How the Canadian Investor Protection Fund Helps Investors

PROTECT YOUR INVESTMENTS Learn more about how the Canadian Investor Protection Fund can help you if your investment dealer fails.

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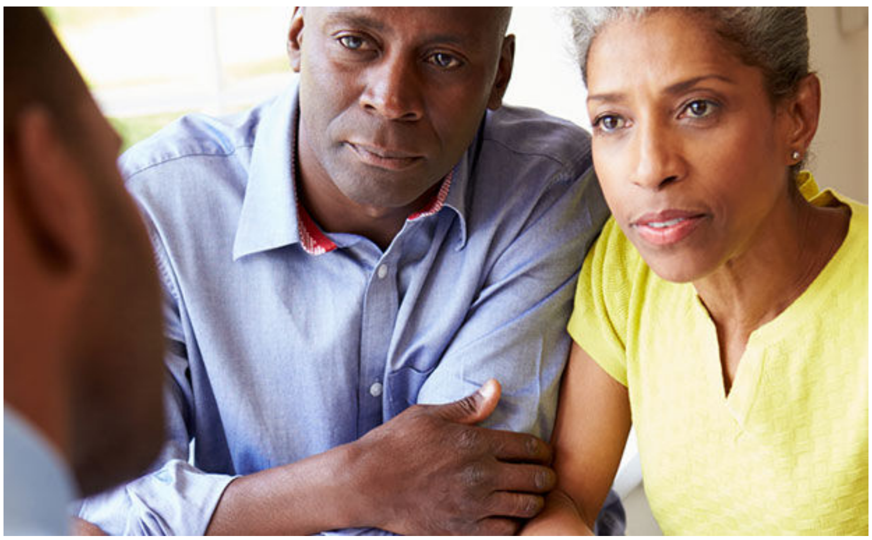

The Canadian Investor Protection Fund (CIPF) was established almost fifty years ago, but many investors are still not that familiar with the organization or the important role it plays in the Canadian financial system. Research commissioned by CIPF last year found that only 24 percent of Canadian investors who own investments through an investment advisor were aware of CIPF. Furthermore, fewer Canadian investors are familiar with CIPF today than in the past.

So, what is CIPF and what does it do for investors? CIPF is a non-profit organization that was established by the investment industry to protect investors in the event of a member firm insolvency. Member firms are investment dealers that are members of IIROC (Investment Industry Regulatory Organization of Canada). If you have an account with a CIPF member firm, and that firm fails, CIPF works to ensure that any property being held for you by the firm at that time is given back to you, within certain limits. For an individual holding one or more accounts with a member firm, the limits on CIPF protection are generally: $1 million for all general accounts combined, plus $1 million for all registered retirement accounts combined, plus $1 million for all registered education savings plans combined.

Here's an example of how CIPF coverage works: If you bought one hundred shares of Company X at $50 per share through a member firm, and the share value on the day of the member firm's insolvency was $30, CIPF's objective would be to ensure the return of the one hundred shares to you because that's the property in your account at the date of insolvency. If the one hundred shares are not returned to you, CIPF would provide compensation based on the value of the missing shares on the day of the member firm's insolvency. In this example, that's $30 per share.

You're automatically eligible for CIPF coverage if you have an account with a member

It's important to remember that CIPF covers missing property – this is property, including securities and cash, that is held on your behalf that is not returned to you following a member firm's insolvency. CIPF's coverage is custodial in nature and CIPF does not provide protection against any other type of risk or loss. For example, CIPF does not cover losses resulting from a drop in the value of your investments for any reason.

As part of an initiative to provide clear and accessible information to investors about its coverage, CIPF recently redesigned and enhanced its website and brochure. Note that member firms are required to provide the CIPF brochure to all new clients at the time of account opening and to all other clients upon request. Recognizing that investment advisors play a pivotal role in building investor knowledge and confidence, CIPF has also developed training material and is undertaking extensive outreach to help firms inform their clients about CIPF protection. As an investor, you can check whether you have CIPF protection by going to the Member Directory on CIPF's website (www.cipf.ca) to confirm you are dealing with a CIPF member firm.

For further information about CIPF, you can contact CIPF at 416.866.8366 or toll-free at 1.866.243.6981, or by email at info@cipf.ca.

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