

LEADERSHIP EXPENSE RULES

1. INTRODUCTION

1.1 Definitions

1.1.1 For the purposes of the 2025 Leadership Expense Rules (the “**Expense Rules**”), the following terms have the following meanings:

- i. “**Canada Elections Act**” means the *Canada Elections Act*, S.C. 2000, c. 9, as amended;
- ii. “**Chief Electoral Officer**” means the person appointed under section 46(f) of the Constitution of the Liberal Party of Canada (“**Party**”), as adopted May 28, 2016, and as amended at the Liberal National Convention on April 11, 2021 (the “**Constitution**”);
- iii. “**Compliance Deposit**” has the meaning given to it in section 2.1.1(i) hereof;
- iv. “**Expense Rules**” means these rules adopted by the Leadership Expenses Committee under section 44(e)(iii) of the Constitution;
- v. “**Leadership Contestant**” means a person accepted by the Party as a leadership contestant under the National Leadership Rules Bylaw passed on January 9, 2025 (the “**Bylaw**”), who is registered as a “leadership contestant” pursuant to section 478.3(3) of the *Canada Elections Act* and who has not been disqualified under the Bylaw;
- vi. “**Leadership Contestant’s Chief Agent**” means an individual appointed in writing in a form prescribed by the Chief Electoral Officer by a prospective leadership contestant delivered as contemplated hereunder or by a Leadership Contestant delivered to the Chief Electoral Officer;
- vii. “**Leadership Expenses Committee**” means the committee established for the Leadership Vote under section 44(d)(iii) of the Constitution;
- viii. “**Leadership Vote**” has the meaning assigned in section 44(a) of the Constitution;
- ix. “**Leadership Vote Deposit**” has the meaning given to it in section 2.1.1 hereof;
- x. “**Leadership Vote Committee**” means the committee established for the Leadership Vote under section 44(d)(iv) of the Constitution;
- xi. “**National Board**” and “**National Board of Directors**” means the National Board of Directors of the Liberal Party of Canada constituted under the Constitution;

- xii. “**National Management Committee**” means the National Management Committee of the Liberal Party of Canada constituted under the Constitution;
- xiii. “**National Voters List**” means the list of Registered Liberals eligible to vote in the Leadership Vote;
- xiv. “**Party**” means the Liberal Party of Canada;
- xv. “**Permanent Appeals Committee**” means the Permanent Appeals Committee of the Party constituted under the Constitution;
- xvi. “**Restricted Entity**” has the meaning given to it in Section 2.3.5.

1.1.2 Capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Constitution and/or the Bylaw.

1.2 Application

1.2.1 These Expense Rules are made pursuant to section 44(e)(iii) of the Constitution.

1.2.2 These Expense Rules must be applied in a fair and equitable manner and must be interpreted in a manner which is fair and reasonable, having regard to all circumstances, and in the best interests of the Party.

1.3 Leadership Expenses Committee

1.3.1 The Leadership Expenses Committee was appointed on January 9, 2025, and pursuant to section 44(e) of the Constitution. It is responsible for:

- i. fixing a deposit, refundable or otherwise, to be paid by each Leadership Contestant in accordance with the requirements of the National Board before the Leadership Vote is completed;
- ii. setting a maximum limit for Leadership Contestant expenses that may be incurred by any Leadership Contestant;
- iii. adopting these Expense Rules that provide for procedures to supervise compliance with the maximum limit for the Leadership Contestant expenses that may be incurred by any Leadership Contestant and to ensure full and frank disclosure of all contributions to leadership campaigns; and
- iv. ensuring Leadership Contestant compliance with these Expense Rules on an ongoing basis.

2. LEADERSHIP CAMPAIGN EXPENSES

2.1 Leadership Vote Deposit

- 2.1.1 To be accepted as a prospective Leadership Contestant, each Leadership Contestant must pay a deposit of \$350,000 (the “**Leadership Vote Deposit**”), in accordance with the following schedule:
- i. By not later than 5:00 PM Eastern time on January 23, 2025, a refundable deposit payment in the amount of \$50,000 (the “**Compliance Deposit**”) shall be remitted by each Leadership Contestant to the Party, accompanying their nomination signatures form, and may be paid, subject to compliance with the *Canada Elections Act*, using the Leadership Contestant’s personal monies or funds raised independently of the directed contributions contemplated by these Expense Rules. For clarity, all deposit payments described herein shall be made from the campaign account maintained by the Leadership Contestant’s Chief Agent;
 - ii. By not later than 5:00 PM Eastern time on January 30, 2025, a non-refundable deposit payment in the amount of \$50,000, which amount shall be a precondition to the receipt of access to lists of Registered Liberals;
 - iii. By not later than 5:00 PM Eastern time on February 7, 2025 an additional non-refundable deposit payment in the amount of \$125,000; and
 - iv. By not later than 5:00 PM Eastern time on February 17, 2025 a final additional non-refundable deposit payment in the amount of \$125,000.

2.2 Spending Limit & Surplus

- 2.2.1 Leadership Contestants shall not incur leadership campaign expenses (as defined in the *Canada Elections Act*) exceeding \$5,000,000, exclusive of the deposits described in Section 2.1.
- 2.2.2 Any surplus funds retained by any Leadership Contestants shall be transferred to the Party. Any liabilities of a Leadership Contestant shall remain at all times a liability of that Leadership Contestant and not the Party.

2.3 Contributions and Expenses

- 2.3.1 Unless otherwise defined in these Expense Rules, “contribution”, “monetary contribution”, “non-monetary contribution”, “commercial value”, and “volunteer labour” have the same meaning as in the *Canada Elections Act*.
- 2.3.2 All contributions made by a Leadership Contestant to his or her campaign are to be reported as contributions, are non-refundable, and are subject to the contributions title under section 2.5.
- 2.3.3 In these Expense Rules, “expenses” includes all costs incurred, or non-monetary contribution used, as an incidence of the Leadership Contestant’s campaign.

2.3.4 Expenses that shall be excluded from both the spending limit and the contributions title set out in section 2.5 of these Expense Rules, are:

- i. the Leadership Vote deposit;
- ii. professional fees for audit, litigation, legal and accounting expenses,
- iii. tithes paid to the Party; and
- iv. HST/GST/PST/QST.

2.3.5 No Leadership Contestant shall accept a contribution from or permit expenses to be paid for or on his or her behalf by a government entity including the Parliament of Canada, an electoral district association, riding association, or affiliated entity of any present or previous federal or provincial political party (a “**Restricted Entity**”). Without limiting the generality of the foregoing, No Leadership Contestant shall accept a transfer or other benefit from a Restricted Entity, or the assistance during working hours of any employee of a Restricted Entity. Notwithstanding the foregoing, a Restricted Entity may transfer goods and services to a Leadership Contestant if they are offered equally to all Leadership Contestants, provided that such offer and any acceptance thereof shall be made in writing.

2.3.6 No Leadership Contestant shall accept a contribution from a corporation, union, non-resident individual, or entity as prohibited by the *Canada Elections Act*.

2.3.7 Each Leadership Contestant shall strictly comply with the requirements of the *Canada Elections Act* with respect to regulated fundraising events and the regulated fundraising events registry. Without limiting the generality of the foregoing, each Leadership Contestant shall provide to the Party, forthwith following a regulated fundraising event, the information set out in subsection 384.3(2) of the *Canada Elections Act* in time for the Party’s chief agent to be able to provide the Chief Electoral Officer of Canada with a report on the event as required under subsection 384.3(6) of the *Canada Elections Act*.

2.3.8 Each Leadership Contestant shall comply with any directives issued by the Leadership Expenses Committee co-chairs from time to time.

2.4 Directed Contributions

2.4.1 All contributions to Leadership Contestants are required to be directed through the Party from and after January 23, 2025 (or such later date as a candidate receives approval of their application for candidacy under the Leadership Vote Rules).

2.4.2 All contributions made to the Party for the benefit of a Leadership Contestant made by personal cheque or money order from an individual must be made payable to the “Federal Liberal Agency of Canada”, with an instruction to direct the contribution to a particular Leadership Contestant in the “Re” or “Memo” line. Credit card forms suitable for this purpose will be provided by the Party.

- 2.4.3 Any and all contributions are subject to the requirements of the *Canada Elections Act*. Without limiting the generality of the foregoing, foreign contributions and foreign debt guarantees, in each case from persons who are not Canadian citizens or permanent residents, are strictly prohibited. Any breach of the *Canada Elections Act*, with regard to contributions, by any campaign, may result in a Leadership Candidate's disqualification.
- 2.4.4 The Leadership Contestant or their designate shall prepare transmittals in a form prescribed by the National Director.
- 2.4.5 The Party shall be responsible for the issuance of tax receipts for directed contributions received. Accordingly, for all contributions directed through the Party, the Party will ensure that individual donors are not over their contribution limits.
- 2.4.6 The Party will issue an electronic funds transfer not less than once per week (or such additional times per week as the National Director shall determine) for all contributions processed (subject to receipt of documentation relating to regulated fundraising events) up to 4 p.m. Eastern Time on the Friday immediately preceding the transfer date, payable to the Leadership Contestant's campaign for the total of monies submitted less:
- i. Any amounts payable or due and owing by the Leadership Contestant in accordance with the Expense Rules; and
 - ii. The contributions tithe as outlined in 2.5.
- 2.4.7 The Leadership Vote Deposit fee shall not be considered an expense counted against the spending cap.

2.5 Contributions Tithe

- 2.5.1 Leadership Contestants shall, on a weekly basis, be subject to a weekly retention by the Party of a percentage of the contributions as follows:
- i. 0% on the first \$500,000 in contributions per Leadership Contestant; and
 - ii. 25% on amounts over \$500,000 in contributions per Leadership Contestant.

2.6 Debt Limit

- 2.6.1 Leadership Contestants shall not exceed a debt limit of \$200,000 at any given time. Debt includes, but is not limited to, all financial liabilities, all loans received, all amounts owing to suppliers or contractors for goods or services, and any salaries owing to staff for time worked. Without limiting the generality of the foregoing, no Leadership Contestant shall incur indebtedness except in compliance with the *Canada Elections Act*.

2.7 Regulatory Reporting

- 2.7.1 Leadership Contestants shall provide the Chief Electoral Officer with all financial reports required by Elections Canada at the time of submission. The accuracy and completeness of the reports shall be attested to by the Leadership Contestant's Chief Agent. The Chief Electoral Officer will forward these reports to the Leadership Vote Committee, the National President and the National Director.
- 2.7.2 On a biweekly basis, Leadership Contestants shall, on dates determined by the Chief Electoral Officer, file financial reports with the Chief Electoral Officer to be provided to the Leadership Expenses Committee.

2.8 Authority to Audit

- 2.8.1 The Chief Electoral Officer shall be entitled to perform random audits on the accounts of Leadership Contestants throughout the Leadership Vote process. The Leadership Contestant's Chief Agent shall provide all books and accounts to the Chief Electoral Officer or any person that the Chief Electoral Officer designates forthwith upon request and failure to comply shall constitute a breach of these Rules.
- 2.8.2 The Leadership Contestant or their Chief Agent shall provide the Chief Electoral Officer with detailed records of all received contributions, whether directed contributions or other contributions. These records may be required at the time of submission of the questionnaire.

2.9 Non-Compliance

- 2.9.1 Without limiting the generality of any of the foregoing, any action by a Leadership Contestant or their agents or campaign team aimed at circumventing or avoiding the application of any section of these Expense Rules shall be a violation and subject to sanctions as set out in section 2.10.
- 2.9.2 Each Leadership Contestant is responsible to review and familiarize themselves and their campaign teams with the rules and guidance of Elections Canada applicable Leadership Contestants.
- 2.9.3 The balance of the Compliance Deposit shall be returned to each Leadership Contestant, subject to any sanctions imposed by the Chief Electoral Officer, when the National Director is satisfied that such Leadership Contestant has finalized all required filings with Canada Elections Act.

2.10 Sanctions

- 2.10.1 At the request of the Chief Electoral Officer, the Leadership Vote Committee and the Leadership Expense Committee, sitting jointly, may determine that a Leadership Contestant, after due opportunity to respond, has not complied with the Constitution, the Bylaw, any other Party bylaws, the Leadership Vote Rules, these Expense Rules, or any orders or directions of the Chief Electoral Officer, then depending on the gravity

of non-compliance, the Leadership Vote Committee may impose one or more of the following sanctions on the Leadership Contestant:

- i. issue a private reprimand;
- ii. make the non-compliance public;
- iii. order the payment to the Party of a fine not exceeding the greater of \$25,000 or 20% of the funds raised by such Leadership Contestant, payable on or before a specified date and only from money received as a contribution to the Leadership Contestant in accordance with the Expense Rules (which fine shall first be levied against the Compliance Deposit);
- iv. order that any fine imposed under paragraph (iii) reduce the maximum limit for leadership contestant expenses that may be incurred by the Leadership Contestant against whom the fine is imposed;
- v. direct that the speaking time allotted to the Leadership Contestant at any meetings held in connection with the Leadership Vote be reduced in comparison to the time allotted to the other Leadership Contestants;
- vi. direct that the seating allocated to the Leadership Contestant at any meetings held in connection with the Leadership Vote be smaller in number or in a less desirable location in comparison to the seating allocated to the other Leadership Contestants;
- vii. direct that facilities made available to, or amenities provided to, the Leadership Contestant at any meetings held in connection with the Leadership Vote be restricted or less advantageous in comparison to the facilities made available to, or amenities provided to, the other Leadership Contestants;
- viii. order such other remedy as the Leadership Vote Committee may, in its sole discretion, consider appropriate; and/or
- ix. disqualify the Leadership Contestant.