

## Entity Account Application

(For joint accounts, please provide information for each account holder.)

### 1. Type of Account

Account Type	Source of Funds	If Other, specify:
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Indicate Intended Use of Account	If Other, specify:
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### 2. Entity Information

Name of Entity/Organization	Nature of Business	Jurisdiction
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Business Address	City and Province	Postal Code
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Mailing Address (if different from Business Address)	City and Province	Postal Code
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Email Address	Business Phone	Alternate Phone
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### 3. Entity Tax Residency and Identification

The entity is a tax resident of Canada.

The entity is a tax resident of the United States.

The entity is a tax resident of a jurisdiction other than Canada or the United States.

Jurisdiction of Tax Residence	Taxpayer Identification Number (TIN)	If No TIN, Enter Reason Code (1, 2, or 3)

#### Reason Codes and Their Descriptions for No TIN:

- Reason 1: The entity will apply or has applied for a TIN but have not yet received it.
- Reason 2: The entity's jurisdiction of tax residence does not issue TINs to its residents.
- Reason 3: Other reason:

### 4. Declaration of FATCA Classification for an Entity

Is the Corporation classified under FATCA?	Yes (Please specify below)	No
A. U.S. Person (please select this option only if the Entity is considered a 'U.S. Person' for tax reporting)		
Specified U.S. Person	Provide employer ID number ("EIN"):	
Not a specified U.S.	Person Provide reason:	
B. Non-Financial Foreign (non-US) Entity ("NFFE")		
Active NFFE		
Passive NFFE		

## 5. Authorized Individual Information

Individual #1	Signing Officer	Trading Authorized Person			
	Do you directly or indirectly own or control more than 25% of the entity?	Yes	%	No	

Legal Full Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Citizenship	
Residential Address	City and Province	Postal Code	
Mailing Address (if different from Residential Address)	City and Province	Postal Code	
Employer (if "retired", please indicate previous employer) Occupation/Job Title	Nature of Business		
Employer Address	City and Province	Postal Code	
ID Document Type	ID Number	Place of Issue	Expiry Date (mm/dd/yyyy)

<b>Declaration of Politically Exposed Person (PEP)</b>		
Are you or any of your prescribed family members (spouse or common-law partner, biological or adoptive child(ren), mother(s) or father(s), mother(s) or father(s) of their spouse or common-law partner (mother-in-law or father-in-law), and the child(ren) of their mother or father (sibling(s)) a:		
Politically Exposed Domestic Person?	Yes	No
Politically Exposed Foreign Person?	Yes	No
Head of an International Organization?	Yes	No
If the answer is "yes" to at least one question, please complete and attach the Politically Exposed Persons Declaration Form.		

Individual #2	Signing Officer	Trading Authorized Person			
	Do you directly or indirectly own or control more than 25% of the entity?	Yes	%	No	
Legal Full Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Citizenship			
Residential Address	City and Province	Postal Code			
Mailing Address (if different from Residential Address)	City and Province	Postal Code			
Employer (if "retired", please indicate previous employer) Occupation/Job Title	Nature of Business				
Employer Address	City and Province	Postal Code			
ID Document Type	ID Number	Place of Issue	Expiry Date (mm/dd/yyyy)		

<b>Declaration of Politically Exposed Person (PEP)</b>		
Are you or any of your prescribed family members (spouse or common-law partner, biological or adoptive child(ren), mother(s) or father(s), mother(s) or father(s) of their spouse or common-law partner (mother-in-law or father-in-law), and the child(ren) of their mother or father (sibling(s)) a:		
Politically Exposed Domestic Person?	Yes	No
Politically Exposed Foreign Person?	Yes	No
Head of an International Organization?	Yes	No
If the answer is "yes" to at least one question, please complete and attach the Politically Exposed Persons Declaration Form.		

## 6. Beneficial Ownership Structure

I certify that no natural person is a beneficial owner or exercises direct or indirect control or direction of greater than 25% of the Entity. The Entity will promptly notify Tradex Management Inc. (Tradex), in writing, of any changes.

Yes, I certify      No

If you selected no, please provide the following information for any individual who is a beneficial owner of, or exercises direct or indirect control or direction over, 25% or more of the voting securities of the Entity (if the Entity is a corporation), or who exercises control over the affairs of the Entity (including investors that own greater than 25% of an unregulated fund). If the Entity is a trust, all beneficial owners or class of beneficial owners must be documented, regardless of percentage ownership. If additional space is required, please use a separate sheet.

Direct control      Indirect control (name the entity in which ownership is held):

<b>Individual #1</b>	<i>Percentage of Interest in the Entity</i>	%
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Legal Full Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Citizenship
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Residential Address	City and Province	Postal Code
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ID Document Type	ID Number	Place of Issue	Expiry Date (mm/dd/yyyy)
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Is this individual an insider or controlling shareholder of a reporting issuer or any other issuer whose securities are publicly traded?

No      Yes, please include:

Name of Issuer	Ticker	Where are shares/units traded?
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<b>Individual #2</b>	<i>Percentage of Interest in the Entity</i>	%
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Legal Full Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Citizenship
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Residential Address	City and Province	Postal Code
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ID Document Type	ID Number	Place of Issue	Expiry Date (mm/dd/yyyy)
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Is this individual an insider or controlling shareholder of a reporting issuer or any other issuer whose securities are publicly traded?

No      Yes, please include:

Name of Issuer	Ticker	Where are shares/units traded?
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<b>Individual #3</b>	<i>Percentage of Interest in the Entity</i>	%
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Legal Full Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Citizenship
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Residential Address	City and Province	Postal Code
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ID Document Type	ID Number	Place of Issue	Expiry Date (mm/dd/yyyy)
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Is this individual an insider or controlling shareholder of a reporting issuer or any other issuer whose securities are publicly traded?

No      Yes, please include:

Name of Issuer	Ticker	Where are shares/units traded?
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Investor A Initial:      Investor B Initial:



## 8. Electronic Consent

- Yes      No      I/We provide express consent to receive electronic messages from Tradex.
- Yes      No      I/We provide express consent to receive statements, confirmation slips, and tax documents electronically where available.

## 9. Third-Party Access or Financial Interest

Will any other person(s) or entity(s) have any financial interest in this account, or will the account be used by a person other than the entity and its authorized individuals for the benefit of a third party?      Yes      No

## 10. Limited Trading Authorization

Yes, I agree to the following:

No, I do not agree to the following:

I/We authorize Tradex Management Inc. (Tradex), (the "Dealer") to give instructions on my/our behalf to the fund company or companies that I/we have selected (each a "Fund Company") and to sign any relevant documents associated with (a) purchases; (b) switches; and (c) redemptions for me/us in accordance with my/our specific instructions for each transaction. This Limited Authorization is intended to create a simple form of limited agency. It does not give the Dealer unlimited authority or the right to conduct discretionary trading on my/our behalf. In the case of joint account holders we acknowledge that the Dealer will only execute transactions on our behalf in accordance with the standing authorization instructions in place on our joint account at the time of each trade which will be binding on all joint account holders.

Until revoked, this Limited Authorization is authorized for use with respect to all current and future accounts serviced through the Dealer with a Fund Company: (a) conducted in my name (if this limited authorization is granted by an individual only), or (b) conducted in our joint names (if this limited authorization is granted by joint account holders).

## 11. Acknowledgement and Acceptance by Authorized Individual(s)

I/We hereby:

- authorize Tradex to accept and act on a digital copy of the Application as if such copy were an original. Upon completing the Limited Authorization section above, I authorize Tradex to accept my telephone, email and fax instructions regarding the operation of the Account(s);
- declare all information provided is true and correct, that I have not withheld any information, and agree to inform Tradex of any changes in the personal information provided when it occurs;
- as required, acknowledge receipt of the Fund Facts and referenced documents regarding the Tradex family of mutual funds and mutual funds from other fund companies noted in the application form, and understand that any applicable transactions are made under the terms and conditions therein;
- certify, if purchasing Tradex Funds, that I am employed in the public sector, or that I am otherwise eligible to purchase shares/units of Tradex mutual funds as provided in the Fund Facts (e.g., family member, former employee);
- understand that mutual funds are not insured under the Canada Deposit Insurance Act or the Régie de l'Assurance-Dépôts du Québec;
- acknowledge receipt of the Canadian Investment Regulatory Organization (CIRO) documents: Client Complaint Information Form and The Risks of Borrowing for Purchasing Investments;
- acknowledge receiving a copy of the Tradex Client Relationship Document and this application form.

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Signature of Authorized Individual 1

Date

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Signature of Authorized Individual 2

Date

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Reviewed and accepted by Tradex Management Inc.

Date

# Consent to Collection and Use of Information

## Acknowledgement and Acceptance by Account Holder(s)

I/We hereby consent and agree to allow Tradex Management Inc. (TMI) to collect personal information about me/us from me/us and from other sources (the "Information") and to use such Information to verify my identity; to administer the Account; to provide me/us with products and services I/We may request; or which are required to be provided to me/us by law or applicable regulatory policies; and as otherwise required or permitted by law.

TMI may use and disclose: (i) the Information to third parties as necessary to administer the Account or as required by law or by applicable regulatory policies; and (ii) my/our social insurance number(s) as required by law, including for income tax reporting purposes. TMI may make the Information available to their employees, agents and service providers, who are required to maintain the confidentiality of the Information. In the event a service provider is located outside of Canada, the service provider is bound by, and the Information may be disclosed in accordance with, the laws of the jurisdiction in which the service provider is located. TMI may also use the Information to manage their risks and operations and those of their affiliates and to comply with valid requests for Information about me/us from regulators, government agencies, public bodies or other entities who have a right to issue such requests.

If I/We provide personal information about a third party (such as my spouse or beneficiary), I/we shall have first obtained appropriate consent from that third party to the collection, use and disclosure of their personal information by TMI in the course of the administration of the Account, for the purpose for which I/we have provided it to TMI, included the purposes described herein.

By writing to Tradex Management Inc., I/we may obtain access to the Information at any time and review its content and accuracy, and have it amended as appropriate; however, access may be restricted as permitted or required by law.

I/We hereby acknowledge having received the General Privacy Policy Statement available directly from Tradex or on its website at [www.tradex.ca](http://www.tradex.ca) and consent to my/our personal information being collected, held, used and disclosed by Tradex in the ways and for the purposes identified in the General Privacy Policy Statement. If I/we have provided information concerning my spouse/partner and/or my beneficiary, I/we confirm that I/we am/are authorized to provide such information.

Yes, I agree.

No, I do not agree.

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Signature of Authorized Individual 1

Date

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Signature of Authorized Individual 2

Date

For Internal Use Only: AML risk assessment completed.

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Advisor Signature

Date

# Banking Information Authorization

## Investor Information

New Account

Existing Account

Entity Name

## Banking Information

**PLEASE ATTACH A VOID CHEQUE, DIRECT DEPOSIT FORM OR PRE-AUTHORIZED DEBIT FORM.**

Name of Financial Institution

Branch Address

City and Province

Postal Code

Bank #

Transit #

Account #

## Terms and Conditions

- By signing this form, you hereby waive any pre-notification requirements as specified by sections 15(a) and (b) of the Canadian Payments Association Rule H1 with regards to pre-authorized debits.
- You authorize the Fund Company/Companies indicated in this agreement to debit the bank account provided for the amount(s) and in the frequencies instructed. If additional space is required a separate sheet may be attached.
- If this is for your own personal investment, your debit will be considered a Personal Pre-authorized Debit (PAD) by Canadian Payments Association definition. If this is for business purposes, it will be considered a Business PAD. Monies transferred between CPA members will be considered a Funds Transfer PAD.
- You acknowledge that for a one-time or sporadic PAD, your PAD agreement is no longer valid once the payment has been fulfilled. Any subsequent one time or sporadic PAD request requires you to authorize a new PAD agreement.
- You have certain recourse rights if a debit does not comply with this agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this pre-authorized debit agreement. To obtain more information on your recourse rights, you may contact your financial institution or visit [www.payments.ca](http://www.payments.ca).
- You confirm that all persons whose signatures are required to authorize transactions in the bank account provided have signed this agreement.
- You may change these instructions or cancel this plan at any time, provided that the relevant Fund Company receives at least 10 business days notice by phone or by mail. Please consult Tradex Management Inc. to see if this may be reduced or waived. To obtain a copy of a cancellation form or for more information regarding your right to cancel a pre-authorized debit agreement, please consult with your financial institution or visit the Canadian Payments Association website at [www.payments.ca](http://www.payments.ca). You agree to release the financial institution of all liability if the revocation is not respected, except in the case of gross negligence by the financial institution.
- The specified Fund Company is authorized to accept changes to this agreement from my registered dealer or my financial advisor in accordance with the policies of that company, in accordance with the disclosure and authorization requirements of the CPA.
- You agree that the information in this form will be shared with the financial institution, insofar as the disclosure of this information is directly related to and necessary for the proper application of the rules applicable for pre-authorized debits.
- You acknowledge and agree that you are fully liable for any charges incurred if the debits cannot be made due to insufficient funds or any other reason for which you may be held accountable.

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Signature of Account Holder or Authorized Individual

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Date

# Understanding Tax Residency and Politically Exposed Person (PEP)

## Declaration of tax residence

Use this section to identify the account holder's tax residence and taxpayer identification number. If the account holder does not have such a number, give a reason.

Generally, an individual will be a tax resident of a jurisdiction if, under the laws of that jurisdiction, they pay or should be paying tax there because of their domicile, residence, or a similar criterion.

For more information on tax residency, talk to your tax adviser or go to <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/>.

If you do not have a TIN from the United States, you have 90 days to apply for one and 15 days after you received it to give it to your financial institution.

Reasons that fall under "Reason 3: Other reason" for not having a TIN include not being eligible to receive one. However, if you are eligible to receive a TIN but you do not have one, you have 90 days to apply for one through your jurisdiction of residence. You have 15 days after you receive it to give it to your financial institution.

## Who is a foreign PEP?

A foreign PEP is a person (or a family member or a close associate thereof) who holds or has held one of the following offices or positions in or on behalf of a foreign state:

- head of state or head of government;
- member of the executive council of government or member of a legislature;
- deputy minister or equivalent rank;
- ambassador, or attaché or counsellor of an ambassador;
- military officer with a rank of general or above;
- president of a state-owned company or a state-owned bank;
- head of a government agency;
- judge of a supreme court, constitutional court or other court of last resort; or
- leader or president of a political party represented in a legislature.

These persons are foreign PEPs regardless of citizenship, residence status or birthplace.

A person determined to be a foreign PEP, is forever a foreign PEP (including deceased foreign PEPs).

## Who is a domestic PEP?

A domestic PEP is a person (or a family member or a close associate thereof) who holds — or has held within the last 5 years — a specific office or position in or on behalf of the Canadian federal government, a Canadian provincial government, or a Canadian municipal government:

- Governor General, lieutenant governor or head of government;
- member of the Senate or House of Commons or member of a legislature;
- deputy minister or equivalent rank;
- ambassador, or attaché or counsellor of an ambassador;
- military officer with a rank of general or above;
- president of a corporation that is wholly owned directly by His Majesty in right of Canada or a province;

- head of a government agency;
- judge of an appellate court in a province, the Federal Court of Appeal or the Supreme Court of Canada;
- leader or president of a political party represented in a legislature; or
- mayor or other similar chief officer of a municipal or local government.

A person ceases to be a domestic PEP 5 years after they have left office or 5 years after they are deceased.

## Who is a head of an international organization?

The head of an international organization is a person who is either:

1. the head of an international organization established by the governments of states; or
2. the head of an institution established by an international organization.
3. the head of an international sports organization.

When we refer to the head of an international organization or the head of an institution established by an international organization we are referring to the primary person who leads that organization, for example a president or CEO.

## Who is considered to be the family member of a PEP or a HIO?

If a person is a foreign PEP, domestic PEP or HIO, then certain family members must also be regarded as PEPs or HIOs. These family members are:

- their current or former spouse or common-law partner;
- their child;
- their mother or father;
- the mother or father of their spouse or common-law partner; and
- a child of their mother or father (sibling).

A person ceases to be a HIO 5 years after they are no longer the head of the organization or institution or 5 years after they are deceased.

## Who is considered a close associate of a PEP or a HIO?

A close associate can be a person who is connected to a PEP or HIO for personal or business reasons. Examples of relationships that could indicate that someone is a close associate (personal or business) could include, but are not limited to, persons who:

- are the business partners of, or who beneficially own or control a business with, a PEP or HIO;
- are in a romantic relationship with a PEP or HIO;
- are involved in financial transactions with a PEP or a HIO;
- serve as prominent members of the same political party or union as a PEP or HIO;
- serve as a member of the same board as a PEP or HIO;
- carry out charitable works closely with a PEP or HIO; or
- are listed as joint on a policy where one of the holders may be a PEP or HIO.

Once you determine that a person is the close associate of a PEP or HIO, they remain a close associate until they lose that connection.

### Note 1: Trusted Contact Person (TCP)

The TCP you designate, except for your spouse, should not be currently involved in making investment decisions on your accounts (i.e. a Power of Attorney or Trading Authority). Should there be a time when your Investment Advisor is concerned about your understanding of your financial situation, your ability to make financial decisions, financial abuse, or if they are unable to reach you after several attempts and an extended period (for example, 6 months), you authorize Tradex Management Inc. to contact your TCP, established above, and to disclose sufficient personal information so that your TCP is able to assist you.

Adding a TCP to your account is optional and can be removed or changed at any time by either completing a New Investor Profile and Account Objectives/Know-Your Client (KYC) form or by you submitting a Letter of Direction to Tradex Management Inc.

### Note 2: Risk Capacity

High	Medium	Low
<ul style="list-style-type: none"> <li>Income sources (current and future) are stable</li> <li>Significant savings and little/no debt</li> <li>Long time horizon</li> </ul>	<ul style="list-style-type: none"> <li>Income sources (current and future) are somewhat stable</li> <li>Some savings and some debt</li> <li>Medium time horizon</li> </ul>	<ul style="list-style-type: none"> <li>Income sources (current and future) are unstable</li> <li>No savings and significant debt</li> <li>Short time horizon</li> </ul>

### Note 3: Account Characteristics (Applicable to Each Account Type)

#### Investment Objective

- Income** - Your primary objective is to generate current income from your investments, and you are less concerned with capital appreciation. Investments that will satisfy this objective include fixed income instruments such as GICs, bond funds and money market funds. While Canadian dividend funds and well-diversified Canadian equity funds that stress investing in companies that are stable and provide dividend income that is comparable to the interest income on bond funds may meet an income need for suitability purposes, the primary objective of these types of funds is growth.
- Growth** - Your primary objective is capital appreciation. Current income from investments is not an important requirement. This will likely lead you to hold a relatively high proportion, up to 100%, of your portfolio in funds that invest in equities provided you have at least a medium risk profile. To have a growth-oriented investment objective, you should have an investment horizon of at least 5 years.
- Balanced** - Your primary objective is a combination of income and growth. An account with a balanced objective will seek a combination of investments that provide both current income, either in the form of interest income or dividends, and the potential for some capital appreciation. The proportion of fixed income investments versus equity investments in the "income" portion of the objective will depend to a great extent on your risk tolerance and time horizon, as well as the prevailing interest rate environment and relative attractiveness of dividend yields versus yields on fixed income securities. Any investment in equities that satisfies the income portion of the objective will consist of Canadian dividend funds and well-diversified Canadian equity funds that stress investing in companies that are stable and provide dividend income that is comparable to the interest income on bond funds. The plan would typically include at least 30 percent fixed income investments and no more than 70 percent in equity investments.

#### Risk Tolerance

One way to measure the risk of an investment is to look at the variability of returns or volatility, which is measured by Standard Deviation. Standard deviation is used as a proxy for risk, as it measures the range of an investment's performance. The greater the standard deviation, the greater the investment's volatility or risk. The investment risk level of a fund is required to be determined in accordance with a standardized risk classification methodology mandated by the Canadian Securities Administrators that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. The higher the standard deviation, the more variable the historical returns have been.

Your comfort with the degree of variability of returns will help determine the type of investments that are suitable for you.

- Low (0%–6%)** - Low risk investments demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital. Portfolios may include such investments as GICs, money market mutual funds, short-term bond funds and bond funds with a high proportion of Government of Canada and provincial government bonds.
- Low to Medium (6%–11%)** - Low to Medium-risk investments demonstrate low to moderate volatility but a higher volatility than those described above. In addition to the investments noted above, they may include balanced funds or funds with a high proportion of corporate bonds.
- Medium (11%–16%)** - Medium risk investments demonstrate moderate volatility and are for investors that are looking for growth over a longer period. In addition to the investments noted above, medium risk portfolios may include well-diversified Canadian equity funds, well-diversified U.S. equity funds and certain well-diversified global equity funds.

### ***Risk Tolerance***

- **Medium to High (16%–20%)** - Medium to High-risk investments demonstrate moderate to high volatility and are for investors who are looking primarily for long-term growth. In addition to the investments noted above, medium to high-risk portfolios may include funds that invest in smaller companies, specific market sectors or geographic areas.
- **High (Over 20%)** - High risk investments demonstrate high volatility and are for investors who are growth-oriented and are willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long-term returns. In addition to the investments noted above, high risk portfolios may include labour-sponsored venture capital funds or funds that invest in specific market sectors or geographic areas such as emerging markets, science and technology, or funds that engage in speculative trading strategies, including hedge funds that invest in derivatives, short sell or use leverage. In general, those individuals who would be comfortable investing a total of 10% or more of their assets in any combination of sector-specific funds and/or venture capital funds would be viewed as having a “high” risk tolerance. Therefore, if you own any of these types of funds and/or feel comfortable purchasing them in the future in a particular Plan you should have a “high” risk tolerance with respect to investing in that Plan. Otherwise, Tradex may be prohibited from allowing you to purchase such funds in the future.

### ***Time Horizon***

This is the period from now to when you need to access a significant portion of money you invested in the account. The investment time horizon is closely connected to the objectives of the plan, requirements for the investable assets and the risk profile of the investor.

- **Long time horizon:** Ten (10) or more years
- **Medium time horizon:** Five to ten (5–10) years
- **Short time horizon:** Less than five (5) years

Investors should ensure that their investments adequately reflect the amount of time they have available and the amount of risk that they are willing to assume. Investment performance may greatly fluctuate over the time horizon.

## Tradex Management Inc. (TMI) Client Relationship Disclosure Document

### Introduction

This document provides clients with an overview of the nature of the relationship they are entering into when they deal with TMI and the nature of the products that we distribute. It also provides information on a number of specific aspects of how TMI conducts its business and how this affects our clients.

### Nature of the Products and Services We Offer

Tradex offers to clients the following investment and insurance products:

#### **Manager of the Tradex Family of Mutual Funds**

(TMI) is an Investment Fund Manager for the proprietary Tradex family of mutual funds, which are offered for sale by Prospectus through registered dealers in every jurisdiction of Canada. (In this regard, we are registered by the Ontario Securities Commission, l'Autorité des marchés financiers and Newfoundland and Labrador Securities Commission as an Investment Fund Manager.)

#### **Distributor of Investment Funds in Ontario, Quebec and B.C.**

In Ontario, Quebec and B.C., TMI is a Mutual Fund Dealer (regulated by the provincial securities commissions and the Canadian Investment Regulatory Organization). As such, investors living in these provinces can purchase directly through TMI the three proprietary Tradex funds as well as hundreds of other non-proprietary funds offered by other fund companies. These include funds offered by TD Bank, Royal Bank, Franklin Templeton and Beutel Goodman, to name just a few. TMI also distributes Exchange Traded Funds (ETFs) through an arrangement with B2B Bank or Agora Dealer Services.

#### **Distributor of GICs and other Deposit Instruments in all Provinces**

TMI distributes deposit products including the Tradex Investment Savings Account (and other daily interest savings accounts), Guaranteed Investment Certificates (GICs), Principal Protected Notes (PPNs) and term deposits to its clients. Except for PPNs, these products are subject to insurance coverage by the Canadian Deposit Insurance Corporation or similar provincial deposit insurance arrangements. TMI is a Member of the Registered Deposit Brokers Association of Canada.

#### **Distributor of Life Insurance Products in Ontario**

TMI offers a wide range of life insurance products in Ontario, acting as an agent for several leading Canadian insurance companies.

### Types of Accounts

#### **Open (non-registered) Accounts**

TMI acts as both the Distributor and the Manager of the proprietary Tradex Funds. Therefore, for these funds your account will be held directly with TMI and all confirmations, statements, tax slips, etc. will be issued directly by our registrar (currently RBC Investor Services). There are no administrative fees payable by clients with these accounts.

When you purchase non-proprietary funds through TMI issued by a different investment fund manager (for example, RBC, Mackenzie or Franklin Templeton Funds) you will receive your confirmations, statements, tax slips etc. from that investment fund manager. TMI will also mail to you a quarterly account statement that includes all of your transactions for the period (Alternatively, for clients authorizing/ requesting, Tradex provides electronic monthly statements). TMI charges no administrative fees for these accounts.

### **Registered Retirement Savings Plans (RRSP) and Registered Retirement Income Fund (RRIF) Accounts**

Similar to open accounts, if you hold only Tradex mutual funds, your RRSP or RRIF account will be held directly with Tradex and RBC Investor Services, the Trustee for these accounts. TMI absorbs any administrative fees for these accounts.

We also arrange so-called “self-directed” RRSP/RRIF/TFSA/Non-Registered accounts with different intermediaries (currently B2B Bank and Agora Dealer Services Corp.). These plans permit multiple investment options within one account. TMI pays the annual administrative fees for these accounts where the relationship with the client provides sufficient revenue to TMI to cover the costs charged by the intermediary.

### **Tax-Free Savings Accounts (TFSA), Registered Education Savings Plans (RESP), First Home Savings Accounts (FHSA) and Registered Disability Savings Plans (RDSP)**

TMI administers its own TFSAs whereby the client may hold any combination of the three Tradex proprietary mutual funds and the Tradex Investment Savings Account. There are no administrative fees charged for these accounts. We also distribute TFSAs offered by other investment fund managers. While TMI charges no fees on these accounts, clients will be subject to any fees that the provider of the account charges.

With respect to RESPs, FHSA's and RDSP's TMI does not offer clients its own proprietary plan. However, we distribute the plans for a number of the leading investment fund managers in Canada. While TMI charges no fees on these accounts, clients will be subject to any fees that the provider of the account charges.

### **TMI's Management of Conflicts of Interest in the Best Interest of Clients**

Pursuant to National Instrument 31-103- *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”), as a registered firm, TMI is required to take reasonable steps to identify existing material conflicts of interest and material conflicts of interest that are reasonably foreseeable (a) between it and a client, and (b) between any employee acting on its behalf and a client. A conflict of interest generally arises where: (i) the interests of a client and those of TMI or its employees are inconsistent or divergent, (ii) TMI or its employees may be influenced to put their interests ahead of their client's interests, or (iii) monetary or non-monetary benefits or potential detriments to TMI or its employees may compromise a reasonable client's trust. A conflict of interest may also arise where there are differing interests amongst clients, resulting in preferential treatment for some in the operation and management of their account. Generally, a conflict of interest is material if the conflict may be reasonably expected to affect the decisions of the client in the circumstances and/or the recommendations or decisions of TMI or its employees in the circumstances.

TMI must address all material conflicts of interest between a client and itself, including each employee acting on its behalf, in the best interest of the client and must avoid any material conflict of interest if the conflict cannot otherwise be addressed in the best interest of the client. TMI's employees (including its advising representatives) have similar obligations to identify, address and/or avoid material conflicts of interest between each such individual and the client in the best interests of the client. TMI must inform its impacted clients, in a timely manner, of the nature and extent of an identified material conflict of interest where such clients would reasonably expect to be informed of it.

In addition to its obligations under NI 31-103, as an investment fund manager, pursuant to National Instrument 81-107- *Independent Review Committee for Investment Funds* (“NI 81-107”), TMI refers all conflict of interest matters of the Prospectus Funds to the Independent Review Committee (the “IRC”). The IRC that each Tradex Fund is required to have under NI 81-107 and reviews and provides input on conflict of interest matters in respect of TMI and the Tradex Funds that are referred to the IRC by TMI.

Described further below and categorized by themes, we have listed the key material conflicts of interest that affect TMI's clients as follows:

### **Related Party Activities – covers the potential conflicts related to TMI's use of proprietary funds**

Since TMI is the Investment Fund Manager of the proprietary Tradex Funds and also a Mutual Fund Dealer for

the proprietary and non-proprietary funds, it is considered a deemed conflict of interest that TMI may favour its proprietary funds over non-proprietary funds. TMI addresses this conflict in a variety of ways. TMI's advisors and staff are paid by salary only and are not incentivized by way of compensation or sales objectives to favour TMI's proprietary funds. Furthermore, TMI has a robust Know Your Product process for all proprietary and non-proprietary funds it distributes, including monitoring and an ongoing evaluation of the suitability of all funds for client portfolios. Finally, as the investors in the TMI proprietary funds are the beneficial owners of TMI – receiving surplus revenue available annually in the form of a management fee reduction – the interests of TMI and clients are aligned.

TMI contracts with external managers to manage the investment portfolios of the proprietary Tradex Funds. Aside from providing direction in terms of overall investment guidelines and mandate, no employee, member of the TMI Board of Directors or member of the proprietary Fund committee is permitted to recommend or otherwise influence the external managers with respect to the trading of a specific security or market sector.

### **Internal Compensation and Incentive Practices**

TMI needs to ensure that its internal compensation practices do not create the potential for a conflict of interest by influencing employees to put their interests ahead of the interests of clients (e.g., if they could result in promoting or recommending certain products over others to receive higher compensation or more incentives). TMI also ensures that its advisors are subject to rigorous supervision and monitoring and requires them to meet a high standard of business and personal conduct, integrity and professionalism and to adhere to comprehensive codes of conduct and other policies.

All TMI employees, including advisors (Approved Persons), are salaried employees. They receive no commissions or other monetary incentives whatsoever for the transactions that they initiate on behalf of clients. Moreover, there are no individual sales targets that could otherwise create a conflict of interest. TMI does not charge the client account set-up fees, administrative account fees, redemption fees or sales commissions. Moreover, TMI absorbs certain annual administration fees charged by intermediary account providers. TMI also reimburses administrative transfer fees charged by relinquishing institutions for assets being transferred into a TMI-administered account. Once you provide us with proof of transfer fees, Tradex will deposit that amount in a high interest savings account or, where an existing holding has been redeemed by the relinquishing institution to collect the fee, Tradex will repurchase that same holding. If the reimbursed fee is to be invested in a different manner than indicated above, Tradex will request your authorization to do so.

### **Referral Arrangements**

A referral arrangement means any arrangement in which TMI agrees to provide or receive a referral fee or other benefit to or from another person or company for the referral of a client. Receiving such a referral fee or other benefit may create an inherent conflict between the interests of a referred client and the interests of the referring party because the referral may not necessarily be based on factors that are in the best interests of the client. Accordingly, prior to referring a client in exchange for a referral fee or other benefit, TMI must determine that making the referral is in the client's best interest including a consideration of the benefits to the client of making the referral over alternatives or at all. Similarly, TMI may not refer a client to an entity unless TMI first takes reasonable steps to satisfy itself that the entity has the appropriate qualifications to provide the contemplated services, and if applicable, is registered to provide those services to the client. TMI must also assess the types of clients that the referred products/services will be appropriate for, and consider the features, characteristics, and fees associated with the products/services, and the benefits to clients, including against alternative products/services (internal or external, as applicable). TMI also monitors and supervises each referral arrangement that it enters to ensure that it complies with the requirements of applicable securities laws and continues to comply for so long as the referral arrangement remains in place. In all cases, the terms of each referral arrangement will be set out in a written agreement and clients will receive disclosure regarding the referral arrangement in accordance with applicable laws.

TMI has three referral arrangements. First, it receives a one-time referral fee between \$500 and \$1,000 if it refers a client to Manulife Financial Corporation for its Manulife One mortgage product, depending on the credit limit. Furthermore, it receives an ongoing monthly commission of 0.008333% on the outstanding negative or positive

balance in Manulife One product providing TMI maintains ten "in-force" mortgages annually. Second, TMI has an arrangement with Qtrade discount brokerage such that TMI will receive \$1 per revenue-generating trade conducted in the Qtrade Investor accounts held by clients referred by TMI. Finally, TMI has a referral arrangement with B2B Securities Services Inc. under which TMI receives no compensation for any client referred. **If you would like more information regarding the compensation that TMI receives please ask any of its Officers or Advisors.**

### **Outside Business Activities**

A TMI employee is required to consider whether any of the activities in which they would like to engage outside of their employment could result in an actual or perceived conflict of interest with TMI or its clients i.e. affect or be perceived to affect the ability of the employee to properly carry out their responsibilities at TMI and their duties to clients or that could affect, or be perceived to affect, the ability of TMI to meet its responsibilities as a registrant and fiduciary. An employee must disclose proposed outside activities to their supervisor and seek approval from the Chief Compliance Officer ("CCO") of TMI before taking on any such activity.

Requests for approval to engage in outside activities are declined by the CCO if:

- the conflict of interest would be one that is prohibited by law, would contravene internal Codes of Conduct, or would be one that TMI could not manage to an acceptable level, or
- the outside activity would interfere with the employee's ability to act in the best interests of, or perform work for, TMI and its clients.

TMI also reports the outside business activities of registrants with regulators as part of ongoing registration obligations.

### **Compensation**

TMI receives compensation for the services it provides as follows:

#### **As Investment Manager of the Tradex Family of Mutual Funds**

TMI receives a management fee from the three proprietary Tradex funds for directing the business, operations and affairs of the funds. This fee ranges from 60-70 basis points per fund (\$6-7 per \$1,000 investment) per annum.

#### **As Mutual Fund Dealer and distributor of Mutual Funds in Ontario, Quebec and B.C.**

When we distribute a non-proprietary mutual fund offered by another investment fund manager, we typically receive a "trailing commission" for as long as you own that fund through us. It is for the services and advice that we provide you. This trailing commission is paid out of the management fee charged by the other firm. Since the trailing commissions we receive from non-proprietary funds are already included in the funds' management expense ratio, holding these funds through TMI does not add to your costs (i.e., TMI receives this amount rather than another fund company or dealer). The trailing commission may vary anywhere from 0% to 1.25% per annum as outlined in the prospectus and Fund Facts for each series of fund that we distribute. We also act as the distributor for the Tradex Funds and, as such, we are obliged to collect a trailing commission of 0.25% on these funds. However, this commission is immediately refunded.

#### **Service Fees**

Certain mutual fund companies offer fee-for-service accounts when certain asset thresholds are met, whereby the company collects an agreed upon fee and submits it to Tradex instead of a trailing commission. The criteria for these "client-name" accounts will vary among companies and will be fully disclosed prior to account opening. TMI offers a fee-based intermediary account through its intermediaries, using F-class mutual funds from which the intermediary collects an advisory fee between 0.5% and 0.7% (depending on the asset value of the account) and remits to TMI subject to an arrangement signed by the client. The intermediary charges an annual administration fee (per its most recent fee schedule) for such accounts which TMI absorbs as part of the advisory fee.

#### **As Distributor of Savings Accounts, GICs and other Deposit Instruments**

TMI receives a fee of between 10 and 20 basis points per annum from Manulife Bank of Canada for funds held in the Tradex Investment Savings Account. This amounts to between \$1.00 and \$2.00 for every \$1,000 held in the

account for a full year. TMI collects a commission for distributing GICs which typically amount to 10 to 25 basis points per year of term selected by the client, paid in advance. For example, the commission for a GIC with a two-year term this would typically amount to \$2.00 to \$5.00 per \$1,000 invested. The fees paid to us when we distribute Principal Protected Notes vary according to the individual offering, but they are typically considerably higher than for regular GICs.

#### **As Distributor of Life Insurance Products in Ontario**

Tradex receives the standard commission based upon a percentage of the annual premium and total premiums payable over the life of the policy.

#### **Exchange Traded Funds (ETFs)**

TMI acts as a distributor of ETFs through a regular intermediary account or fee-based account with B2B Bank or Agora Dealer Services. We are able to distribute those ETFs currently approved by B2B Bank, which currently charges a fee of \$35 per trade. In addition, TMI will collect a fee of \$15 per trade. These fees may be refunded if the anticipated TMI advisory fees collected from the B2B account exceed the ETF trading fees and the annual B2B administration fee. Tradex will only process market orders and limit orders until the end of the day only.

#### **We Operate on an “at-cost” Basis and Return Any Extra Revenue to our Funds**

In dealing through Tradex it is very important to know that we are unique among Canadian investment fund companies in that Tradex is 100% investor owned. We operate on an “at-cost” basis with any revenue in excess of operational requirements and prudential capital is rebated to the three TMI proprietary funds. When available, excess revenue is returned to one or more of the Tradex Funds at mid-year while any surplus funds for the year are rebated to the three Funds at year-end on a pro-rated basis based on the amounts paid to TMI by such Funds.

#### **“Know your Client” (KYC) and Investment Suitability Requirements**

Pursuant to the Know Your Client (“KYC”) requirements of Canadian securities laws, TMI must collect information about its clients that will help TMI to establish the client’s identity and ensure it has sufficient information to comply with its suitability determination obligations. The KYC requirement is an ongoing obligation and TMI is required to take reasonable steps to keep KYC information current, including at minimum prescribed intervals and upon becoming aware of a significant change to the client’s KYC information.

The types of KYC information that TMI collects must include the client’s: investment needs and objectives, investment knowledge, personal and financial circumstances (including liquidity needs and financial assets), investment time horizon (the length of which may impact the types of investments that may be suitable) and risk profile (reflects the lower of (a) risk tolerance and (b) risk capacity).

For the purposes of establishing the identity of a client that is a corporation, a partnership or a trust, TMI is also required to collect information regarding the nature of the client’s business and the identity of any individual who:

- if the client is a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 25% of the voting rights attached to the outstanding voting securities of the corporation, or
- if the client is a partnership or trust, exercises control over the affairs of the partnership or trust.

A description of the definitions for the standard categories of primary investment objective and risk tolerance/capacity is provided in the account-opening documentation (Please refer to the actual form).

In order to meet its suitability determination obligation in relation to a client, TMI must take reasonable steps to ensure that, in advance of any investment action it takes, any recommendation it makes or any discretion it exercises to take any investment action is suitable for the client and puts the client’s interest first.

If TMI receives an instruction from a client to take an action that, if taken, TMI determines is not suitable for the client, TMI may carry out the client’s instruction if they have informed the client of the basis for the determination that the action is not suitable, recommended to the client an alternative action that is suitable, and received

recorded confirmation of the client's instruction to proceed with the action despite the determination that the action is not suitable.

### **Protection of Older and Vulnerable Clients**

In order to enhance the protection of older and vulnerable clients, securities legislation has provided TMI the tools to address issues of financial exploitation and diminished mental capacity of clients. TMI is required to take reasonable steps to obtain from its clients the name and contact information of a trusted contact person and the client's written authorization for TMI to contact the trusted contact person to confirm or make inquiries about matters that include our concerns about possible financial exploitation of the client or about the client's mental capacity as it relates to the ability of the client to make decisions involving financial matters.

Securities legislation provides for TMI to place a temporary hold on the purchase or sale of a security on behalf of a client or on the withdrawal or transfer of cash or securities from a client's account TMI reasonably believes that the client is a vulnerable client and financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted. TMI must not place a temporary hold on the basis of a client's lack of mental capacity unless TMI reasonably believes that the client does not have the mental capacity to make decisions involving financial matters. TMI must document the facts that caused it to place the temporary hold, provide notice of the hold to the client, review the facts after placing the temporary hold and on a reasonably frequent basis to determine if continuing the hold is appropriate and, within 30 days of placing the temporary hold and until the hold is revoked and within every subsequent 30-day period, revoke the temporary hold or provide the client with notice TMI's decision to continue the hold and the reasons for that decision.

### **Important Administrative Items**

#### **Handling Your Money**

An important thing for you to know in dealing with us is the way in which we handle your money. Here's a summary:

- First, we do not accept cash, nor will we pay you in cash. We only transact business through cheques and electronic transfers of funds to and from your deposit taking institution.
- If you pay for a purchase by issuing a cheque payable to Tradex, Tradex in Trust or a specific fund company, the cheque will be deposited in a trust account specifically set up to handle client transactions. This trust account earns a variable rate of interest of prime minus 2%, which we are required to allocate based on cash flows. If any client is responsible for more than \$50 of interest generated in the trust account, and that money is allocated back to the client. Any excess interest is allocated to the funds. This ensures that TMI does not benefit from funds held by its clients in the trust account. As the vast majority of these cash flows involve the Tradex proprietary products, the nominal amount of short-term interest earned is paid into Tradex Funds
- By completing the appropriate forms, you may also authorize us to transfer funds in and out of your deposit taking account with a bank, trust company or credit union. If we withdraw money from your bank account (in every case we need your authorization) it will be placed in a trust account until the transaction is completed.
- Similarly, if you make a redemption, you will be issued a cheque in your name, or we will authorize the funds to be deposited directly into the bank account that you have on record with TMI.

#### **Trade Confirmations**

- For "client name accounts", each time you complete a transaction you will receive a trade confirmation in the mail confirming the trade details including the trade date, settlement date, price per unit, and units/shares transacted. The trade confirmation will be sent by the investment fund manager that manages the fund. For example, if you purchase/sell a Tradex Fund the confirmation will be sent by the registrar for Tradex Funds (Currently RBC Investor Services). Similarly, if you purchase/sell a non-proprietary fund the confirmation will come from that fund company.

- For “intermediary accounts” (including self-directed RRSP, RRIF, TFSA and non-registered accounts). These accounts are administered by an intermediary company, and the funds are held for you in trust. Depending on the particular arrangements we have in place, you may or may not receive a confirmation for each individual transaction. In this regard, in all cases you will be able to view the activity in the account through the intermediary’s secure web site and/or on their statements, or on their TMI dealer statements.

### **Account Statements**

Clients will receive a quarterly account statement that includes the opening and closing market values and all of their transactions for the period. (Statements are issued monthly for clients who have signed up for electronic statements). Clients will also receive the following statements:

- If they hold, in client name, funds issued by another investment fund company they will also receive a periodic statement from that fund company (at least annually).
- If they hold funds in an intermediary account (such as a self-directed RRSP) they will receive a quarterly statement (electronic or physical) from the intermediary administering the account.
- If they hold ETFs in a B2B account, they will only receive periodic statements from B2B for that particular account.

### **Performance Benchmarks**

An investment performance benchmark is a standard against which the performance of your investments is compared, providing investors with a point of reference upon which to make informed decisions about their investment options. When comparing your investment returns to the returns of an investment performance benchmark, keep in mind that: (1) the composition of your investment portfolio reflects the investment strategy you have agreed upon, which may result in the composition of the investment performance benchmark differing; (2) investment performance benchmarks do not generally include charges and other expenses. We may use investment performance benchmarks to assess the performance of your investments and to allow you to assess their performance against an index of securities reasonably reflective of the composition of your investment portfolio. If you wish further information about investment performance benchmarks, please call or e-mail.

TMI believes in tailoring individual portfolios to the unique requirements of each member and in allocating assets appropriately at the total portfolio level for an individual member’s goals, needs, objectives and risk tolerances. The allocation amongst accounts is based upon other considerations such as tax minimization, cost minimization, accessibility, and liquidity requirements; hence we will not be providing benchmarks as dealer at the account level. We will continue to provide the three benchmarks commonly utilized for investments in the three main asset classes of Canadian equities, Canadian bonds, and global equities in our Quarterly newsletter (where permitted at no cost) and Management Reports of Fund Performance for the Tradex Funds.

### **Terminating your Relationship with TMI**

A client may terminate his/her relationship with TMI at any time. TMI charges no redemption fees, transfer fees or any other type of fee when the client decides to terminate his/her relationship with TMI.

Clients that hold a self-directed intermediary account who terminate their relationship with the intermediary for the account (and for example, transfer their account to another company) may face transfer-out fees imposed by the relinquishing intermediary company. Similarly, some RESP plan sponsors impose a fee for cancelling an RESP.



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

# How to Make A Complaint





## About CIRO

CIRO regulates the activities of Canadian investment dealers and mutual fund dealers and the advisors they employ. CIRO sets rules for the firms and advisors we regulate and monitors the trading activity on all Canadian marketplaces. We can take disciplinary action if firms or their advisors break our rules. CIRO is overseen by the provincial and territorial securities regulators.

Here is what you need to know if you have a complaint about your advisor or investment firm regulated by CIRO.

### You Can Make a Complaint to Your Investment Firm

Clients of a firm regulated by CIRO who are not satisfied with a financial product or service can make a complaint to the firm and seek resolution of the problem. The firm must follow our rules for handling client complaints and address your complaint promptly and fairly. You can find your firm's contact information on your account statement and your firm's complaint handling procedures on their website.

## You Can Also Complain Directly to CIRO

If you feel there has been misconduct in the handling of your account we want to hear from you. You can complain to CIRO directly and we can investigate to determine if your advisor or firm has broken our rules and, if necessary, take disciplinary action. Disciplinary action can include fines or suspensions for firms or advisors that have broken our rules. You can make a complaint to CIRO, at any time, whether or not you have complained to your firm. However, CIRO does not order compensation to investors. If you are seeking compensation, the first step is to make a complaint to your investment firm. You can also consider the options described on the pages that follow.

We can be contacted by:

- 1 Completing the easy and convenient online complaint form at [ciro.ca](http://ciro.ca)
- 2 By email at [info@ciro.ca](mailto:info@ciro.ca)
- 3 By telephone at 1-877-442-4322
- 4 Fax at 1-888-497-6172
- 5 40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4

### Examples of Complaints We Investigate

Your firm or advisor:



Recommended investments that were too risky for you;



Made trades in your account without your permission or used your funds in ways that you were unaware of;



Charged you fees that were not explained to you;



Signed forms on your behalf without your knowledge.

## If You Are Seeking Compensation You Have Options



### The Ombudsman for Banking Services and Investments (OBSI)

If you do not receive a response from your investment firm within 90 days or you are not satisfied with the firm's response you can go directly to OBSI. OBSI is Canada's free, independent and impartial service for resolving investment and banking disputes with participating firms. CIRO requires all the investment firms it regulates to take part in the OBSI process. OBSI can recommend compensation up to \$350,000, but currently its decisions are not legally binding. **You have 180 days to bring your complaint to OBSI after receiving a response from your investment firm. If your firm has not responded within 90 days, then you can take your complaint to OBSI without your firm's response.**

You can contact OBSI at:

- 1 1-888-451-4519
- 2 [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)
- 3 [obsi.ca](http://obsi.ca)
- 4 20 Queen Street West, Suite 2400  
P.O. Box 8  
Toronto, ON M5H 3R3

### Other Options

#### Going to Court

You can hire a lawyer to take legal action or to assist you with your complaint, however this can be an expensive option. There are also time limits on legal action, which vary by province or territory. Once the time limit expires you may not be able to pursue your claim.

#### Arbitration

Arbitration is a process where a qualified arbitrator, chosen in consultation with both you and the investment firm, hears both sides and makes a final, legally binding decision about your complaint. This option is available if your CIRO firm is an investment dealer. There are costs to using arbitration, though often less than going to court. The arbitrator acts like a judge and reviews facts presented by each side of the dispute. Either side can choose to be represented by a lawyer, though this is not required. Arbitrators in the CIRO arbitration program can award up to \$500,000.

## Provincial and Territorial Securities Regulators

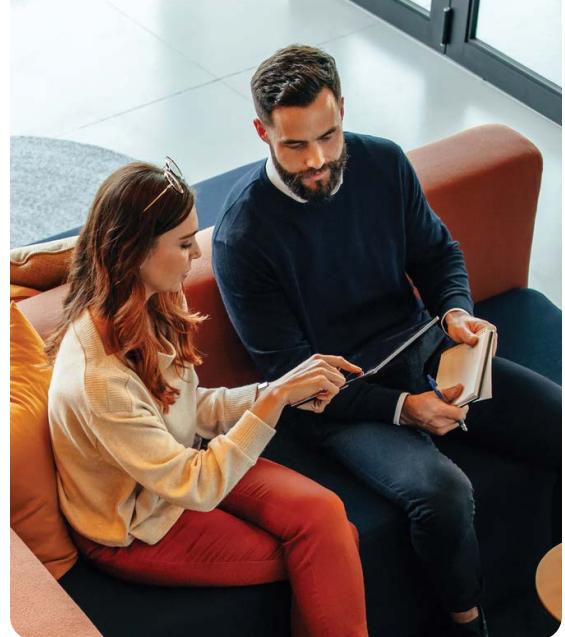
### Quebec

If you live in Quebec, in addition to the options previously described, you can use the free services of the **Autorité des marchés financiers** (AMF). If you are dissatisfied with the firm's handling of the complaint or the outcome, you can request to have the complaint examined by the AMF. The AMF will assess the complaint and may offer conciliation and mediation services, though firms are not required to participate.

If you think you are a victim of fraud, fraudulent tactics or embezzlement, you can contact the AMF to see if you meet the eligibility to submit a claim to the Fonds d'indemnisation des services financiers ("Financial Services Compensation Fund"). Up to \$200,000 can be payable for an eligible claim.

For more information on the AMF:

- 1-877-525-0337
- [lautorite.qc.ca/en](http://lautorite.qc.ca/en)



### Other Provinces or Territories

Some provincial or territorial securities regulators can, *in certain cases*, seek an order that a person or company that has broken securities law pay compensation to harmed investors who make a claim. These orders are enforced similar to court judgments.

Access the link to your provincial or territorial securities regulator by visiting the following Canadian Securities Administrators page:  
[securities-administrators.ca/about/contact-us](http://securities-administrators.ca/about/contact-us)



# CIRO · OCRI

Canadian Investment  
Regulatory  
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Organisme canadien  
de réglementation  
des investissements

Your complaint matters. It helps to ensure you are treated fairly and can help CIRO better protect investors now and in the future.

Learn more about how to make a complaint, where you can get help and your options for seeking compensation.



[ciro.ca](http://ciro.ca)

## **Risk of Borrowing to Invest**

Here are some risks and factors that you should consider before borrowing to invest:

### **Is it Right for You?**

- Borrowing money to invest is risky. You should only consider borrowing to invest if:

- You are comfortable with taking risk.
- You are comfortable taking on debt to buy investments that may go up or down in value.
- You are investing for the long term.
- You have a stable income.

You should not borrow to invest if:

- You have a low tolerance for risk.
- You are investing for a short period of time.
- You intend to rely on income from the investments to pay living expenses.
- You intend to rely on income from the investments to repay the loan. If this income stops or decreases, you may not be able to pay back the loan.

### **You Can End Up Losing Money**

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.
- Whether your investments make money or not you will still have to pay back the loan plus interest. You may have to sell other assets or use money you had set aside for other purposes to pay back the loan.
- If you used your home as security for the loan, you may lose your home.
- If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

### **Tax Considerations**

- You should not borrow to invest just to receive a tax deduction.
- Interest costs are not always tax-deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest.

Your advisor should discuss with you the risks of borrowing to invest.