



## **SAFETY OF CLIENT ASSETS**

The question of client asset safety has been asked frequently throughout the financial services industry. The following questions and answers will help to address this important issue and put your mind at ease when dealing with us.

### **Q. What type of firm is Lakeshore Securities Inc.?**

Lakeshore Securities is a privately owned investment firm regulated by the Investment Industry Regulatory Organization of Canada (IIROC).

### **Q. What is IIROC?**

IIROC is the national self-regulatory organization of Canada which oversees investment dealers and trading activity on debt and equity marketplaces in Canada. IIROC sets high-quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer member firms and their registered employees.

### **Q. Are all investment firm regulated by IIROC?**

No, there are over 2,000 investment firms registered in Ontario alone; however, fewer than 200 are regulated by IIROC.

### **Q. Are there different classes of Dealer Members in IIROC?**

No, there are no classes of Dealer Members in IIROC. All Dealer Members are required to meet and maintain the same requirements. Applicants can, however, enter into a contractual arrangement whereby another Dealer Member of IIROC will provide back office, settlement and clearing services. This arrangement is known as an Introducing/Carrying Broker Arrangement.

### **Q. Does Lakeshore Securities have an Introducing/Carrying Broker Arrangement?**

Yes, Lakeshore Securities has an Introducing/Carrying Broker Arrangement with National Bank Independent Network (NBIN).

### **Q. Who is NBIN and why did Lakeshore Securities choose NBIN as its Carrying Broker?**

NBIN is Canada's leading supplier of custody, trade execution and brokerage services, serving more than 400 independent firms, over 600,000 clients across Canada and administering over \$180 billion in assets. NBIN is a division of National Bank Financial (NBF) Inc., which is an indirect, wholly owned subsidiary of National Bank of Canada. NBIN is backed by the financial strength and ongoing support of National Bank of Canada.

### **Q. Where are client assets of Lakeshore Securities held in safekeeping?**

All of our client's assets are held in safekeeping with NBIN.



**Q. What happens to my assets if Lakeshore Securities goes out of business?**

In the unlikely event that Lakeshore Securities were to become financially insolvent, your client assets would be completely safe since all client assets are held with NBIN.

**Q. What happens to my assets if NBIN were to go out of business?**

NBIN is a division of National Bank Financial (NBF) Inc. In the unlikely event that NBF Inc. was to become financially insolvent, the Canadian Investor Protection Fund (CIPF) ensures, within defined limits, that your cash and securities are protected if you are an eligible customer of an investment dealer that is a Dealer Member of IIROC.

**Q. What is CIPF and what does it do?**

The Canadian Investor Protection Fund (CIPF) is a protection fund set up by the investment industry to ensure the return of customers' securities, cash balances and certain other property, such as segregated insurance funds, within defined limits if the member is not able to because it is bankrupt.

**Q. How do I get CIPF coverage and how much does it cost?**

CIPF coverage is automatic when you open an account with an investment dealer that is a member of CIPF. There is no additional fee for the coverage.

**Q. Are Lakeshore Securities and NBF members of CIPF?**

Yes.

**Q. How can I obtain more information pertaining to CIPF coverage?**

We would be pleased to provide an explanatory brochure on CIPF, which can also be viewed on the CIPF website at [www.cipf.ca](http://www.cipf.ca).

**Q. Who examines or audits Lakeshore Securities?**

As a member of IIROC, Lakeshore Securities is required to file a report of its financial position every month with IIROC. We are also subject to an annual audit that must be conducted by an IIROC approved auditing firm. To be considered an "approved panel auditor" the firm must meet specific qualifications for auditors of investment dealers.

Please contact your personal investment advisor if you have any additional questions.