

## Ensuring your investments are right for you

### *Did you ever wonder why your investment advisor asks you so many questions?*

An investment advisor will ask you several questions about your financial situation to complete a process known as “Know-Your-Client” or KYC. The information you provide helps to ensure that they can offer you ‘suitable’ investment products and strategies that fit your financial needs and personal circumstances.



IIROC, the Investment Industry Regulatory Organization of Canada, requires advisors working at IIROC-regulated firms to collect this information so advisors can develop a picture of your financial state of health, fully understand your personal situation and make recommendations that are suitable to you.

### **What type of information will I be asked to provide?**

*The advice you receive depends on the information you provide about several key areas. Your advisor will ask you for information on:*

- 1. Your financial situation**, including your:
  - Age
  - Approximate annual income from all sources
  - Net worth: an estimate of the value of your assets less your liabilities
  - Dependents
  - Monthly expenses and tax situation
- 2. Your investment knowledge and experience**
- 3. Your investment objectives**: short, medium and/or long-term financial goals. For example, saving for retirement, to purchase a house or travel.
- 4. Your time horizon**: when will you need to access a significant portion of your investment funds?
- 5. Your risk tolerance**: your willingness to accept financial risk and your ability to withstand financial losses. In short, how much risk are you willing and able to take?

## Does the collection of my information only happen when I open an account?

Your personal financial information should be updated whenever there is a change in your life circumstances (such as changing jobs, getting married or having a child) or in your investment objectives (such as buying or renovating a house, or saving for travel or retirement). Based on this new

information the suitability of investments held in your account may need to be reviewed. Many firms also conduct periodic reviews with clients. It's a good idea to contact your advisor or firm whenever there is a change in your financial or personal situation.

## How does an advisor go about obtaining my information?

An advisor may gather and record your financial information in one of several ways. Some advisors will set up multiple meetings to get to know you as a client, complete the required documents and then present you with a written investment proposal. Others may simply complete the required

documentation together with you to open an account, and then make investment recommendations verbally. Many methods are acceptable, as long as your advisor can gain a complete picture of your financial situation and demonstrate to IIROC that they have this information.

## Are there other pieces of information I need to provide?

When you open an account, additional information will be collected by the firm and your advisor to meet other legal and regulatory obligations. To learn more about the information you need to

provide, check out IIROC's brochure "Opening Your Retail Account - What your investment dealer needs from you - and why?" at [www.iroc.ca](http://www.iroc.ca).

## What if I am not comfortable providing some of this information?

It is important to provide your advisor with as much financial information as possible so he/she can recommend products and strategies that are suitable for you.

Advisors are required to request fulsome KYC information, but there may be reasons why you might not want to disclose all. Some investors

might be hesitant to reveal all of their financial information (such as their assets, accounts held elsewhere, as well as their financial liabilities). However, not disclosing information may hamper the ability of your advisor to provide you with the best possible advice.

### WHO WE ARE

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. There are more than 28,000 individuals and nearly 200 investment firms under IIROC regulation across the country.

### Be an informed investor!

*For helpful tips, useful tools and more important information, visit the IIROC Investor Resource Centre at [www.iroc.ca/investors](http://www.iroc.ca/investors)*