

November 2021 Financial Planning Email Update

As you know, Amanda and I have been focussed on achieving the best financial outcomes for you, our valued client, since the beginning of our relationship. And now some new rules have been introduced to make you more aware of how we actually make recommendations. The basis of these new reforms is to ensure that Amanda and I are acting in your best interest. As financial and retirement planning professionals we have always been obligated to act in the best interests our clients. As Certified Financial Planners, and as members of the Canadian Institute of Financial Planners and the Institute of Advanced Financial Planners, we have always had to follow a Code of Ethics and Standards of Professional Responsibility which include acting in the client's best interest as well as maintaining at least 30 hours a year of continuing education.

It is the Canadian Securities Administrators (CSA) who are implementing these new rules intended to ensure financial advisors and their firms are providing a high standard of care for their clients. These rules, called Client Focused Reforms (CFR), are based on the concept that client interests should always come first in the client-advisor relationship.

CFRs apply to all registered dealers and advisors including Investia Financial Services Inc. and registered investment fund managers, under certain circumstances. We have been given until December 31, 2021 to ensure our internal systems, processes, policies, and guidance comply with all the new rules. I can confirm that we have already completed all the requirements under these new reforms.

Below is a list of the rules and dates the new rules will be in effect.

Implemented by June 30, 2021:

- **Conflicts of interest:** The rules require that advisors address material conflicts of interest in the client's best interest. The CFRs outline how material conflicts are expected to be identified, documented, addressed, and disclosed. Conflicts arising from proprietary products and incentive and third-party compensation arrangements, in particular, must be fully disclosed and documented and a firm must be in a position to substantiate how these products and arrangements are aligned with a client's interest.

Implemented by December 31, 2021:

- **Know Your Product (KYP):** Advisors are required to take reasonable steps to understand any securities that are purchased and sold on behalf of their clients or recommended to their clients. This includes the structure, features and risks, and initial and ongoing costs and their impact. Registered firms are expected to have policies, procedures and controls in place to appropriately assess, approve and monitor all securities made available to clients.
- **Know Your Client (KYC):** Advisors must collect an expanded list of information to meet their KYC obligations. In addition, they must take reasonable steps to obtain the client's confirmation of the accuracy of any information collected. Client information must be reviewed at minimum intervals and updated if the firm becomes aware of a significant change.

- **Suitability determination:** Advisors must put their clients' interests first when making a suitability determination. After complying with KYC and KYP, an advisor is expected to have sufficient information to determine whether an investment action is suitable for a client and puts the client's interest first. An ongoing suitability determination is required when assessing the suitability of the type of account, conducting periodic reviews of a client's account, acting in response to client instructions and liquidating securities.
- **Relationship Disclosure Information (RDI):** The RDI is an important disclosure to the client that describes the available products and services including costs and any restrictions, the nature of the accounts offered, and the responsibilities of the advisor and the firm.
- **Ongoing training:** Registered firms are required to provide ongoing compliance training to its registered individuals including how to meet CFR obligations.

From our perspective, Amanda and I have maintained ongoing investment research (KYP) both through an active subscription to Morningstar and through ongoing interviews with our recommended professional money managers. This process of due diligence has ensured that the information we provide our clients is always current. This research has been utilized to establish and continually review our recommended portfolios, based on risk tolerance and investment objectives. Through Morningstar we have been able to compare our recommended portfolios with similar portfolios in the universe of funds in Canada. For example, we have a low to medium risk balanced portfolio which is comparable to all balanced portfolios in the Morningstar research data base. This has enabled us to demonstrate that our recommended portfolios have achieved above-average performance for the past 15 plus years. This research is being refined by Investia Financial Services Inc. to ensure your portfolio is the best available for you based on comparable products, risk, cost, and rate of return. From the perspective of the Know Your Client (KYC) and suitability determination, Amanda and I have always sought to maintain current financial, risk tolerance, and non-financial information for each client, which helps us to determine what investments would be most suitable for each client.

These new rules will allow us to work together more closely with our clients, so we are both better informed about the recommendations that are best for you. We believe the new rules will lead to a better overall client-experience for you. We look forward to utilizing these new reforms in our practice to further improve our communication with you, our valued client, as part of our ongoing effort to earn and maintain what I will call "smart trust".

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, and special purpose or major purchase planning.

I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling us at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

Gary



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