

ANNEX A

EXEMPT MARKET DEALERS

SAMPLE KNOW YOUR CLIENT FORM – INDIVIDUAL CLIENTS



Notes to Firms:

- 1. Sample KYC Form – if firms decide to use this sample form, they are expected to tailor the form to meet the needs of their particular business model. While this sample is a guideline, it may not contain all necessary pieces of KYC information a firm may be required to collect.**
- 2. Security Of Client Information – firms are expected to take necessary action to protect the privacy and ensure the security of client information collected. Firms should have policies and procedures in place to ensure secure storage of information as well as appropriate access restrictions and protections against identity theft and other cyber-security threats.**

Sample Form Content:

PERSONAL CIRCUMSTANCES

Please complete the following information regarding your personal circumstances. We will use this information to make investment recommendations that are suitable for you.

Full Legal Name: _____ Phone (cell): _____
Home Address: _____ Phone (home): _____
Date of Birth: (DD/MM/YYYY) _____ Phone (business): _____
Email Address: _____ Citizenship: _____
S.I.N.¹: _____ Occupation: _____
Employer: _____ No. of Dependents: _____
Spouse's Name: _____ Spouse's Occupation: _____
Spouse's Employer: _____ Civil Status: _____

Are you a senior officer or director, or otherwise an insider of a company whose shares are publicly traded?

☐ Yes ☐ No

If Yes, provide details: _____

Do other persons have a financial interest in this account?

☐ Yes ☐ No

If Yes, provide details: _____

Are other persons authorized to provide instructions on this account?

☐ Yes ☐ No

If Yes, provide details: _____

Are you a politically exposed person or a head of an international organization?

☐ Yes ☐ No

If Yes, provide details: _____

Is there any other additional information about your personal circumstances that may impact your investments in this account? If yes, provide details: _____

¹ Only collect the client's S.I.N. as needed (e.g., for tax purposes and registered accounts).

FINANCIAL CIRCUMSTANCES

Your Income Approximate gross annual income from all sources.

\$ _____ ☐ Annual income is relatively stable ☐ Annual income is variable

Notes:

Spousal Income²

Approximate spousal gross annual income from all sources. (☐ N/A)

\$ _____ ☐ Annual income is relatively stable ☐ Annual income is variable

Notes:

Financial Assets and Net Worth³ (☐ Includes spouse)

Please provide an estimate of the value of your assets and liabilities, with a level of detail as necessary.

Estimated Financial Assets (e.g., cash/savings accounts, GICs, mutual funds, stocks, bonds, exempt (private) securities, other)

List type of financial asset and estimate of amount owned:

(A) Total Financial Assets \$ _____

List estimated outstanding balance(s) of line(s) of credit or other debt to facilitate investments or which is secured against financial assets:

(B) Liabilities related to Financial Assets \$ _____

= Estimated Net Financial Assets (A-B) \$ _____

Estimated Non-Financial Assets (e.g., home, other real estate, vehicles, business assets, other)

List type of non-financial asset and estimate of amount owned:

+ (C) Total Non-Financial Assets \$ _____

² Provide only if needed for client to meet prospectus exemption criteria, otherwise separate KYC form is required for spouse's individual account or joint account.

³ Level of detail collected will depend on risk of products on the firm's shelf and if needed to determine whether a client meets prospectus exemption criteria.

Estimated Other Liabilities (e.g., mortgage, car loan, credit card debt, line of credit debt, other)

List mortgage, car loan, credit card debt, line of credit debt, etc. and estimate of balances outstanding:

- (D) Liabilities related to Non-Financial Assets \$ _____
= Estimated Net Worth (A-B+C-D) \$ _____

Total 'exempt securities' purchased using the offering memorandum exemption in the last 12 months \$ _____
Concentration: current exempt security transaction as a percentage of estimated net financial assets _____ %
Concentration: total exempt securities currently held as a percentage of estimated net financial assets _____ %

Leverage / Borrowing to Invest:

Source of investment funds: _____

☐ Yes ☐ No I am using leverage or borrowing to finance the purchase of securities *in this account*.

INVESTMENT NEEDS AND OBJECTIVES

This section documents your 'investment objectives,' which are the results you want to achieve from your investments in this account.

Note: It is important that your investment objectives consider your 'investment needs,' including your liquidity needs. Consider whether access to all or a portion of your account assets will be needed to meet your ongoing or short-term expenses or financial obligations or to fund major planned expenditures. *The particulars of your investment needs, including any liquidity needs, should be discussed with your dealing representative and included in the notes below.*

- ☐ Capital Preservation My objective is to save money with the least risk of loss.
- ☐ Income My objective is to generate fixed income from investments. I am less concerned with an increase in the value of my investment (capital appreciation or capital gains).
- ☐ Balanced My objective is a blend of growth and income.
- ☐ Growth My objective is capital appreciation or capital gains over time. I do not have income requirements from my investments.
- ☐ Speculative My objective is to invest money in high risk opportunities. I am prepared to accept fully losing these funds.
- ☐ Other My objective is detailed in the notes below.

Notes:

INVESTMENT KNOWLEDGE

This section documents your understanding of financial markets and investment products, the relative risk and limitations of various types of investments, and how the level of risk taken affects potential returns.

- ☐ Extensive I have an extensive understanding of financial markets and investment products. I have significant investing experience, including in exempt securities, crypto assets, and/or derivatives. I have a thorough appreciation for the relative risk and limitations of most investment types, as well as for how the level of risk taken affects potential returns.
- ☐ Good I have a sound understanding of financial markets and investment products. I have investment experience in various types of securities. I understand the relative risk and limitations of many investment types, and how the level or risk taken affects potential returns.
- ☐ Average I have a moderate understanding of financial markets and investment products. I have investment

experience in a few different types of securities, and a general awareness of the relative risk and limitations among these securities. I have a basic understanding of how the level of risk taken affects potential returns.

- ☐ Minimal/Nil I have a minimal understanding of financial markets and investment products. I have little to no investment experience and lack an understanding of the relative risk and limitations of various investment types, and how the level of risk taken affects potential returns.

Notes:

Investment Experience Please indicate which of the below securities you have invested in previously.

- | | | |
|--|--|-------------------------------------|
| ☐ Stocks | ☐ Bonds | ☐ GICs |
| ☐ Mutual Funds | ☐ Exempt Securities | ☐ Derivatives |
| ☐ Mortgage Backed Securities | ☐ Segregated Funds (insurance product) | ☐ Crypto Assets |
| ☐ Other | ☐ Nil | |

Notes:

RISK PROFILE

This section documents your 'risk profile,' which combines your willingness to accept risk (Risk Tolerance) and your ability to endure potential financial losses (Risk Capacity). Your dealing representative will use the responses to this section and their understanding of your personal and financial circumstances to assess or determine your overall Risk Profile, which they will also confirm with you prior to making a recommendation or a trade.

Risk Tolerance

- Low** I am comfortable accepting lower returns for a higher degree of liquidity and/or stability. I am seeking to minimize risk and loss of capital invested.
- Medium** I value higher long-term returns and I am willing to accept the risk of moderate losses. The ability to sell or redeem my investment (liquidity) is a secondary concern.
- High** I wish to maximize returns and I can accept the significant risk that this entails. I can endure significant losses if they occur. Liquidity is generally not a concern to me.

My General Risk Tolerance

_____ % Low _____ % Medium _____ % High

This Account's Risk Tolerance

_____ % Low _____ % Medium _____ % High

Risk Capacity

- Low** I have limited financial resources and/or limited income sources that would help me overcome losses from this investment. Investment losses are likely to have a major impact on my lifestyle and ability to meet my ongoing expenses.
- Medium** I have additional financial resources and/or have the ability to earn income that would help me limit the impact of losses from this investment. Investment losses are likely to have a low to moderate impact on my lifestyle and would not impact my ability to meet my ongoing expenses.
- High** I have a significant level of financial resources, I have reliable sources of income, and/or this investment is small relative to my assets; therefore, the impact of losses from this investment would be minimal. I have minimal or no concerns that investment losses would have an impact on my lifestyle or my ability to meet my ongoing expenses.

Overall Risk Profile

☐ Low

☐ Medium

☐ High

Notes:

TIME HORIZON FOR THIS ACCOUNT

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

☐ Need these funds in case of emergency

☐ Less than 1 year

☐ 1 – 5 years

☐ 6 – 10 years

☐ more than 10 years

Notes:

REVIEW AND SIGN-OFF:

Client

Signature: _____

Date: _____

Dealing Representative

Signature: _____

Date: _____

Compliance Sign-off

Signature: _____

Date: _____

Internal Use Only:

The sections below are provided as possible best practice opportunities for you and your firm's consideration.

Suitability Determination

Below are criteria to be considered in a suitability determination, and an optional format for a centralized place to summarize recommendations for the client and record the suitability rationale.

Notes and conclusions concerning suitability should include: suitability as it relates to the client's personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, and investment time horizon; an understanding of the product(s) recommended based on the know-your-product assessment completed by the firm to approve the product(s); the impact of the action on the client's account(s) with the firm, including the concentration and liquidity of securities within those account(s) (and, if known, the client's account(s) held outside the firm); the potential and actual impact of costs; a reasonable range of alternative actions; and an overall assessment that the recommendations put the client's interest first.

Listed below are the product(s) recommended, date, and why the trade(s) are suitable for the client.

Checklist of Additional Information

Below is a checklist of additional information to be collected/delivered if applicable⁴. This information is provided for your consideration in the development of your KYC form(s) and KYC information collection procedures.

- ☐ Yes Identity Verification Information:
- ID type, reference number and place of issue:
 - ID date of expiry:
- ☐ Yes Was a current relationship disclosure document discussed with and given/sent to the client?
- ☐ Yes Were the offering documents discussed with and given/delivered to the client?
- ☐ Yes ☐ N/A Has the client been informed about OBSI and the process required to make a complaint to OBSI?
- ☐ Yes ☐ N/A If leverage is used, did the client receive the Leverage Risk Disclosure Document?
- ☐ Yes ☐ N/A If a referral was made, was the appropriate referral arrangement disclosure provided to the client?
- ☐ Yes ☐ N/A Has the client been informed about direct and indirect fees applicable to the proposed investment (i.e., pre-trade disclosure of charges)?
- ☐ Yes ☐ N/A If this is a joint account, use a separate KYC form for the spouse⁵ to, at minimum, document spousal investment knowledge, investment experience, risk profile, and investment objectives. In addition, verify the spouse's identity.

⁴ Need to use a separate KYC form for corporate accounts, and consider the need for the following:

- Identity must be verified for all directors and beneficial shareholders holding 25% or more of the voting shares
- Corporate resolution or constating documents confirming officers authorized to sign on behalf of the corporation
- Trading authorization
- List of directors (anti-money laundering requirement)

Need to use a separate KYC form for partnership or trust accounts, and consider the need for the following:

- Identity must be verified for all individuals exercising control over the partnership or trust

Other account opening considerations may include (but are not limited to):

- Consents for Canada's Anti-Spam Law (CASL) receiving of commercial electronic messages
- Information required under Foreign Account Tax Compliance Act (FATCA)

⁵ Alternatively, use a different KYC form for joint accounts if the firm has one.