IIROC regulates more than 170 investment firms across Canada – some of which are Order Execution Only (OEO) firms – also called discount brokers. OEO firms provide do-it-yourself investors with a lower-cost trading option so they can make their own investment decisions on an online trading platform.

WHAT ARE ORDER EXECUTION ONLY (OEO) FIRMS?

OEO firms generally offer a broad range of investment products (e.g., equities, Guaranteed Investment Certificates, investment funds) for DIY investors to buy/sell at their discretion and generally charge a fee for each trade made by the investor. OEO firms also offer a variety of informational/educational tools (e.g., research reports, portfolio analyzer tools) and other tools (e.g., automatic rebalancing tools, filtering tools) to assist DIY investors – without providing any recommendations.

WHO IS A DIY INVESTOR?

DIY investors trade securities and other investment products, on their own, without the benefit of receiving any recommendations/advice or suitability assessments from the OEO firm.

IS DIY INVESTING RIGHT FOR YOU? P2

MISTAKES DIY INVESTORS MAKE P3
The OEO business model is appropriate for DIY investors who have ample knowledge and information – and who are comfortable with making their own decisions without the assistance of a financial representative.

Ask yourself the following questions to determine whether DIY investing is right for you:

What is your level of investment knowledge?
Do you generally understand the different kinds of investment products and their features, benefits and risks?
Are you equipped to conduct research to determine investments that are most appropriate for you?

Is investing interesting to you?
If reading about investing puts you to sleep, DIY investing may not be your best option.

How much time do you have to devote to investing?
Are you willing to conduct investment research and monitor the investments in your account yourself?

What is your risk tolerance level and do you have the capacity to lose money on occasion?
All investments carry a degree of risk so any investor should be prepared for gains and losses. Capital markets are affected by all sorts of factors that may result in greater volatility at times. You should consider how you will monitor your investments, and the impact that swings in volatility may have on your investments, your financial situation and your emotions.

Are you looking for advice from a professional to assist you with your investments?
If yes, then DIY investing would not be appropriate for you.

How complex is your financial situation?
Are you looking to buy one mutual fund or ETF, or do you have a large amount of cash to invest?
Is your tax situation complex? (Generally, the more complex your financial situation, the more you would benefit from receiving financial advice.)

Are you comfortable with not receiving advice about your investments?
Important: An OEO firm will not protect you from your own mistakes, nor will they monitor your investments for suitability. They assume you know what you’re doing.
MISTAKES DIY INVESTORS MAKE:

Below are some of the more common investment mistakes made by new investors.

- Investing in complex products or engaging in complex trading strategies without adequately understanding the features, benefits and risks of such products/strategies.

OVER-EXTENDING THEMSELVES FINANCIALLY THROUGH USE OF MARGIN/LINES OF CREDIT/CREDIT CARD FUNDS.

- Trading after reverse stock splits where the number of shares in the account have not yet been adjusted (and assuming that a massive increase in share value overnight is accurate, then selling the pre-reverse stock split number of shares and having to buy back at a loss).

NOT CHECKING ACCOUNT STATEMENTS AND THEN BEING SURPRISED TO FIND OUT THAT ACCOUNT FEES HAVE ERODED THEIR INVESTMENTS (THE FIRM CAN SELL YOUR INVESTMENTS IF YOU ARE INDEBTED TO THEM).

- Misinterpreting investment research and subsequently "betting the farm" (and losing).

MISUNDERSTANDING INVESTMENT FEATURES, BENEFITS AND RISKS AND, AS A RESULT, BUYING THE WRONG PRODUCT FOR THEIR CIRCUMSTANCES.

- Making trading errors/miscalculating margin requirements.

BUYING A FOREIGN CURRENCY DENOMINATED SECURITY AND ASSUMING THE OEO FIRM WILL AUTO-CONVERT CANADIAN DOLLAR DENOMINATED FUNDS TO COVER THE AMOUNT OWING.

- Granting trading authority over their account to another party who incurs losses that can't be recovered (only an appropriately registered individual can provide you with advice - but they cannot do so through an OEO firm).

USING AN OEO FIRM STRICTLY TO PAY LOWER FEES WITHOUT CONSIDERATION OF WHETHER IT IS RIGHT FOR THEM.
**BOTTOM LINE**

Becoming a client of an OEO firm is DIY investing.

You are expected to know what you want to invest in and to be able to make it happen on your own, using the tools provided to you by the OEO firm. If you need additional help, such as telephone assistance, you may pay more for that (and it still won’t include advice).

**You are responsible for your own mistakes.**

There is no fund to cover, and IIROC cannot investigate and find others at fault for any losses you incur relating to poor investment decisions or trading errors.

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**Important to Remember:**

Any issues you have with the service you receive and the quality/availability of the firm’s tools must be addressed with them directly.

IIROC does not directly regulate service quality/availability but does consider systemic service quality/availability issues that result in unavoidable investor loss.

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You must be careful where you get your investing information – most sources of information are unregulated and may contain inaccurate information.

To ensure your investments are safe, you must utilize the OEO firm’s security measures. For example, use two-factor authentication, use a strong password and **NEVER** give your password out to anyone (this may void your terms of service with your firm).

You must monitor your account regularly for activity, fees and notifications.

The investment firm is allowed to terminate their relationship with you at any time.