadian Tire Credit Card Business”.

## **Ratings**

The ratings of the Notes address the likelihood of the ultimate payment of principal and the timely payment of interest on the Notes. However, the Rating Agencies do not evaluate and the ratings of the Notes do not address the likelihood of payment in full of the outstanding principal balance thereof on the related Expected Repayment Date. A rating is based primarily on the credit underlying the Receivables, the level of enhancement provided by the related Enhancement Amount and, in the case of the ratings of the Senior Notes, the subordination of the payments on the related Subordinated Notes to the prior payment of amounts payable on the Senior Notes in the manner described in this prospectus. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if in its judgement circumstances so warrant. The ratings of the Notes are not a recommendation to purchase, hold or sell such Notes and may be subject to revision or withdrawal at any time by the Rating Agencies. The ratings also do not address the possibility of the occurrence of an Amortization Event or a related Event of Default, which events could result in the partial or complete payment of the outstanding principal amount of the related Senior Notes and, on a subordinated basis, the related Subordinated Notes prior to the related Expected Repayment Date. In addition, the ratings take into consideration the capacity of those parties in a key support relationship to the Trust and the degree of covenant protection available to investors as contained in the Material Contracts. Certain changes to the arrangements referred to herein are subject to the satisfaction of the Rating Agency Condition with respect to the Notes.

## **ADDITIONAL INVESTMENT CONSIDERATIONS FOR PURCHASERS OF SUBORDINATED NOTES**

Prospective purchasers of Subordinated Notes should also consider the following additional investment considerations:

### **Subordination**

If Credit Charge Receivables and other amounts allocable to the Trust in any month in respect of a Series are less than the Funding Costs and Additional Funding Expenses in such month due to reduced pool yield, or if a Pool Loss occurs in any month, the shortfall may constitute a Deficiency in respect of such Series. If the shortfall exceeds the Enhancement Amount and such excess shortfall is not recovered from future Credit Charge Receivables and other amounts allocable to such Series, a loss equal to the excess shortfall will be suffered by the holders of the related Subordinated Notes. See “Details of the Offering – The Trust Indenture – Security and Ranking”. In such circumstances, a holder of Subordinated Notes could lose some or all of its initial investment in the Subordinated Notes.

### **Voting**

Certain amendments may be made to the Trust Indenture and the Basic Documents and certain directions may be provided, relating to, among other matters, the waiver of servicer termination events and the sale of any or all of a Series upon the occurrence of one or more Events of Default, based on a direction given by the holders of the applicable Senior Notes and applicable Subordinated Notes voting together as a single series. As the holders of Subordinated Notes will generally constitute a minority of the Notes eligible to vote at a meeting called to consider such amendments or to provide written directions, the holders of the Senior Notes may have the ability to control any direction provided to the Indenture Trustee and the Trust. See “The Custodial, Co-Ownership and Servicing Arrangement – Servicer Termination Events” and “Details of the Offering – The Trust Indenture – Amendments to the Trust Indenture” and “– Amendments to the Basic Documents”. Accordingly, the holders of Senior Notes of a series will, in practical terms, have the power to determine whether amendments will be permitted and actions may be taken

without regard to the position or interests of the holders of Subordinated Notes of such series. In certain circumstances, the position or interests of holders of Senior Notes of a series and of holders of Subordinated Notes of such series may be in conflict. As a result, holders of Subordinated Notes may be adversely affected by determinations made which are beyond their control.

### **MATERIAL CONTRACTS**

Unless otherwise specified in the pricing supplement for any series of Notes issued under this short form prospectus, the following are the contracts which have been entered into by the Issuer Trustee on behalf of the Trust or which will be entered into on or prior to the related Closing Date and which are considered material contracts to investors purchasing Notes of any such series:

- (a) the amended and restated Declaration of Trust referred to under “Glacier Credit Card Trust – The Issuer Trustee”;
- (b) the Trust Indenture referred to under “Details of the Offering” and the Series Supplement relating to the Notes;
- (c) the amended and restated Administration Agreement referred to under “Glacier Credit Card Trust – Administration of the Trust”;
- (d) the second amended and restated Pooling and Servicing Agreement referred to under “The Custodial, Co-Ownership and Servicing Arrangement – Custodial Arrangement”;
- (e) the Series Purchase Agreement relating to the applicable Series;
- (f) the Series Subordinated Loan Agreement relating to the applicable Series;
- (g) the Dealer Agreement referred to under “Plan of Distribution”; and
- (h) the Seller’s Representation and Indemnity Covenant referred to under “Seller’s Representation and Indemnity Covenant”.

Copies of these agreements are or will be posted on SEDAR at [www.sedar.com](http://www.sedar.com) upon execution, and may be examined at the head office of the Trust upon execution during normal business hours during the course of distribution of the Notes and for 30 days thereafter.

### **PROMOTER**

CTB assumed the rights and obligations of CTFS in organizing the Trust, and as such may be considered to be a “promoter” of the Trust within the meaning of the securities legislation of certain provinces of Canada. The Trust will receive the proceeds of offerings hereunder and will apply the proceeds to purchase Series from CTB from time to time.

Under the Administration Agreement, CTB will provide services required in connection with the offering of the Notes and the ongoing operations, maintenance and regulatory compliance of the Trust. Under the Seller’s Representations and Law Indemnity Covenant, CTB, as Seller, has agreed to indemnify the Trust in certain circumstances. See “Seller’s Representation and Indemnity Covenant”. CTB will be obligated to lend the amounts described under “Series Subordinated Loan Agreements” to the Trust.

### **INTEREST OF EXPERTS**

The partners and associates of McCarthy Tétrault LLP and the partners and associates of Stikeman Elliott LLP, as a group, beneficially own, directly or indirectly, less than 1% of the securities of the Trust as of the date of this prospectus.

Deloitte & Touche LLP is the auditor of the Trust and is independent of the Trust in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## LEGAL MATTERS

Unless otherwise specified in the applicable pricing supplement, certain legal matters relating to the issuance of Notes will be passed upon on the date of issuance of such Notes by McCarthy Tétrault LLP on behalf of CTB and the Trust and by Stikeman Elliott LLP on behalf of the Dealers.

## LEGAL PROCEEDINGS

CTB is party to a number of legal proceedings which constitute routine litigation incidental to the business and, based on current knowledge, management of CTB believes that the ultimate disposition of these matters will not have a material adverse effect on the results of CTB.

CTB is the subject of two class action proceedings regarding allegations that certain fees charged on CTB issued credit cards are not permitted under the Quebec *Consumer Protection Act* (the Quebec CPA). The first proceeding (the “**Desjardins-Emond Action**”) involves a class action that was certified against CTB and a number of other banks in October, 2004 by the Quebec Superior Court. The Plaintiff alleges that cash advance transaction fees charged by CTB (and other banks) are not permitted under the Quebec CPA and is seeking a return of all fees assessed against class members, plus punitive damages of \$200 per class member. The class in the Desjardins-Emond Action is comprised of all persons in Quebec who have a credit card agreement with CTB and who have paid CTB fees for cash advances in Canada or abroad from October 1, 2001 to September 30, 2010. The second proceeding (the “**Marcotte Action**”) involves a motion filed in December, 2010 with the Quebec Superior Court for authorization to proceed with a class action against CTB and a number of other banks alleging that the mark up on the exchange rate charged by CTB (and other banks) on credit card transactions made in a foreign currency are not permitted under the Quebec CPA and is seeking a return of all fees assessed against class members, plus punitive damages of \$25 per class member. The class in the Marcotte Action is comprised of all residents of Québec who have a credit card agreement with CTB and who have paid CTB amounts relating to a mark up for credit card transactions made in a foreign currency since January 1, 2008. CTB believes it has a solid defense to both actions on the basis that banks are not required to comply with provincial legislation because banking and cost of borrowing disclosure is a matter of exclusive federal jurisdiction. Accordingly, no provision has been made for amounts, if any, that would be payable in the event of an adverse outcome. If adversely decided, the total aggregate exposure to CTB as of September 30, 2012 is expected to be approximately \$17.7 million in the Desjardins-Emond Action and \$8.1 million in the Marcotte Action.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditors of the Trust are Deloitte & Touche LLP, Chartered Accountants, 25 Corporate Park Drive, 3<sup>rd</sup> Floor, St. Catharines, Ontario L2S 3W2. BNY Trust Company of Canada is the transfer agent and registrar for the Notes. Registers for the registration and transfer of the Notes will be kept by BNY Trust Company of Canada at its principal office in Toronto, Ontario.

## UNDERTAKING

The Issuer has filed with the local securities regulatory authority or regulator in each of the provinces of Canada (the “**Securities Regulators**”), an undertaking that the Issuer will not distribute credit card asset-backed securities of a type that, at the time of distribution have not previously been distributed by prospectus, without pre-clearing with the applicable Securities Regulators the disclosure to be contained in the pricing supplement pertaining to the distribution of such novel securities.

## STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment and any applicable pricing supplement relating to the securities purchased by a purchaser. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment (including any pricing supplement) contains a

misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

#### **SELLER'S REPRESENTATION AND INDEMNITY COVENANT**

Under a Seller's representation and indemnity covenant (the "**Seller's Representation and Indemnity Covenant**") the Seller will (a) represent and warrant to the Trust that the Prospectus, any pricing supplement or any document incorporated by reference herein or therein contains all information and disclosure with respect to CTB and Canadian Tire and their related businesses, the credit card business of CTB, the Portfolio, the Accounts, the Receivables and the Account Assets, in each case, that is required to be included in the Prospectus, any pricing supplement or any document incorporated by reference herein or therein in order for such disclosure to constitute full, true and plain disclosure of all material facts relating to the Notes and otherwise comply with applicable securities laws, and (b) indemnify the Trust for any losses, claims, damages, liabilities, costs and expenses (or resulting claims, actions, suits or proceedings) arising as a result of any Misrepresentation contained in respect of such information in the Prospectus, any pricing supplement or any document incorporated by reference herein or therein or as a result of a breach by the Seller of a material representation, warranty or covenant contained in the Material Contracts. Pursuant to the Trust Indenture, the right, title and interest of the Trust in the Seller's Representation and Indemnity Covenant will be assigned by way of security to the Indenture Trustee and will form part of the Trust Assets securing the Trust's obligations under the Notes. The Trust Indenture provides that the Trust, upon having received an indemnity satisfactory to it, will enforce the Seller's Representation and Indemnity Covenant in the event that the Trust becomes liable to any purchaser of Notes on the basis described under "Statutory Rights of Withdrawal and Rescission".

## GLOSSARY

The following are selected terms and phrases that are used frequently in this Prospectus. Unless otherwise defined herein or unless the context otherwise requires, such terms and phrases have the meanings set out below. If terms or phrases are defined but are not capitalized in this Prospectus, such terms or phrases are intended to have a similar meaning to the meaning ascribed to the capitalized terms, subject to applicable variations as the context requires to reflect differences, as applicable, between (a) the attributes of each Series and those of other Series, (b) the terms of the Senior Notes and Subordinated Notes of a series and those of other notes, and (c) matters relating to the Receivables forming part of the Account Assets and the receivables included in the Portfolio.

**"1933 Act"** has the meaning set out under "Plan of Distribution";

**"Account"** means (a) each Initial Account, (b) each Additional Account, (c) each Substituted Account, (d) each Related Account, (e) any account originated as a replacement of an Account in connection with the amendment of the terms of such Account (provided that such replacement account can be traced or identified by reference to, or by way of, the applicable computer file or microfiche list previously filed pursuant to the Pooling and Servicing Agreement), (f) each Transferred Account and, (g) each surviving account resulting from the combination of two or more of the Accounts, but Accounts will not include Removed Accounts, Purged Accounts or Written-Off Accounts;

**"Account Assets"** means the Receivables owing from time to time under the Accounts, all monies due or becoming due under the Accounts, including credit and all other non-principal charges due or becoming due under the Accounts, all Insurance Proceeds and the then applicable Pool Interchange Amount, together with all monies on deposit in, and Eligible Investments credited to, the Collection Account, and all amounts received with respect thereto after the Cut-Off Date, in the case of the Initial Accounts, after the applicable Additional Cut-Off Date in the case of Additional Accounts and after the applicable Substitution Date, in the case of Substituted Accounts;

**"Accumulation Shortfall"** means, in respect of a Series and a month, the amount, if any, by which the sum of the Controlled Accumulation Amounts for earlier months exceeds the sum of amounts deposited into the related Series Liquidation Principal Funding Account in respect of Monthly Principal Accumulation Amounts for such earlier months;

**"Addition Date"** means, with respect to an Additional Account, the date, as specified in the notice in which such Additional Account is designated, on which undivided co-ownership interests in the Account Assets under such Additional Account as of the Additional Cut-Off Date in respect of such Additional Account are Transferred to the Co-Owners, and on and after which such Additional Account is included as an Account;

**"Additional Account"** means an Existing Account or a New Account added to the Accounts pursuant to the Pooling and Servicing Agreement in the circumstances described under "The Account Assets – Addition, Substitution and Removal of Accounts – Addition of Accounts" and "– Mandatory Additions of Accounts";

**"Additional Cut-Off Date"** means, with respect to an Additional Account, the date specified as such in the notice in which such Additional Account is designated;

**"Additional Funding Expenses"** means, in respect of a Series, the portion of expenses of the Trust allocable to such Series, including an allocable portion of taxes payable by the Trust, fees payable to the Issuer Trustee (in its individual capacity), the Indenture Trustee and the Administrator, the Subordinated Loan Repayment Amount and any other payment required to be made under the applicable Series Subordinated Loan Agreement, plus the portion of the amount of the distribution to be made to the beneficiary of the Trust allocable to such Series, but excluding expenses, debts, liabilities and obligations that have been or will be paid with amounts borrowed under the applicable Series Subordinated Loan Agreement;

**"Additional Ownership Interest"** means an undivided co-ownership interest in Account Assets acquired in respect of a Series after the initial closing date applicable to such Series and having the same attributes thereof, in accordance with the Pooling and Servicing Agreement and in the circumstances described under "The Custodial, Co-Ownership and Servicing Arrangement – Additional Ownership Interests of Other Series";

**“Additional Property”** means the rights and benefits provided in respect of a Series pursuant to any letter of credit, surety bond, cash collateral account, spread account, guaranteed rate agreement, maturity liquidity facility, tax protection agreement, interest rate swap agreement or other similar arrangement, as contemplated in the Pooling and Servicing Agreement and as described in the related Series Purchase Agreement and, in relation to a Series, as may be deposited in the circumstances contemplated under “Series of Ownership Interests – Description of Series of Ownership Interests – Additional and Substitute Enhancements”;

**“Additional Property Agreement”** means any agreement, instrument or document governing the terms of any Additional Property or pursuant to which any Additional Property is deposited with the Custodian;

**“Additional Seller”** means a Person affiliated with CTB or another Person satisfying specified eligibility criteria to permit the sale by such Person of undivided co-ownership interests in Account Assets to Co-Owners in the circumstances contemplated under “The Custodial, Co-Ownership and Servicing Arrangement – Additional and Substitute Sellers”;

**“Administration Agreement”** means the amended and restated administration agreement dated as of November 29, 1995 between the Trust and CTB (as assignee of CTFS, formerly Canadian Tire Acceptance Limited) providing for the performance of administrative services by CTB to enable the Issuer Trustee to perform its duties under the Basic Documents and various other agreements to which the Trust is a party, as the same may be amended, modified, supplemented, restated or replaced from time to time;

**“Administrator”** means CTB (as assignee of CTFS, formerly Canadian Tire Acceptance Limited), as administrator of the Trust, and, if CTB is replaced, any successor or assignee which may be appointed as administrator of the Trust pursuant to the Administration Agreement;

**“Aggregate Required Yield Reserve Deposit Amount”**, with respect to a Series, has the meaning ascribed thereto in the related Series Purchase Agreement (and as set out in the related pricing supplement);

**“Amendment”** has the meaning set out under “Details of the Offering – The Trust Indenture – Amendments to the Trust Indenture”;

**“Amortization Commencement Day”** means, in respect of a Series, the day that an Amortization Period with respect to such Series commences pursuant to the related Series Purchase Agreement as described under “Series of Ownership Interests – Amortization Events in Respect of a Series of Ownership Interests”;

**“Amortization Event”** means, in respect of a Series, an event described as such in relation to such Series under “Series of Ownership Interests – Amortization Events in Respect of a Series of Ownership Interests”;

**“Amortization Period”** means, with respect to a Series, the period commencing on the related Amortization Commencement Day and ending on the first Determination Day when the related Invested Amount has been reduced to zero;

**“Basic Documents”** means, with respect to all outstanding series of Notes, the Pooling and Servicing Agreement, the Declaration of Trust and the Administration Agreement, and, with respect to the Notes, also means such other agreements or documents as are specified in the applicable Series Supplement as “Basic Documents”, including the related Series Purchase Agreement;

**“Business Day”** means any day other than a Saturday or Sunday or a day on which banks in the City of Toronto, Ontario or the City of St. Catharines, Ontario are not open for business;

**“CDS”** means CDS Clearing and Depository Services Inc. and its successors;

**“Calculation Day”** means, with respect to any Determination Day, the 15th day following such Determination Day or, if such day is not a Business Day, the next succeeding Business Day;

**“Canadian Tire”** means Canadian Tire Corporation, Limited and its successors and permitted assigns;

**“Canadian Tire Associate Stores”** has the meaning set out under “Canadian Tire Corporation, Limited”;

**“Canadian Tire credit card account”** means an account providing for the extension of credit on a revolving basis by CTB to the cardholder under the related Credit Card Agreement to (a) finance the purchase of products and services in Canadian Tire Associate Stores and Specified Locations, and in other Canadian Tire operations and organizations associated with Canadian Tire, and (b) obtain cash advances;

**“Class”** means, with respect to a Series, any one of the classes of Ownership Interests of that Series, in each case having the same attributes as all Ownership Interests of the same class within the Series as specified in the Series Purchase Agreement for the related Series;

**“Clean-up Repurchase Option”** means, in respect of a Series, the option granted to CTB to repurchase such Series as described under “Series of Ownership Interests – Clean-up Repurchase Option”;

**“Closing Date”** means, in respect of a Series, the date specified as such in the related Series Purchase Agreement (and set out in the applicable pricing supplement);

**“Collection Account”** means the segregated Eligible Deposit Account established by the Servicer in the name of the Custodian pursuant to the Pooling and Servicing Agreement for the purpose of depositing Collections therein, and bearing a designation indicating that the funds deposited therein are held in trust for the Co-Owners, CTB and any other Person having an interest therein;

**“Collections”** means all payments received by the Servicer from or on behalf of any Obligor in respect of Receivables and all Insurance Proceeds, and all payments received by the Servicer in respect of Recoveries, as adjusted for NSF cheques and similar payment reconciliations, together with all amounts received by the Servicer from the Seller in respect of the Pool Interchange Amount, and, in respect of any period of days, shall mean all such amounts received by the Servicer during such period and, in respect of any Business Day, shall mean all amounts received by the Servicer before the close of business on such day and after the close of business on the immediately preceding Business Day;

**“Controlled Accumulation Amount”** has the meaning set out under “Series of Ownership Interests – Liquidation Period”;

**“Controlled Liquidation Period Factor”** means, in respect of a Series, for each Determination Period, a fraction, the numerator of which is equal to the sum of the Invested Amounts as of the last day of the prior Determination Period of all outstanding Series, and the denominator of which is equal to the sum (without duplication) of (a) the Invested Amount for such Series as of the last day of the prior Determination Period and (b) the sum of the Invested Amounts as of the last day of the prior Determination Period of all outstanding Series (other than such Series) that are not expected to be in their Revolving Periods;

**“Controlled Liquidation Period Length”** has the meaning set out under “Series of Ownership Interests – Liquidation Period”;

**“Co-Owner”** means the owner of an Ownership Interest;

**“CRA”** has the meaning set out under “Canadian Federal Income Tax Considerations”;

**“Credit Card Agreement”** means, with respect to a revolving credit card account, the agreement or agreements between CTB and the Obligor governing the terms and conditions of such account, as any such agreement may be amended, modified or otherwise changed from time to time;

**“Credit Centre”** means a credit administration facility at which CTB extends credit and administers, among other things, the collection of Receivables;

**“Credit Charge Receivable”** means, with respect to an Account, (i) any Receivables billed to the Obligor under the related Credit Card Agreement in respect of (a) periodic credit or other finance charges, net of adjustments, billed by the Seller that included such an Account as an Account or by the Servicer, in each case in accordance with its practices and procedures relating to its credit card business, (b) annual membership fees (allocated, for the purposes

hereof, on a monthly basis), if any, with respect to the Account, (c) administrative fees and late charges and (d) any other fees or amounts with respect to the Account which are designated by the Seller by notice to the Custodian at any time and from time to time to be included and sold as Credit Charge Receivables, and (ii) the Pool Interchange Amount; and **“Credit Charge Receivables”** means (a) for or in respect of any particular Business Day, the aggregate of all such amounts billed on all Accounts after the end of the immediately preceding Business Day and at or before the end of such Business Day, together with the Pool Interchange Amount in respect of such Business Day; and (b) for or in respect of a Determination Period or a period of days in a Determination Period, the aggregate of all such amounts billed on all Accounts after the end of the immediately preceding Determination Period and at or before the end of such Determination Period or period of days, together with the aggregate Pool Interchange Amount in respect of such Determination Period or period of days;

**“CTB”** means Canadian Tire Bank, its successors and permitted assigns and references to CTB include additional and substitute Sellers permitted by the Pooling and Servicing Agreement if and to the extent that the reference relates to an obligation, representation, warranty, status or entitlement of CTB in its capacity as a “Seller” under the Pooling and Servicing Agreement;

**“CTFS”** means Canadian Tire Financial Services Limited (formerly Canadian Tire Acceptance Limited), its successors and permitted assigns;

**“Cumulative Deficiency”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Elements of the Invested Amount Formula”;

**“Custodian”** means Computershare Trust Company of Canada, in its capacity as agent for and on behalf of CTB and the Co-Owners, and any successor Custodian appointed in accordance with the Pooling and Servicing Agreement;

**“Cut-Off Date”** means March 30, 1995;

**“DBRS”** means DBRS Limited and its successors;

**“Dealers”** means BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. and such other dealers as may be selected from time to time by the Issuer;

**“Dealer Agreement”** means the dealer agreement dated as of December 18, 2012 between the Trust and the Dealers relating to the offering of Notes;

**“Declaration of Trust”** means the amended and restated Declaration of Trust creating the Trust dated as of November 29, 1995, as amended on November 19, 2002 and June 30, 2003, as supplemented on September 5, 2008, as amended on July 21, 2010, as the same may be further amended, supplemented, restated or otherwise modified from time to time. On June 30, 2003, the Declaration of Trust was amended to change the name of the Trust from Canadian Tire Receivables Trust to Glacier Credit Card Trust. On September 5, 2008, Computershare Trust Company of Canada succeeded the predecessor trustee of the Trust as Issuer Trustee under the Declaration of Trust;

**“Deferred Receivable”** means, at any time, that portion of the amount owing under any Account in respect of which portion, under the terms of credit which gave rise to such portion, no amount can be billed to the Account until a day that is after the expiry of the related deferral period, provided that from and after the day on which the amount of such portion is billed to the Account, such portion shall no longer be a Deferred Receivable and shall thereupon be a Receivable for the purposes of calculating the Pool Balance;

**“Deficiency”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Allocation of Credit Charge Receivables, Recoveries and Pool Losses”;

**“Designated Account”** means an Account designated to be removed as described under “The Account Assets – Addition, Substitution and Removal of Accounts – Removal of Accounts”;

**“Designated Balance”** means the balance of Receivables existing in a Designated Account on the Removal Commencement Date;

**“Designated Purged Account”** means an Account designated to be purged as described under “The Account Assets – Purging of Accounts”;

**“Designated Rating”** means a rating from any Designated Rating Organization at or above one of the following rating categories of the Designated Rating Organization or a rating category that replaces a category listed below:

<u>Designated Rating Organization</u>	<u>Long-Term</u>	<u>Short-Term</u>
DBRS .....	BBB	R-2
Moody’s .....	Baa	Prime-3
S&P .....	BBB	A-3

**“Designated Rating Organizations”** means DBRS, Moody’s and S&P and certain other rating agencies designated in the relevant securities legislation, and any of their successors;

**“Desjardins-Emond Action”** has the meaning set out under “Legal Proceedings”;

**“Determination Day”** means each Closing Date, the Business Day immediately preceding the Expected Repayment Date and generally the last day of each calendar month;

**“Determination Period”** means any period of days that begins on and includes the day immediately after a Determination Day and ends on and includes the day that is the next succeeding Determination Day and, when modified by the word “related” in respect of a particular Determination Day, means such period of days that ends on and includes that particular Determination Day;

**“Distribution Notice”** means, in respect of a Series, the notice delivered by the Trust or the Administrator on its behalf with respect to such Series, specifying, among other things, the amount of each distribution to be made by the Trust in respect of Monthly Principal Accumulation Amounts, Funding Costs and Additional Funding Expenses and the date on which each such distribution is to be made;

**“Eligible Account”** has the meaning set out under “The Account Assets – The Accounts – Eligibility of Accounts”;

**“Eligible Deposit Account”** means a segregated account with an Eligible Institution;

**“Eligible Institution”** shall mean (unless otherwise provided in the related Series Purchase Agreement and set out in the applicable pricing supplement):

- (a) with respect to the Eligible Deposit Accounts relating to any Series and the investment of Collections and any other amounts deposited therein in Eligible Investments (i) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (A) which has either (w) a long-term unsecured debt rating of AA(low) or better by DBRS or (x) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (B) which has either (y) a long term unsecured debt rating of A or better by S&P or (z) a short-term debt rating of A-1 or better by S&P, (C) whose deposits are insured by Canada Deposit Insurance Corporation and (D) which satisfies any additional criteria and requirements applicable to an Eligible Institution as set forth in an Additional Property Agreement, or (ii) any institution that otherwise satisfies the Rating Agency Condition, and
- (b) with respect to the letter of credit in favour of the Custodian from an Eligible Institution in an amount equal to at least 18.0% of the Pool Balance referred to herein under “The Account Assets – Collection Account” (i) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (A) which has a long-term unsecured debt rating of AA(low) or better by DBRS and a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (B) which has either (x) a long term unsecured debt rating of AA- or better by S&P or (y) a short-term debt rating of A-1+ by S&P, (C) whose deposits are insured by Canada Deposit Insurance Corporation and (D) which satisfies any additional criteria and requirements applicable to an Eligible Institution as set forth in an Additional Property Agreement, or (ii) any institution that otherwise satisfies the Rating Agency Condition.

**“Eligible Investments”** has the meaning set out under “Series of Ownership Interests – Eligible Investments”;

**“Enhancement Amount”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Enhancement Amount”;

**“Enhancement Draw Amount”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Enhancement Amount”;

**“Enhancement Percentage”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Enhancement Amount”;

**“Enhancement Recovery”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Enhancement Amount”;

**“Entitled Party”** means a Person providing Additional Property pursuant to an Additional Property Agreement;

**“Event of Default”** has the meaning set out under “Details of the Offering – The Trust Indenture – Events of Default; Rights Upon Event of Default”;

**“Excess Collections”** has the meaning set out under “Series of Ownership Interests – Availability of Collections Allocable But Not Distributed to Other Series”;

**“Excess Requirements”** has the meaning set out under “Series of Ownership Interests – Availability of Collections Allocable But Not Distributed to Other Series”;

**“Excluded Amounts”** means amounts owing by holders of credit cards issued by CTB in respect of the purchase of Petroleum Products and the extension of credit in connection therewith by Canadian Tire, as principal, through CTB, as agent, together with an allocable portion of credit and all other non-principal charges due or becoming due under the Accounts, such allocable portion to be determined in accordance with the Pooling and Servicing Agreement as described under “The Account Assets – Excluded Amounts”;

**“Existing Account”** means a revolving credit card account established by CTB, or established by CTFS and assigned to CTB, pursuant to a Credit Card Agreement under which CTB extends credit to the Obligor as principal and the Obligor under which, on the Additional Cut-Off Date or Substitution Date, with respect thereto, has a period of credit history with CTB (or with its assignor, CTFS), in relation to any revolving credit card accounts, greater than or equal to 12 months in length;

**“Expected Repayment Date”** means, in respect of a series of Notes, such date as specified in the related Series Supplement (and set out in the applicable pricing supplement);

**“Floating Allocation Percentage”** means, in respect of a Series, for any period of days in a Determination Period, the fraction, expressed as a percentage, that the Invested Amount of such Series at the end of the immediately preceding Determination Period is of the Pool Balance at the end of the immediately preceding Determination Period;

**“Funding Commitments”** means, in respect of a Series, the amount of all payments required to be made by the Trust from time to time to finance, directly or indirectly, its investment in such Series, including all principal, interest and premium of and on all indebtedness of the Trust for the related series of Notes and all other borrowed money and all distributions scheduled to be made or otherwise made to equity holders or other Persons with investments in the equity of the Trust, the capital from which is applied by the Trust to finance, directly or indirectly, its investment in such Series;

**“Funding Costs”** means, in respect of a Series, for or in respect of any period of days, the amount, if any, by which (a) the aggregate of all interest and other costs (excluding, for greater certainty, repayments of principal) paid or properly accrued or amortized in accordance with generally accepted accounting principles or International Financial Reporting Standards, as applicable, by the Trust with respect to the period in relation to the related series of Notes and other Funding Commitments relating to such Series, together with all other costs and charges reasonably attributable to

the existence of such Series, the related series of Notes and such other Funding Commitments (other than Additional Funding Expenses for the period), exceeds (b) the aggregate of all income earned during such period of days on funds and investments held in the related Series Accumulations Account;

**“Indenture Trustee”** means BNY Trust Company of Canada, as trustee under the Trust Indenture or its successors, and assigns from time to time in such capacity;

**“Independent Investment Advisor”** means a Canadian investment banking firm nationally recognized as having expertise in relation to asset-backed securities (which may include any of the Dealers) that at all relevant times is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Canadian Tire or CTB and that is appointed by the Custodian, and agrees to act, as the Independent Investment Advisor in the circumstances and for the purposes described under “The Custodial, Co-Ownership and Servicing Arrangement – Appointment of a Standby Servicer and an Independent Investment Advisor”;

**“Initial Account”** means each revolving credit card account established by CTFS and assigned to CTB pursuant to a Credit Card Agreement, under which CTB extends credit to the Obligor as principal and that was designated to be included as an Account and identified in the computer file, microfiche or written list delivered to the Custodian on March 31, 1995, excluding the Accounts which were removed on September 5, 1995 as identified in the written list delivered to the Custodian on September 5, 1995;

**“Interchange Fees”** means certain fees payable to the Seller in its capacity as credit card issuer for clearing transactions arising under Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts, as the rate or percentages used to calculate such fees may be changed from time to time by the Seller;

**“Insurance Proceeds”** means, in respect of an Account, any amounts received by the Servicer as a payment to or in respect of CTB under any credit life, disability or unemployment insurance policies covering any Obligor with respect to amounts owing under such Account;

**“Interest Payment Date”** means, in respect of a series of Notes, any date on which the Trust is obligated to make a payment of interest in respect of such series of Notes;

**“Invested Amount”** has the meaning defined under “Transaction Summary – Enhancement Amount” and further described under “Series of Ownership Interests – Description of Series of Ownership Interests”;

**“Investors’ Monthly Performance Summary”** has the meaning set out under “The Custodial, Co-Ownership and Servicing Arrangement – Reporting Requirements”;

**“Issuer”** means Glacier Credit Card Trust, created pursuant to the Declaration of Trust, and any reference in the prospectus to the Issuer includes, unless the context otherwise requires, the Issuer Trustee;

**“Issuer Trustee”** means Computershare Trust Company of Canada, as trustee of the Trust pursuant to the Declaration of Trust, or its successors and assigns from time to time in such capacity;

**“Liquidation Commencement Day”** means, in respect of a Series, the date specified in the related Series Purchase Agreement (and set out in the applicable pricing supplement) or such later or earlier date as determined by the Servicer in accordance with the terms of the related Series Purchase Agreement;

**“Liquidation Period”** means, in respect of a Series, the period commencing on the Liquidation Commencement Day and ending on the earlier of (a) the first Determination Day when the applicable Invested Amount is reduced to zero and (b) the related Amortization Commencement Day;

**“Marcotte Action”** has the meaning set out under “Legal Proceedings”;

**“MasterCard credit card account”** means an account established by CTB (or established by CTFS and assigned to CTB) upon the issuance of one or more credit cards identified in each case by the designation “MasterCard” and by the same account designation and which provides for the extension of credit on a revolving basis by CTB to the cardholder under the related Credit Card Agreement to (a) finance the purchase of products and services from Persons that accept MasterCard credit cards for payment and (b) obtain cash advances;

**“Maximum Enhancement Amount”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Enhancement Amount”;

**“Misrepresentation”** means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made;

**“Monthly Principal Accumulation Amount”** has the meaning set out under “Series of Ownership Interests – Liquidation Period”;

**“Moody’s”** means Moody’s Investors Service, Inc. and its successors;

**“MTN Program”** has the meaning ascribed thereto on the cover page;

**“National Instrument”** has the meaning ascribed thereto on the cover page;

**“New Account”** means a revolving credit card account established by CTB (or established by CTFS and assigned to CTB) pursuant to a Credit Card Agreement under which CTB extends credit to the Obligor as principal and the Obligor under which, on the Additional Cut-Off Date or Substitution Date with respect thereto, has a period of credit history with CTB (or with its assignor, CTFS), in connection with any revolving credit card accounts, less than 12 months in length;

**“Noteholder Direction”** means (a) except as otherwise provided in any Series Supplement in relation to a series of Notes, in respect of an action to be taken or a power to be exercised by holders of notes of a series and which action or power relates solely to such series (i) a direction by holders of notes of such series representing more than 50% of the principal amount of the notes then outstanding of such series which are properly represented at a duly constituted meeting of the holders of such notes or (ii) a direction pursuant to an instrument in writing signed by the holders of the notes of such series representing more than 50% of the principal amount of the notes then outstanding of such series, provided, however, that, in respect of a series of Notes, the percentages mentioned in (i) and (ii) immediately above in this definition shall each be 66 2/3% as opposed to 50%; and provided further that with respect to the waiver of the commencement of the Amortization Period the percentages mentioned in (i) and (ii) immediately above in this definition shall each be 66 2/3% of the aggregate outstanding principal amount of each of the related Senior Notes and the related Subordinated Notes and (b) in respect of an action to be taken or a power to be exercised by holders of notes of more than one series of Notes and which action or power relates to more than one series (i) a direction by holders of notes of all applicable series representing on an aggregate basis more than 50% of the principal amount of the notes then outstanding of all applicable series which are properly represented at a duly constituted meeting of the holders of the notes of all applicable series or (ii) a direction pursuant to an instrument in writing signed by the holders of notes of all applicable series representing on an aggregate basis more than 50% of the principal amount of the notes then outstanding of all applicable series;

**“Noteholders”** means the holders of Notes;

**“Notes”** means, in respect of a Series, the credit card asset-backed notes of the Trust issued under the Trust Indenture in order to finance the purchase of such Series, which may include Senior Notes and Subordinated Notes and “notes” refers to one or more debt obligations issued under the Trust Indenture;

**“Obligations”** means, in respect of a series of notes, (a) all present and future debts, liabilities and obligations, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Trust to (i) the Indenture Trustee under the Trust Indenture, (ii) the Issuer Trustee in its individual capacity under the Declaration of Trust, (iii) all issuing and paying agents under any issuing and paying agency agreements, (iv) the Custodian under the Pooling and Servicing Agreement, (v) any successor Servicer under the Pooling and Servicing Agreement, (vi) the Administrator under the Administration Agreement, (vii) the Subordinated Lender under the Subordinated Loan Facility Agreement (viii) each counterparty to the Trust (including CTB) under a hedging arrangement and (ix) each other Person to whom the Trust is obligated under an agreement executed and delivered pursuant to the related Series Supplement and which debts, liabilities and obligations of the Trust thereunder are specified in the related Series Supplement as an “Obligation” of the series, including the applicable Subordinated Lender under the related Series

Subordinated Loan Agreement; provided, however, that the amount of an Obligation in respect of a series of Notes will be limited to the amount which, in respect of the series, is included as part of the Funding Costs or the Additional Funding Expenses for the related Series; and (b) all other obligations of the Trust in favour of the Indenture Trustee contained in the Trust Indenture;

**“Obligor”** means, with respect to any Account, the Person or Persons obligated to make payments of amounts owing from time to time under such Account, including any guarantor thereof;

**“Other Credit Card Account”** means an account, other than a Canadian Tire credit card account or a MasterCard credit card account, established by a Seller upon the issuance of one or more credit cards and identified in each case by the same account designation and which provides for the extension of credit on a revolving basis by the Seller to the cardholder under the related Credit Card Agreement to (a) finance the purchase of products and services from Persons that accept such credit cards for payment and (b) obtain, if applicable, cash advances;

**“Ownership Allocable Collections”** has the meaning set out under “Series of Ownership Interests – Allocation of Collections”;

**“Ownership Allocation Percentage”** has the meaning set out under “Series of Ownership Interests – Allocation of Collections”;

**“Ownership Income Share”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests – Elements of the Invested Amount Formula”;

**“Ownership Income Source”** has the meaning set out under “Series of Ownership Interest – Description of Series of Ownership Interests – Elements of the Invested Amount Formula”;

**“Ownership Interest”** means an undivided co-ownership interest in and to:

- (a) the Account Assets, as created and sold pursuant to the Pooling and Servicing Agreement and the related Series Purchase Agreement (and, for greater certainty, the Retained Interest is not an Ownership Interest);
- (b) the funds on deposit in related Series Accounts and all investments of such deposits and the proceeds therefrom; and
- (c) any Additional Property relating to the Series, if and to the extent provided for under the related Series Purchase Agreement and deposited with the Custodian in accordance with such Series Purchase Agreement and the related Additional Property Agreement,

in each case with the attributes determined under the Pooling and Servicing Agreement and under the related Series Purchase Agreement or pursuant to the Pooling and Servicing Agreement and thereto from time to time, and, for greater certainty, the Retained Interest is not an Ownership Interest;

**“Partial Commingling Condition”** means on any given Business Day (for the purposes of this definition, a “Test Day”) on which (A) neither Canadian Tire nor any other Person who guarantees the obligations of the Seller as Servicer maintains a rating from DBRS (if DBRS is then rating its securities) equivalent to at least R-1 (low), or (B) (i) neither Canadian Tire nor any other Person who guarantees the obligations of the Seller as Servicer maintains a rating from S&P (if S&P is then rating its securities) equivalent to at least A-1 (mid) and (ii) the Required Pool Amount on the most recent Determination Day is greater than 80% of the Pool Balance on such Determination Day or any subsequent Removal Date, a requirement that:

- (a) an asset test with respect to each Test Day be conducted by the Servicer within two Business Days of such Test Day to ensure that the Pool Balance as of the close of business on such day is at least equal to the Required Pool Amount; and
- (b) on or before the 15th day following each calendar month in which an asset test described in clause (a) above is performed or, if such day is not a Business Day, the next succeeding Business Day, and unless there has been a breach of the daily asset test described in clause (a) or an Amortization Event has occurred during such calendar month, the Servicer shall have delivered to the Rating Agencies an officers’ certificate

confirming that (A) the daily asset test referred to in clause (a) above has been completed by the Servicer on each Test Day of such calendar month and that no breach of the daily asset test occurred on any Test Day during such calendar month, and (B) no Amortization Event has occurred on or prior to the last Business Day of such calendar month.

**“Person”** means any individual, corporation, estate, partnership, joint venture, association, joint-stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof;

**“Petroleum”** means Canadian Tire Petroleum, a division of Canadian Tire;

**“Petroleum Products”** means gasoline, diesel, propane and other fuels and other goods and services sold by Canadian Tire;

**“Pool Balance”** means, on any day, the aggregate amount of all Receivables (other than the amount of any Deferred Receivables) owing under the Accounts on such day less all Written-Off Amounts;

**“Pool Interchange Amount”** means, for each day during a Determination Period, an amount equal to the product of (a) a fraction, the numerator of which is the aggregate amount of cardholder purchases, net of returns, related to the Accounts on such day and the denominator of which is the aggregate amount of cardholder purchases, net of returns, related to all Canadian Tire credit card accounts, MasterCard credit card accounts and Other Credit Card Accounts in the Seller’s portfolio on such day, as reasonably estimated by the Seller and (b) the aggregate amount of Interchange Fees paid or payable to the Seller on such day;

**“Pool Losses”** means, with respect to a period of days, the amount, if any, by which the aggregate of all amounts that became Written-Off Amounts during the period exceeds the sum of Credit Charge Receivables and Recoveries for the period;

**“Pooling and Servicing Agreement”** means the second amended and restated Pooling and Servicing Agreement dated as of November 11, 2010, between CTB, as Seller and Servicer, and Computershare Trust Company of Canada, as agent for and on behalf of CTB and the Co-Owners from time to time as contemplated thereunder, as the same may be amended, modified, supplemented or restated from time to time, and, in relation to a particular Series, includes the related Series Purchase Agreement;

**“Portfolio”** means all revolving Canadian Tire credit card accounts or MasterCard credit card accounts, or Other Credit Card Accounts, or all, as the context requires, of CTB;

**“Pre-Liquidation Commencement Day”** means, in respect of a Series, (a) such day as specified in the related Series Purchase Agreement (and set out in the applicable pricing supplement), or (b) such other day specified as such by the Servicer in a written notice delivered to the Issuer Trustee, the Administrator, the Custodian and the Seller;

**“Pre-Liquidation Reserve Period”** means, in respect of a Series, the period commencing on the Pre-Liquidation Commencement Day and ending on the earlier of (a) the day on which the amount deposited into the related Series Liquidation Yield Reserve Account is equal to the Aggregate Required Yield Reserve Deposit Amount; and (b) the Yield Reserve Termination Date;

**“Principal Terms”** has the meaning set out under “The Custodial, Co-Ownership and Servicing Arrangement – Sale of Other Series”;

**“Prospectus”** has the meaning ascribed thereto on the cover page;

**“Purged Account”** has the meaning set out under “The Account Assets – Purging of Accounts”;

**“Purging Date”** has the meaning set out under “The Account Assets – Purging of Accounts”;

**“Rating Agency”** means, if used in respect of a series or class of Notes or an Ownership Interest, if and as the context requires, a rating agency specified in the related Series Purchase Agreement and Series Supplement, respectively, and any other nationally recognized credit rating agency selected by the Administrator to provide a rating, and which does provide a rating, for the Series or series or class of notes;

**“Rating Agency Condition”** means, with respect to any specified action in relation to a Series or Class or a series or class of notes, as the context requires, that each Rating Agency for the Series, Class, series or class shall have notified the Issuer Trustee and the Trust in writing that such action will not result in a reduction or withdrawal of the rating in effect immediately before the taking of such action with respect to the Series, Class or series or class;

**“Receivable”** means the amount (other than (a) Excluded Amounts, (b) receivables arising in Designated Accounts on and after the applicable Removal Commencement Date and (c) Receivables which are purchased by CTB as described under “The Account Assets – Addition, Substitution and Removal of Accounts – Removal of Accounts” or “– Mandatory Reassignment”) owing by the Obligor or Obligors under an Account;

**“Recoveries”** means, for or with respect to any Determination Period or period of days in a Determination Period, all amounts (including insurance proceeds but excluding Excluded Amounts) recovered in respect of Written-Off Accounts;

**“Regulations”** has the meaning set out under “Canadian Federal Income Tax Considerations”;

**“Related Account”** means in respect of an Initial Account, an Additional Account or a Substituted Account, an account under which a new credit account number or a new account identifier has been issued by CTB under circumstances resulting from a lost or stolen credit card relating to such Initial Account, Additional Account or Substituted Account and not requiring standard application and credit evaluation procedures;

**“Related Security Documents”** has the meaning set out under the heading “Details of the Offering – The Trust Indenture – Amendments to the Trust Indenture”;

**“Removal Commencement Date”** means the date specified in the Removal Notice on and after which CTB will cease Transferring to Co-Owners any interest in receivables arising in Designated Accounts referred to in the Removal Notice;

**“Removal Date”** has the meaning set out under “The Account Assets – Additions, Substitutions and Removal of Accounts – Removal of Accounts”;

**“Removal Notice”** means, with respect to an Account, the notice delivered by CTB specifying the Designated Accounts which are to become Removed Accounts from and after the applicable Removal Date;

**“Removed Account”** means an Account which is removed on a Removal Date as described under “The Account Assets – Addition, Substitution and Removal of Accounts – Removal of Accounts”;

**“Required Liquidation Factor Number”** shall be equal to a fraction, rounded upwards to the nearest whole number, the numerator of which is one and the denominator of which is equal to the lowest monthly principal payment rate on the Accounts, expressed as a decimal, for the twelve months preceding the date of such calculation;

**“Required Pool Amount”** means, on any Determination Day, an amount equal to at least the sum of (a) all amounts, each of which is the product of the (i) Invested Amount of a Series and (ii) the Required Pool Percentage for such Series on such day, plus (b) the sum of the enhancement amounts in respect of all Series on such day;

**“Required Pool Percentage”** means, with respect to a Series, the greater of 100% and the percentage specified therefor in the related Series Purchase Agreement, as the same may be amended in accordance with the Pooling and Servicing Agreement and such Series Purchase Agreement;

**“Required Yield Reserve Deposit Amount”** means, in respect of a Series and a Determination Day, an amount equal to the lesser of (a) the Ownership Income Source less Ownership Income Share (without taking into account the references to the Required Yield Reserve Deposit Amount and the related Series Liquidation Yield Draw Amount in the definition thereof), each for such Determination Day and (b) the Aggregate Required Yield Reserve Deposit Amount less all amounts deposited into the related Series Liquidation Yield Reserve Account prior to or on such day;

**“Retained Interest”** means the undivided co-ownership interest in the Account Assets owned by CTB, being at any time the entire ownership interest in the Account Assets other than the Ownership Interests, and for greater certainty does not include any Ownership Interest which may be owned by CTB;

**“Revolving Period”** means, in respect of a Series, the period commencing on the Closing Date to but not including the earlier of a related Amortization Commencement Day and the related Liquidation Commencement Day;

**“Securities Regulators”** has the meaning ascribed thereto under “Undertaking”;

**“Seller”** means CTB (as assignee of CTFS, formerly Canadian Tire Acceptance Limited), in its capacity as the seller of Ownership Interests under the Pooling and Servicing Agreement, and its successors in interest to the extent permitted under the Pooling and Servicing Agreement, and any Additional Seller or substitute seller as provided for under the Pooling and Servicing Agreement and as described under “The Custodial, Co-Ownership and Servicing Arrangement – Additional and Substitute Sellers”;

**“Senior Notes”** has the meaning ascribed thereto under “Details of the Offering”;

**“Series”** means a series of Ownership Interests and all Additional Ownership Interests of such series created under a Series Purchase Agreement and specified therein as Ownership Interests of the same series, within which there may be one or more Classes (for greater certainty, a Series may consist of a single Ownership Interest owned by a single Co-Owner) and, unless the context otherwise requires, “Series” refers to a series of Ownership Interests relating to Notes pursuant to this Prospectus;

**“Series Accounts”** means, in respect of a Series, collectively, the related Series Accumulations Account, Series Liquidation Principal Funding Account and Series Liquidation Yield Reserve Account;

**“Series Accumulations Account”** means, in respect of a Series, a segregated Eligible Deposit Account established in the name of the Issuer Trustee in respect of such Series and designated as such pursuant to the related Series Purchase Agreement;

**“Series Amortization Event”** has the meaning set out under “Series of Ownership Interests – Liquidation Period”;

**“Series Liquidation Principal Funding Account”** means, in respect of a Series, a segregated Eligible Deposit Account, established and maintained in the name of the Custodian as agent for the Seller and the Trust in respect of such Series and designated as such pursuant to the related Series Purchase Agreement;

**“Series Liquidation Yield Draw Amount”** means, in respect of a Series and a Determination Day during the related Liquidation Period or the related Amortization Period, if applicable, an amount, which may not be less than zero, equal to the lesser of (a) the amount on deposit in the Series Liquidation Yield Reserve Account (excluding investment earnings) on such Determination Day and (b) an amount, which shall not be less than zero, equal to the Ownership Income Share (without taking into account the references to the related Required Yield Reserve Deposit Amount and the Series Liquidation Yield Draw Amount in the definition thereof) minus the Ownership Income Source (if such amount is greater than zero; otherwise, it shall be deemed to be zero), each for such Determination Day;

**“Series Liquidation Yield Reserve Account”** means, in respect of a Series, a segregated Eligible Deposit Account, established and maintained in the name of the Custodian as agent for the Seller and the Trust in respect of such Series and designated as such pursuant to the related Series Purchase Agreement;

**“Series Liquidation Yield Reserve Account Available Collections”** means, in respect of a Series and a Determination Period, the amount by which the Ownership Income Source exceeds the Ownership Income Share (without taking into account the reference to the Required Yield Reserve Deposit Amount and Series Liquidation Yield Draw Amount in the definition thereof), in each case for such Determination Period;

**“Series Pool Losses”** means in respect of a Series for a Determination Period, an amount equal to the product of (a) the Floating Allocation Percentage for such Series for such Determination Period, and (b) an amount equal to Pool Losses during such Determination Period;

**“Series Purchase Agreement”** means, with respect to a Series, the purchase agreement to be made as of the applicable Closing Date among CTB, the Custodian and the Trust, as the same may be amended, modified, supplemented or restated from time to time;

**“Series Specific Creditors”** means, with respect to any series or class of notes, (a) the holders of notes of such series or class and (b) each of the Persons to whom the Trust is obligated under any Obligation in respect of such series or class;

**“Series Subordinated Loan Agreement”** means, in respect of a Series, the subordinated loan agreement to be made as of the applicable Closing Date between CTB and the Trust, as the same may be amended, supplemented, restated or otherwise modified from time to time;

**“Series Supplement”** has the meaning set out under “Details of the Offering”;

**“Series Termination Date”** means, in respect of a series of Notes, the first to occur of (a) the date on which all principal and interest owing under such Notes have been paid in full or (b) the Series Specific Termination date;

**“Series Specific Termination Date”** means the date specified as such in the related Series Supplement (and set out in the applicable pricing supplement);

**“Servicer”** means the servicer of the Receivables under the Pooling and Servicing Agreement, which will be CTB (as assignee of CTFS, formerly Canadian Tire Acceptance Limited) and will include each successor Servicer appointed in accordance with the terms of such agreement;

**“Servicer Termination Event”** has the meaning set out under “The Custodial, Co-Ownership and Servicing Arrangement – Servicer Termination Events”;

**“S&P”** means Standard and Poor’s Ratings Services and its successors;

**“Specified Locations”** means gas bars, convenience stores, Pit Stop locations, car washes and kiosks or other locations that supply Petroleum Products;

**“Standby Servicer”** means a Person satisfying the eligibility criteria applicable to a successor Servicer under the Pooling and Servicing Agreement who has agreed in writing to act, upon the written request of the Custodian, as the successor Servicer in circumstances where the Co-Owners determine to replace the Servicer as a result of the occurrence of a servicer termination event described in (e) under “The Custodial, Co-Ownership and Servicing Arrangement – Servicer Termination Events”;

**“Subordinated Lender”** means, in respect of a Series, CTB, as lender under the related Series Subordinated Loan Agreement, and its successors and assigns;

**“Subordinated Loan Repayment Amount”** means, in respect of a Series and a Determination Period, an amount equal to the sum of (a) a monthly principal amount in respect of the principal amount of the loan under the related Series Subordinated Loan Agreement, and (b) the interest accruing on the outstanding principal amount of the loan under the related Series Subordinated Loan Agreement during the period;

**“Subordinated Loan Facility Agreement”** means the subordinated loan facility agreement dated as of November 29, 1995 between CTB (as assignee of CTFS) and the Trust, as the same may be amended, supplemented, restated or otherwise modified from time to time;

**“Subordinated Notes”** has the meaning ascribed thereto in “Details of the Offering”;

**“Substituted Account”** means a Canadian Tire, MasterCard or Other Credit Card Account, as the case may be, established by CTB, or by CTFS and assigned to CTB, pursuant to a Credit Card Agreement, under which CTB extends credit to the Obligor as principal and which is substituted for an Account pursuant to the Pooling and Servicing Agreement in the circumstances described under “The Account Assets – Addition, Substitution and Removal of Accounts – Substitution of Accounts”;

**“Tax Act”** has the meaning set out under “Eligibility for Investment”;

**“Tax Proposals”** has the meaning set out under “Canadian Federal Income Tax Considerations”;

**“Transfer”** means, in respect of specified property, the sale, transfer, assignment and conveyance thereof;

**“Transferred Account”** means each account into which an Account is transferred, provided that (a) such transfer was made in accordance with the practices and procedures of CTB relating to the operation of its credit card business, and (b) such account can be traced or identified as an account into which an Account has been transferred;

**“Trust”** means Glacier Credit Card Trust, created pursuant to the Declaration of Trust, and any reference in the Prospectus to the Trust includes, unless the context otherwise requires, the Issuer Trustee;

**“Trust Assets”** has the meaning set out under “Glacier Credit Card Trust – The Trust Assets”;

**“Trust Documents”** means, at any time, the Trust Indenture, all Basic Documents, each Series Purchase Agreement for each existing and any future Series, each note issued under the Trust Indenture, each Additional Property Agreement, each liquidity agreement provided for or permitted pursuant to the Trust Indenture, each guarantee agreement provided for or permitted pursuant to the Trust Indenture, each Related Security Agreement, each securities law indemnity covenant or representation and indemnity covenant given by CTB to the Trust, each offering document, if any, of the Trust relating to the offering and sale of any of the notes (including the Notes) and the Ownership Interests of any Series, each dealer agreement provided for or permitted pursuant to the Trust Indenture, each issuing and paying agency agreement provided for or permitted pursuant to the Trust Indenture, each Series Subordinated Loan Agreement, the Subordinated Loan Facility Agreement and each supplement thereto under which the Subordinated Lender makes a subordinated loan and the other documents, instruments and agreements executed and delivered or to be executed and delivered thereunder or in connection therewith;

**“Trust Indenture”** means the trust indenture dated as of November 29, 1995, as supplemented by a first supplemental indenture dated as of November 15, 2004, a second supplemental indenture dated as of November 11, 2010 and a third supplemental indenture dated as of February 8, 2012, between the Trust and the Indenture Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time including, in respect of any series of Notes, as supplemented by the related Series Supplement;

**“Unadjusted Invested Amount”** has the meaning set out under “Series of Ownership Interests – Description of Series of Ownership Interests”;

**“Written-Off Account”** means, at any time, any Account (a) which is in arrears for a period of 180 days, as determined in accordance with the Servicer’s normal practices, or (b) in respect of which the Servicer becomes aware that the cardholder has perpetrated a fraud in relation to the Account or is subject to bankruptcy proceedings;

**“Written-Off Amount”** means, at any time, the sum at such time of all receivables (other than Excluded Amounts) balances in all Written-Off Accounts at that time; and

**“Yield Reserve Termination Date”** in respect of a Series, has the meaning ascribed thereto in the related Series Purchase Agreement (and set out in the applicable pricing supplement).

## INDEPENDENT AUDITOR'S CONSENT

We have read the short form base shelf prospectus of Glacier Credit Card Trust (the "**Trust**") dated December 18, 2012 relating to the offer and issue of up to \$1,500,000,000 Credit Card Asset-Backed Notes of the Trust (the "**Prospectus**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the issuer trustee of the Trust on the statements of financial position of the Trust as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated April 4, 2012.

(Signed) "Deloitte & Touche LLP"  
Chartered Accountants  
Licensed Public Accountants  
St. Catharines, Ontario  
December 18, 2012

**CERTIFICATE OF THE TRUST AND PROMOTER**

Dated: December 18, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

**GLACIER CREDIT CARD TRUST**  
by its Administrator,  
**CANADIAN TIRE BANK**

By: Mary Turner  
MARY TURNER  
President and Chief Executive Officer

By: Linda Drysdale  
LINDA DRYSDALE  
Chief Financial Officer and Treasurer

**CANADIAN TIRE BANK**  
(as Promoter)

By: Mary Turner  
MARY TURNER  
President and Chief Executive Officer

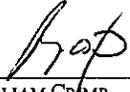
By: Linda Drysdale  
LINDA DRYSDALE  
Chief Financial Officer and Treasurer

**CERTIFICATE OF THE DEALERS**

Dated: December 18, 2012

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By:   
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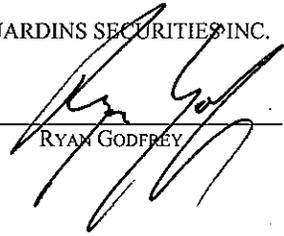
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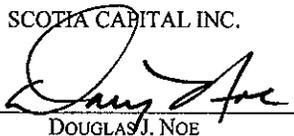
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