



3i Financial Investment Services Inc.  
"Performance Drives Performance"

# CLIENT DISCLOSURE

## MUTUAL FUND DEALERS ASSOCIATION OF CANADA CLIENT COMPLAINT INFORMATION

Clients of 3i Financial Investment Services Inc. who are not satisfied with a financial product or service have a right to make a complaint and to seek a resolution for the problem. If you have a complaint, these are some of the steps you can take.

### 1. Contact your financial advisor

- Your complaint should first be explained to your financial advisor. The person who sold you the product or service will solve most problems quickly.

### 2. Contact 3i Financial Investment Services Inc. Head Office. (Our contact information can be found on [www.3ifinancial.com](http://www.3ifinancial.com) or on the bottom of the New Account Application Form).

- 3i Financial Investment Services Inc. is responsible to you, the investor, for monitoring the actions of our representatives to ensure that they are in compliance with the legislation, rules and guidelines governing their activities. Some problems are easily solved by a telephone call. Some matters can be resolved through the Branch Manager. 3i Financial Investment Services Inc.'s Compliance Department will investigate any complaint that you initiate in writing and respond back to you with the results of their investigation.

### 3. Contact the Mutual Fund Dealers Associations of Canada (MFDA), which is the self-regulatory organization in Canada to which 3i Financial Investment Services Inc. belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. There is no cost to clients for referring a complaint to the MFDA. The MFDA can be contacted:

- By telephone in Toronto at (416) 361-6332, or toll free at 1-888-466-6332,
- By e-mail at [complaints@mfd.ca](mailto:complaints@mfd.ca), or
- In writing, using the complaint form which is available on the MFDA website at [www.mfd.ca](http://www.mfd.ca).

### 4. Contact the Ombudsman for Banking Services and Investments (OBSI), an organization independent of the MFDA, government, and the financial services industry. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. OBSI will investigate your complaint only if you have first exhausted your firm's internal complaint-handling processes. OBSI has been a non-binding recommendation that your firm compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. OBSI can be contacted:

- By telephone in Toronto at (416) 287-2877, or toll free at 1-888-422-4519; or
- By e-mail at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

### 5. Retaining a lawyer to assist with the complaint.

## IMPORTANT DISCLOSURE CONCERNING THE PROTECTION AND USE OF PERSONAL INFORMATION

3i Financial Investment Services Inc. and its Agents (collectively referred to herein as "Regulated Persons") require the collection of certain personal information to administer your account. Regulated Persons require this information to ensure the suitability of investment recommendations to your investment objectives, risk tolerance and liquidity horizon. Personal information is collected via new client account forms and related account opening documentation including: know-your-client update forms; investment policy statements; and financial planning documents. It is also required for the administering of your account through account statements and records of trading and account activity, and cheques and financial records of all kind in relation to trading in securities. This information is required for the responsible operation of your investment account and subject to the requirements of the Privacy Policy of 3i Financial Group Inc.

SRO Access to Personal Information of Clients and Others for Regulatory Purposes. For regulatory purposes, self regulatory organizations including Market Regulation Services Inc., the Investment Dealers Association of Canada, the Mutual Fund Dealers Association of Canada, Bourse de Montreal Inc., and the Canadian Investor Protection Fund (collectively, "SROs") require access to personal information of current and former clients, employees, agents, directors, officers, partners and others that has been collected or used by Regulated Persons. SROs collect, use or disclose such personal information obtained from Regulated Persons for regulatory purposes, including:

- Surveillance of trading-related activity,
- Sales, financial compliance, trade desk review and other regulatory audits,
- Investigation of potential regulatory and statutory violations,
- Regulatory databases,
- Enforcement or disciplinary proceedings,
- Reporting to securities regulators, and
- Information-sharing with securities regulatory authorities, regulated marketplaces, other self-regulatory organizations and law enforcement agencies in any jurisdiction in connection with any of the foregoing.

Regulated Persons must also decline to accept or administer an account in respect of which an individual does not consent to such intended collection, use or disclosure of personal information to SROs and the use and disclosure of that information by SROs.

## RISKS OF BORROWING FOR PURCHASING INVESTMENTS

Regulatory authorities require delivery of this document to investors who consider borrowing money to buy mutual funds, to make investors aware of the risks involved in borrowing to invest.

Mutual fund units and other securities may be purchased using available cash, or a combination of cash and borrowed money. If cash is used to pay for the purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging. For example, if \$100,000 of mutual fund units are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the fund units declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40%, i.e. from \$25,000 to \$15,000. It is important that an investor proposing to borrow for the purchase of securities be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

## FINANCIAL RESOURCES REQUIRED FOR INVESTMENTS PURCHASED WITH BORROWED FUNDS

It is also important that the investor be aware of the terms of a loan secured by securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the securities. Should this occur, the borrower must pay down the loan or sell the securities so as to return the loan to the agreed percentage relationship. In our example above, the lender may require that the loan not exceed 75% of the market value of the mutual fund units. On a decline of value of the units to \$90,000 the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell units at a loss to provide money to reduce the loan. Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who use borrowed funds to purchase their investment are advised to have adequate financial resources available both to pay interest and also to reduce the loan if the borrowing arrangements require such a payment.

## DEALER COMPENSATION DISCLOSURE

Commissions are compensated to authorized distributors of mutual fund products in the following way:

**Front-Load Funds** - Funds that are sold on a sales charge basis (front-end load) requires the sales commission to be deducted from the amount of the purchase order. The net amount of the investment is then invested in securities of the fund at the net asset value.

**Deferred-Load Funds** - Funds that are sold without an initial sales charge (back-end load) requires no deduction from the amount of your purchase order at the time of purchase, but your investment may be subject to a redemption charge if the securities that you purchase are redeemed within a specific time after purchase. Under the deferred charge method of purchase the distributing or carrying dealer receives a sales commission at the time of purchase arranged by the fund sponsor.

**Service Fees (Trailer Commissions)** - Generally, a fund sponsor pays to a dealer, service fees or trailer commissions as long as you, the client, maintain your investment in the fund with your dealer. Services fees encourage the dealer to provide on-going services to the clients after the date of purchase, for which no sales commission would otherwise be received. Some fund sponsors do not pay service fees to dealers.

**Other Sales Incentives** - Many fund sponsors also provide additional sales incentives or compensations to dealers to promote the distribution of their sponsored funds. Sales incentives may include: marketing support programs providing for reimbursement of advertising or promotional expenses incurred in the solicitation of fund sales; sales conferences and educational programs held. All sales incentives are subject to review by 3i Financial Investment Services Inc. and must comply with the requirements of our Standard of Practice (Mutual Fund Section of PPM) and the Rules of the Mutual Fund Dealers Association of Canada "MFDA".

## FINANCIAL ADVISOR COMPENSATION DISCLOSURE

Mutual fund companies compensate the dealer, who in turn compensates your Financial Advisor by paying an initial commission and an on-going service fee (Trailer Commissions).

## KNOW YOUR CLIENT (KYC) DEFINITION DISCLOSURE

### INVESTMENT OBJECTIVES

**Safety** - Your objective is preservation of capital and you are less concerned with capital appreciation. Investments that will satisfy this objective include guarantee investment certificates, high interest saving accounts and money market instruments.

**Income** - Your 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 investments such as funds that invest in bond or money market instruments

**Balanced** - Your objective is a combination of income and growth. An account with a balanced objective should typically include at least 40% in fixed income investments and no more than 60% in equity mutual funds.

**Growth** - Your objective is capital appreciation and current income from investments is not a requirement. This may lead you to hold a relatively high proportion of funds that invest in equities if you also have a higher risk tolerance and long term time horizon.

**Speculation** - Your objective is capital appreciation and current income from investments is not a requirement. Capital that is needed should not be used for speculation. This may lead you to hold a relatively low proportion of funds from your overall portfolio with this objective.

**KNOW YOUR CLIENT (KYC) DEFINITION DISCLOSURE**

**RISK TOLERANCE**

**Low** - Low risk investments demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include such investments GICs and money market mutual funds.

**Medium** - Medium risk investments demonstrate a medium volatility and are for investors that are looking for moderate growth over a longer period of time and may include Canadian dividend, Canadian equity, U.S equity and certain international equity funds.

**High** - High risk investments demonstrate a 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 and 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.

**Knowledge of Investments**

**Novice** - little knowledge of investments and new to investing

**Fair** - some knowledge of investments

**Good** - good knowledge of investments

**Sophisticated** - extensive knowledge of investments and have used many type of products

**Time Horizon**

Please indicate the period from now to when you will need to access a significant portion of the money you invest in this account.

**Individual or Joint Income**

Please indicate the approximate income from all sources.

**Household Networth**

Please provide an estimate of the value of your assets and liabilities.

**DUAL OCCUPATION DISCLOSURE**

Your Financial Advisor is licensed with 3i Financial Investment Services Inc, it is his/her responsibility to provide his/her client(s) with full and fair disclosure on the type of service(s) that he/she can provide and through which company that he/she provide these service(s) through. This will provide the client(s) with the necessary information before utilizing their service(s).

\_\_\_\_\_ is a Financial Advisor of 3i Financial Investment Services Inc., who also provides  
Name the following product(s)/service(s):

\_\_\_\_\_ through \_\_\_\_\_ Name of Company  
Type of Service

\_\_\_\_\_ through \_\_\_\_\_ Name of Company  
Type of Service

Any activities relating to these service(s) are not the business of 3i Financial Investment Services Inc. and are not supervised by 3i Financial Investment Services Inc.; both 3i Financial Investment Services Inc. and the MFDA are not responsible for such activities.

**SWITCH DISCLOSURE**

We value building long-term relationships with our clients, advisors, and the communities we serve. As part of our obligation to deal with client(s) fairly, honestly and in good faith in all our business transaction, we are providing the following disclosure(s):

The reason for the transaction:

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Existing Mutual Fund				New Mutual Fund			
	F/E	B/E	NL		F/E	B/E	NL

**ACKNOWLEDGEMENT**

By signing the Client Disclosure, I/we hereby acknowledge that 3i Financial Investment Services Inc. has disclosed:

- The total commission received from the Mutual Fund Company is equal to \_\_\_\_\_% of the value of this transaction, and the trailer fee will change from \_\_\_\_\_% to \_\_\_\_\_%.
- The deferred sales charge and any applicable costs for this transaction will be \$ \_\_\_\_\_
- For new deferred sales charge (DSC) purchases, it will be subject to a **new deferred sales charge schedule** and a **new maturity time period**. If I redeem these units before maturity I will pay a redemption charge based on the value of my redemption. (Full details are available in the mutual fund prospectus)
- There may be tax implications from this transaction. The client is advised to consult with their accountant or a qualified tax expert for consultation on their own personal situation.

\_\_\_\_\_  
Applicant's Name (Please Print)

\_\_\_\_\_  
Co-Applciant's Name (Please Print)

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Co-Applciant's Signature

\_\_\_\_\_  
Financial Advisor's Name (Please Print)

\_\_\_\_\_  
Financial Advisor Code

\_\_\_\_\_  
Financial Advisor's Signature

\_\_\_\_\_  
Date (yyyy-mm-dd)