

December 19, 2017

Introduction

Registrants are gatekeepers to the capital markets. As set out in section 13.2 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), registrants must take reasonable steps to establish the identity of a client. Further, they must ensure they have sufficient information about the client to meet their suitability obligation, including collecting information on the client's investment needs and objectives, financial circumstances and risk tolerance. The Know-Your-Client (**KYC**) obligation is an essential element of a registrant's obligation under section 13.3 of NI 31-103 to ensure clients are receiving suitable investment recommendations.¹

Sample Know Your Client Form – Individual Clients

Staff (**staff** or **we**) of the Alberta Securities Commission (**ASC**) believe there is merit in ensuring consistency in basic information collected by an exempt market dealer and used to determine suitability of investment recommendations.

The Sample Know Your Client form, attached as Annex A, outlines certain basic information necessary to help the dealing representative determine suitability of products to recommend to a client. The sample form also provides definitions of certain concepts including risk tolerance and investment experience levels, which will provide a foundation for a common understanding of these terms among investors and dealing representatives. We provide this sample form as a guide for firms in the development of their KYC information collection procedures. We expect firms who decide to use the form will tailor the sample form to ensure information collected meets the individual needs of the firm and their representatives.

The Canadian Securities Administrators (the CSA) is currently reviewing the requirements of NI 31-103 and is considering implementing material targeted reforms. If these reforms are implemented, this Sample Know Your Client form will need to be updated to reflect those changes.

Opening an Account

It is important that investors understand why dealing representatives must collect personal information from them. Staff believe that providing a document from the ASC explaining the rationale for KYC information collection and the rationale behind each piece of information

¹ Further guidance on meeting the KYC obligation is found in CSA Staff Notice 31-336 *Guidance for Portfolio Managers, Exempt Market Dealers and Other Registrants on the Know-Your-Client, Know-Your-Product and Suitability Obligations* and CSA Staff Notice 33-315 *Suitability Obligation and Know Your Product*.

collected, may be a useful educational tool for investors. The Account Opening Information for Investors document, attached as Annex B, is intended for use by exempt market dealers and their dealing representatives, to be distributed to clients at the account opening stage. Distribution of this document is at the option of the firm.

Contents of Annexes

This Notice contains the following annexes:

- Annex A – **Sample Know Your Client form – Individual Clients**
- Annex B - **Opening an Account**

Questions

Questions respecting the Sample Know Your Client form and Sample Account Opening information for Investors document can be directed to the following person:

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