



ANNUAL REPORT 2011

CIPF
Canadian Investor Protection Fund

Get CIPF Protection—Invest with an IIROC Regulated Member

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CIPF'S MISSION

To contribute to the security and confidence of customers of Canadian investment dealers by maintaining adequate resources to return assets to eligible customers in cases where a Member becomes insolvent.

GOVERNED BY TWO AGREEMENTS

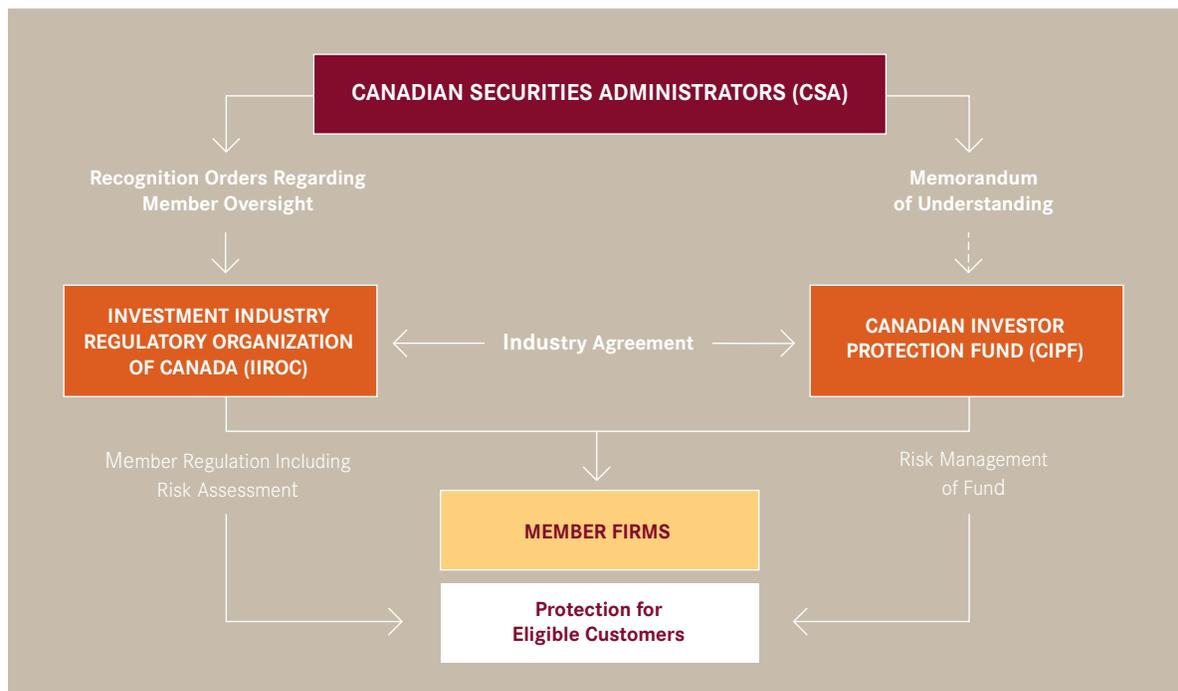
CIPF's Role in the Canadian Regulatory System

The Canadian Investor Protection Fund ensures, within defined limits, that the cash and securities of eligible customers of Canadian investment dealers are returned if a Member becomes insolvent.

The Canadian Investor Protection Fund (CIPF or the Fund) is the only compensation fund approved by the Canadian Securities Administrators (CSA) for investment dealers regulated by the Investment Industry Regulatory Organization of Canada (IIROC). All IIROC Dealer Members are CIPF Members.

CIPF's role in the Canadian regulatory system is governed by two agreements:

1. A Memorandum of Understanding (MOU) with the CSA that addresses the governance, funding and maintenance of CIPF and its responsibilities for investor protection, as well as reporting to the CSA (among other matters)
2. An Industry Agreement with IIROC that establishes their working relationship and respective responsibilities; under this agreement, IIROC must provide prompt notice to CIPF of any situation that is likely to require a payment from the Fund



ENSURING CONSTANT VIGILANCE

Message from the Chair



Our broader world welcomes growth and progress and seeks out new opportunities with optimism. The investment industry, in particular, can proceed with confidence because others remain vigilant for unforeseen challenges, ready to rapidly overcome them to protect the public trust. That is the role of the Canadian Investor Protection Fund (CIPF).

As Chair of CIPF, I welcome sharing this overview of what was achieved in 2011 and look ahead to developments that are likely to shape 2012. The theme of our activities over the previous year is captured by the title of my message: “Ensuring Constant Vigilance.” It is intended to convey that we *believe* we have met our mandate to protect Canadian investors in an era of unprecedented market change, complex risk and regulatory evolution.

This past year, we witnessed a unique insolvency. While an event of this type among equity-based firms is infrequent but not uncommon, in 2011 we experienced a first bankruptcy of a derivatives-based dealer. However, what stays with me is not that a company failed because it could not manage its risks. What remains with me is how well the Board of Directors and staff of CIPF addressed the outcome. The response was quick, efficient, professional and focused on restoring investor assets. It reflected the highest level of proficiency and drew on well-cultivated expertise (and the know-how to deploy it) when it was needed most. I commend all involved and hope our Members will recognize the strength of the reaction.

Perhaps of greater importance for our ongoing work in 2012 is the hard work done by the staff, the Board and our external advisors in constantly refining our financial models so that the Fund has adequate resources to address an insolvency—that is our ultimate objective. I acknowledged the importance of this continual effort in an interview earlier this year with the *National Post*, and I do so again here in our Annual Report.

The fine-tuning of our risk-assessment model will continue in order to truly reflect the multifaceted Canadian investment landscape and provide fair financial assessments for dealers. It remains a top priority for 2012.

As we head into the remainder of this year, other matters will also receive their due attention from the Board. *Externally*, we will continue to carefully monitor global risk mitigation trends; *internally*, we will give strategic consideration to sound succession planning. Our organization benefits from the continuity of dedicated and capable leadership. However, in due course, we know our professional staff will need to be renewed, as is necessary with any organization.

As I enter the second year of my two-year term as Chair, it’s early to think or talk about “legacy”—and the word is somewhat formal for my liking. But I am thinking ahead to what I would ideally like to have advanced when my responsibilities are concluded and “Ensuring Constant Vigilance” speaks to me. If CIPF is regarded by our Members, and others familiar with our duties, with having accomplished this level of performance, then that for me would be a genuine and positive sign of our success.

Ian Brown

TARGETING EXCELLENCE

The Canadian Investor Protection Fund (CIPF) strives to achieve excellence in providing protection to clients of IIROC-regulated firms when it is needed the most—when a firm becomes insolvent. *We hope these infrequent events will not occur. But we must plan for them intensively in advance and act promptly when they do occur.*

The past year saw preparation unexpectedly displaced by reality with our first Member bankruptcy since 2002. The international insolvency of MF Global made headlines while we were developing a simulation for our Board to strengthen the Fund's management of extreme contingencies. We intended to run a hypothetical scenario based on a composite of previous events and an artificial timeline. Instead, we responded to the impact of a major bankruptcy in real time that affected real Canadian investors. We believe the results speak for themselves.

From this situation, we acquired new insights into the increasing complexity of retrieving assets in a borderless yet interconnected world. It underscored the importance of our ability to directly contact CIPF counterparts in the United States and the United Kingdom. It demonstrated the value of our Memorandums of Understanding (MOUs) with these jurisdictions, which provide a foundation for communicating during international insolvencies. Our post-event evaluation with IIROC confirmed that strong relationships are invaluable for communication and effectiveness. With continuous improvement as a priority, we will review, along with our colleagues, how the unique circumstances of this bankruptcy can inform any future situation with similar issues.

The single toughest recurring question addressed by our Board is: how much is enough for the Fund resources? Our risk-modelling response in 2011 was to increase our insurance to \$116 million and obtain additional liquidity resources by increasing our lines of credit to \$125 million. And, on a parallel track, we worked diligently on the assessment model to ensure it is truly fair and comprehensive. By definition, these activities are perpetual.

We must constantly consider an array of communications options to select the optimal channels to reach our audiences. However, this challenge has led, positively, to an emphasis on making our information accessible and easy to understand. Our efforts in 2011 included incorporating a video tour of our website to help visitors navigate the site and working with Member firms to ensure their advisors have the information they need to inform their clients about CIPF and what we do.

Message from the President and CEO



Within the organization, we continue to focus on enhancing our staff excellence. Specifically, we are cultivating our capacity to identify connections in seemingly unrelated events that could affect risk modelling and management. We want our analyses to be uniquely well informed, integrated and genuinely robust.

These themes—collaborating with other organizations, augmenting our ability to manage cross-border insolvencies, engaging in continuous improvement of our staff and constantly reassessing our models—will shape this year.

The management team and staff continue to benefit from the guidance of our Chair and Board, and I welcome the opportunity to acknowledge their contribution. In its management of the MF Global Canada insolvency, the Board demonstrated an excellent grasp of multifaceted and potentially contentious situations. It showed a willingness to embrace a creative, solutions-oriented approach. Our staff, in turn, demonstrated deep commitment by adopting an all-hands-on-deck mentality when it was needed the most. And for that, I thank them sincerely.

It takes a rare combination of qualities to excel in our environment—patience, fortitude, sophistication and the willingness to take quick and decisive action to protect investors and restore confidence in investing. We accept the opportunities and challenges and plan to build on past experiences in the year ahead.

Rozanne Reszel

For the first time since 2002, CIPF was called on to fulfill its role of protecting clients of an insolvent Member in 2011. IIROC suspended MF Global Canada Co. (MF Global Canada) on November 1, based on the fact that it was capital deficient following the bankruptcy filings in the United States by MF Global Canada's parent, MF Global Holdings Ltd., and affiliate, MF Global Inc. Pursuant to Part XII of the Bankruptcy and Insolvency Act (Canada), CIPF immediately applied to the Ontario Superior Court of Justice to have the Canadian firm declared bankrupt in order to protect eligible clients. KPMG Inc. was appointed as the trustee in bankruptcy on November 4, 2011.

PROTECTING ELIGIBLE CLIENTS

MF Global Canada had approximately \$385 million in client net equity. There were more than 7,800 client accounts in four lines of business. As approved by the Court:

- Futures and equity client accounts were transferred to another IIROC-regulated dealer
- Online and corporate foreign exchange clients received cash payments for the balance in their accounts

CIPF Coverage and Support Agreement

CIPF's Board of Directors set November 4, the date of bankruptcy, as the date for determining CIPF coverage. The Board also determined that, for accounts with open futures positions, it would apply CIPF coverage on the date of account transfer if advantageous to the client—i.e., clients whose account value had increased between the bankruptcy date and the transfer date. CIPF entered into a support agreement with the trustee that allowed for the early transfer of most accounts eligible for CIPF coverage at 100% of the net equity, rather than the 80% payment the

trustee would otherwise have been able to make at that time. In all cases, CIPF's coverage commitments remained subject to the defined limits per the CIPF Coverage Policy.

CIPF provided \$2.8 million in its financial statements at December 31, 2011 only for third-party costs, expected to be incurred by CIPF on the estate, and the amount of the surplus funding to certain clients.

Call for Client Claims and Pending Litigation

In mid-February 2012, the trustee in bankruptcy mailed a package to all known clients of MF Global Canada calling for claims pursuant to a court order. Claims must be filed by May 10, 2012. Until such time as the client claims are returned to the trustee, reviewed and assessed, CIPF does not believe it is possible to make a reliable estimate of the amount of potential claims payable by CIPF.

There is pending litigation between the Canadian and U.S. estates concerning the interpretation of the omnibus account agreements between MF Global Canada and MF Global Inc. If this case is resolved to the detriment of the Canadian estate, the estimated exposure to CIPF would be \$31 million, though in management's opinion such a result is unlikely.



The Canadian Investor Protection Fund (CIPF or the Fund) was established by the investment industry in 1969 to protect investors.

CIPF's mandate is to return assets belonging to eligible clients of CIPF Members who have suffered or may suffer financial loss, specifically because of the insolvency of a Member.

CIPF's Members are investment dealers that are regulated by the Investment Industry Regulatory Organization of Canada (IIROC). On December 31, 2011, 210 investment dealers across Canada were Members of CIPF. All Members are listed on the CIPF website. Every Member is required to include the CIPF Membership Symbol on client contracts and statements.

If a CIPF Member becomes insolvent, clients may claim for losses involving:

- Securities
- Cash balances
- Commodities
- Futures contracts
- Segregated insurance funds
- Other property received, acquired or held by a CIPF Member in an account for the client

CIPF does not cover losses resulting from causes other than insolvency (e.g., changing market values for securities, unsuitable investments or the default of an issuer of securities). Claims eligible for coverage are normally settled by ensuring the trustee has sufficient assets to transfer the client accounts to another Member.

A RECORD OF RETURNING ASSETS

Since 1969, there have been 18 insolvencies of Canadian Investor Protection Fund Members. All eligible customers have had their assets returned to them by CIPF within the limits defined in CIPF's Coverage Policy.

Governance

Board Composition and Committee Mandates

The Board of Directors is responsible for the stewardship of the Fund. It oversees the management of its business and affairs, as well as its good governance. Sound governance is a continuing priority for CIPF because it is a critical consideration for Members and other key stakeholders.

In keeping with Fund bylaws, the Board comprises 10 Directors: four Public Directors and four Industry Directors, as well as the Chair, and the President and Chief Executive Officer. The bylaws require appropriate regional representation for selecting Board members. Candidates must have experience in the business carried on by Members to serve as Industry Directors.

CIPF BOARD AT WORK

This configuration is intended to provide stakeholders with confidence that CIPF is truly representative, effectively overseen and well governed with their interests in mind. Against this goal, the Board has delegated certain duties to its Committees:

COMMITTEE	DUTIES	SIGNIFICANCE
AUDIT, FINANCE AND INVESTMENT COMMITTEE	<ul style="list-style-type: none"> • Reviews the operating budget relative to the goals and objectives for the year • Oversees the investment policies • Reviews financial statements and financial disclosure • Reviews systems of internal controls • Monitors independence and performance of external auditors • Reviews the financial and investment risks to which the Fund is exposed • Is responsible for the Whistleblower Policy and its underlying procedures 	<ul style="list-style-type: none"> • Provides oversight of the following: the integrity of financial reporting and disclosure, associated accounting policies, internal controls, and compliance with legal and regulatory requirements • Ensures adequate management controls to minimize the financial and investment risks to which the Fund is exposed
COVERAGE COMMITTEE	<ul style="list-style-type: none"> • Is responsible for supervising insolvency proceedings, the claim payment process (including hearing claimant appeals) and insolvency-related litigation • Recommends changes to the Board for the Coverage Policy, the CIPF Disclosure Policy and Part XII of the Bankruptcy and Insolvency Act (Canada) • Ensures procedures are in place to review CIPF's communications 	<ul style="list-style-type: none"> • Ensures payments from the Fund are made to eligible customers for valid claims in an unbiased manner and that all claimants, whether dealing with an appointed insolvency official or directly with CIPF, receive consistent treatment • Ensures CIPF's communications express the nature and intent of its coverage and are accurate

Overview and Corporate Governance Practices



COMMITTEE	DUTIES	SIGNIFICANCE
<p>GOVERNANCE, NOMINATING AND HUMAN RESOURCES COMMITTEE</p>	<ul style="list-style-type: none"> • Establishes and implements process for identifying potential future Board members • Annually reviews the succession plan for the Chair and each Committee Chair • Monitors governance trends; furthers adoption of best corporate governance practices • Conducts a biennial evaluation of overall Board performance, each Committee and a Director self-evaluation • Recommends Fund goals and objectives for Board approval for the following year • Reviews human resources issues that may affect the Fund and ensures proper management controls, processes and succession plans 	<ul style="list-style-type: none"> • Provides breadth and depth of governance oversight of CIPF decision-makers that is integrated and thorough • Ensures that strategic human resources opportunities and risks are properly identified and are well managed through appropriate and early intervention
<p>INDUSTRY RISK COMMITTEE</p>	<ul style="list-style-type: none"> • Monitors adequacy of Fund resources in relation to its risk exposure from the failure of a Member • Reviews parameters for determining fund size, recommends the associated annual assessment for Board approval and ensures fair allocation, as specified by CIPF's Assessment Policy, to Members of their annual assessment • Oversees compliance with the Assessment Appeal procedures and hears and decides Member assessment appeals • Ensures procedures are in place to monitor the adequacy and any changes of IIROC capital requirements, and to identify and respond to any Member that may pose a risk to the Fund 	<ul style="list-style-type: none"> • Provides risk-monitoring and mitigation measures that offer critical safeguards to the Fund, CIPF Members and other key stakeholders; ensures that associated costs are appropriate

SOUND CORPORATE PRACTICES

Overview and Corporate Governance Practices



Annually, CIPF Directors, officers and employees must acknowledge their adherence to CIPF's Code of Conduct and disclose any actual or potential conflicts of interest.

CIPF has a Whistleblower Policy that encourages and enables employees to raise serious concerns about violations of CIPF's Code of Conduct. As outlined by the Policy, employees may report complaints and allegations concerning violations of the CIPF Code of Conduct to the Chair of CIPF's Audit, Finance and Investment Committee.

Besides empowering employees to report violations of the CIPF Code of Conduct, the Board of Directors has established a confidential and anonymous process so that any financial complaint or concern about questionable accounting or auditing matters relating to CIPF can be reported. Any person with a complaint or concern relating to CIPF may submit relevant information directly to the Chair of CIPF's Audit, Finance and Investment Committee. Contact information for the Chair is available under Governance in the *About Us* section of CIPF's website.



2011 Corporate Governance Reporting

Director Compensation

The approved schedule for director compensation in 2011 was:

BOARD

Annual retainer	\$15,000 per year
Chair of the Board	An additional \$6,000 per year
Board meetings	\$1,500 per meeting

COMMITTEE

Committee Chairs	\$3,000 per year (except the Audit, Finance and Investment Chair, for whom the fee is \$4,000 per year)
Committee meetings	\$1,000 per meeting

OUT-OF-TOWN TRAVEL FEE \$1,000 per meeting for Public Directors who travel to attend Board or Committee meetings

Director attendance at Board and Committee Meetings for the year ended December 31, 2011:

DIRECTOR	BOARD MEETINGS	COMMITTEE MEETINGS	BOARD AND COMMITTEE MEETINGS
IAN S. BROWN	7/7	2/3	9/10
ROGER G. CASGRAIN	6/7	7/7	13/14
WILLIAM R. FULTON	7/7	7/7	14/14
DEBRA A. HEWSON	6/7	1/1	7/8
NICHOLAS G. KIRTON	7/7	6/6	13/13
HON. ALDÉA M. LANDRY	6/7	6/6	12/13
T. HUGH MCNABNEY	7/7	6/6	13/13
ROZANNE E. RESZEL	7/7	10/10	17/17
ALAIN RHÉAUME	7/7	4/4	11/11
MICHAEL J. WHITE	6/7	3/3	9/10

COMMITTED TO INVESTORS

Coverage Policy

Responsibility for determining the validity of claims and payment of claims lies with CIPF's Board of Directors. When making decisions, the Board is guided by the CIPF Coverage Policy, which defines clients who are eligible for protection and the date when financial loss is determined. The Coverage Policy also establishes coverage limits. For more about this Policy, including examples, please refer to the *Coverage* section on cipf.ca.

Protecting Investors

The Canadian Investor Protection Fund ensures, within defined limits, that the cash and securities of CIPF Member clients are returned to them if a Member becomes insolvent. In most cases, investors hold two accounts: a *general* account and a *separate retirement* account. Each is eligible for \$1 million coverage. If an investor has several *general* accounts, such as cash, margin and a \$US account, they are treated as one account for coverage purposes. Similarly, *individual retirement* accounts (e.g., RRSP, RRIF, LIF and LIRA) are treated as one for coverage purposes.

Payout Record of Eligible Claims

Since the Canadian Investor Protection Fund was established 42 years ago, *all eligible claims* have been paid. This record is a tribute to the management and resources of the Fund and a reflection of CIPF's commitment to protecting investors.

NET ASSETS HELD FOR CLIENTS AND ELIGIBLE FOR CIPF PROTECTION At December 31



At December 31, 2011, net assets held for clients by Members and eligible for CIPF protection were approximately \$1.4 trillion, an increase of \$27 billion from the previous year.



Informing Members and Investors

Investment advisors play a pivotal role in building investor knowledge and confidence: that is why CIPF has developed material to help them inform their clients about CIPF protection.

In 2009, CIPF began publishing a regular newsletter, *Worth Knowing*. The publication is distributed to all Members and is available from the *Investment Advisors* section of the CIPF website. Partnering with IIROC, CIPF has also developed two compliance-accredited continuing education modules. These are available as webcasts on www.iiroc.ca; advisors may register for them efficiently from the *Investment Advisors* section on cipf.ca.

MEMBER—CANADIAN INVESTOR PROTECTION FUND

Every Member is responsible for including the CIPF Membership Symbol on customer contracts and statements.

Promoting Awareness of Investor Protection

CIPF wants investors to know they are protected. Here's how that message is communicated:

1. The *Member Directory* section of the CIPF website lists the legal entity names of all CIPF Members so investors can confirm their status
2. All Members must include the words “Member—Canadian Investor Protection Fund” and/or the CIPF logo on client contracts and statements
3. Members must display the CIPF decal at *each* business location where clients may visit

CIPF sponsors the web portal financeprotection.ca to help Canadians find out how they are protected in the unlikely event that a Canadian financial institution does fail. Questions about CIPF may be sent directly to info@cipf.ca. For complete CIPF contact information, please see the back cover.



The CIPF Board is responsible for:

- Ensuring the Fund can meet its financial obligations to a Member’s clients if an insolvency occurs
- Setting the annual Member assessment amount and determining *how* each Member will be assessed

The Board uses a model to guide it in setting the fund size. The model considers client assets in the context of the relative risk of the Member responsible for them. Members with strong internal controls, profitability and capital will have lower risk scores.

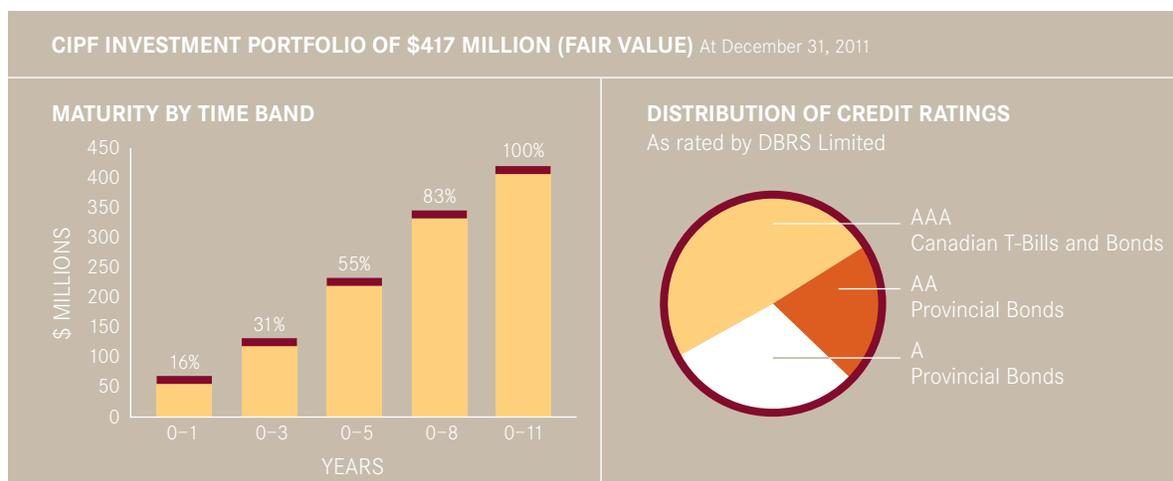
The Fund Can Draw on Several Sources to Pay Client Claims

- The *General Fund* of \$409 million at the 2011 year-end
- An *insurance policy* that pays up to \$116 million for any one loss and in the annual aggregate in respect of losses to be paid by CIPF in excess of \$100 million
- The *ability to assess Members*

In addition, the Fund maintains lines of credit of \$125 million from two Canadian chartered banks to provide liquidity if required.

The General Fund includes a portfolio of investments with a fair value of \$417 million at December 31, 2011. Based on an Investment Policy reviewed regularly by the CIPF Board, all investments are Government of Canada or provincial or territorial government issued or guaranteed. The Policy requires all counterparties to meet minimum ratings by two nationally recognized rating agencies. The minimum ratings are equivalent to DBRS Limited’s “A” for maturities beyond one year, and “R1-Low” for cash and equivalents.

The Fund’s Investment Policy requires at least 15% of the investments be in short-term instruments to meet liquidity needs; the maximum term to maturity of any instrument is 11 years.





Balance Sheet

Total assets of \$420.2 million include investments at fair value of \$416.9 million. All investments are Government of Canada or provincial government issued or guaranteed and are carried at fair value. The investments include an unrealized gain of \$32.3 million at December 31, 2011 (2010: \$18.4 million) due to yields at the time of purchase exceeding market yields at December 31, 2011. If interest rates rise, this unrealized gain could be materially diminished or even reversed to an unrealized loss, depending on the magnitude of the rate change.

The balance in the General Fund at December 31, 2011 was \$409.3 million, an increase of \$27.7 million from the previous year. The increase resulted from:

- The excess of revenues over expenses of \$13.8 million
- Unrealized gains on investments of \$13.9 million

The Investment in Capital Assets Fund was \$0.2 million at December 31, 2011.

GENERAL FUND GROWS

The General Fund had net assets of \$409 million at the end of 2011, an increase of \$27 million from the previous year.

Revenues and Expenses

CIPF's excess of revenues over expenses was \$13.8 million for the year ended December 31, 2011 compared to \$17.4 million in 2010. The Fund generates revenue from assessments and from investment income on the investment portfolio.

Assessments in 2011

The steps the Board takes to determine the quarterly assessments payable by Members are:

- The Board sets the annual assessment amount by using its risk-based model and considering the total resources required to achieve a target fund size
- The assessment is then allocated based on each Member's relative risk: from a minimum assessment of \$5,000 annually up to a maximum assessment of 1% of a Member's gross revenue

The Board increased the assessment in 2011. After allowing for the minimum and maximum assessments, the net amount assessed to Members was \$8.4 million in 2011 versus \$7.5 million for 2010.

Investment Income for 2011

The investment income for the year ended December 31, 2011 was \$14.4 million, an increase from the previous year's amount of \$13.7 million, which resulted from higher average investment holdings as the size of the fund grew.

Expenses for 2011

Operating expenses for the year were \$6.2 million, a \$0.1 million or 2.2% increase compared to 2010, because:

- Salaries and employee benefits were \$0.2 million higher due to inflation and staffing
- Bank lines of credit fees and insurance were higher due to an increase in the amount of the insurance policy during the year
- These increments were offset by reduced professional fees as fiscal 2010 included expenses to recalibrate and stress test the risk-based model

A provision for claims of \$3.1 million was made during 2011 compared to a recovery for claims of \$2.2 million in 2010. The provision in fiscal 2011 related to the one new insolvency during the year and wind-down costs on a former insolvency.

Outlook for 2012

Regular assessment income is expected to be \$9.9 million in 2012, an increase of \$1.5 million from phasing in of the Board-set assessment amount. The increase is being phased in to reach an annual assessment amount of \$10 million by the second quarter of 2012.

The investment income is forecasted to be approximately \$14.8 million in 2012, or \$0.4 million higher than in 2011 from an increase in the size of the fund.

Investments in the General Fund balance are recorded at fair value, which at December 31, 2011 was \$32.3 million higher than the amortized cost. The movement in fair value compared to the amortized cost is a function of interest rates and cannot be predicted.

The Fund is forecasting the 2012 operating expenses to be \$6.5 million, an increase of \$0.3 million over the previous year, primarily due to inflation and staffing.

INDEPENDENT AUDITOR'S REPORT



To the Board of Directors of the Canadian Investor Protection Fund

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2011, the summary statements of revenues and expenses and general fund balance for the year then ended are derived from the audited financial statements of the **Canadian Investor Protection Fund** as at December 31, 2011 and for the year then ended. We expressed an unmodified audit opinion on those financial statements in our report dated April 3, 2012.

The summary financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the **Canadian Investor Protection Fund**.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1 to the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the **Canadian Investor Protection Fund** for the year ended December 31, 2011 are a fair summary of those financial statements, in accordance with the basis described in Note 1 to the summary financial statements.

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

April 3, 2012
Toronto, Canada

SUMMARY FINANCIAL STATEMENTS

SUMMARY BALANCE SHEET

DECEMBER 31	2011	2010
Assets		
Cash	\$ 304,155	\$ 284,663
Prepaid insurance and recoverables	317,756	169,644
Investments, at fair value	416,912,306	385,179,303
Member assessments receivable	2,447,815	1,992,039
Capital assets	219,867	487,714
	\$ 420,201,899	\$ 388,113,363
Liabilities		
Payables and accruals	\$ 586,749	\$ 787,490
Employee future benefits	5,446,100	5,062,900
Provision for claims and related expenses	4,631,000	117,000
Deferred lease inducements	48,371	72,556
	10,712,220	6,039,946
Fund balances		
Investment in Capital Assets	219,867	487,714
General		
Cumulative excess of revenues over expenses (excluding unrealized gains and losses) and interfund transfers	376,932,928	363,211,088
Cumulative net unrealized gains and losses on investments	32,336,884	18,374,615
	409,269,812	381,585,703
	\$ 420,201,899	\$ 388,113,363

**SUMMARY STATEMENTS OF REVENUES AND EXPENSES AND GENERAL FUND BALANCE**

YEAR ENDED DECEMBER 31	2011	2010
Revenues		
Regular assessments and assessments for capital deficiencies	\$ 8,698,462	\$ 7,546,263
Investment income	14,351,048	13,689,308
	23,049,510	21,235,571
Expenses		
Operating expenses	6,190,360	6,057,176
Excess of revenues over expenses before other items	16,859,150	15,178,395
Provision (recovery) for claims	3,104,807	(2,221,000)
Excess of revenues over expenses	13,754,343	17,399,395
General Fund, beginning of year	381,585,703	359,495,422
Reclassification to earnings and unrealized gains arising during year	13,962,268	4,932,941
Transfer for capital asset additions	(32,502)	(242,055)
Excess of revenues over expenses	13,754,343	17,399,395
General Fund, end of year	\$ 409,269,812	\$ 381,585,703

Note 1 – Applied criteria in the preparation of the summary financial statements

The criteria applied by management in the preparation of these summary financial statements are as follows:

- the information in the summary financial statements is in agreement with the related information in the audited financial statements;
- the summary statements of cash flows and of investment in capital assets have not been presented, as the relevant information can be obtained from the audited financial statements; and
- the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related audited financial statements, including the notes thereto.

Reference may be made to the audited set of financial statements which are available on Canadian Investor Protection Fund's website www.cipf.ca.

BOARD OF DIRECTORS

December 31, 2011



IAN S. BROWN, CA³
(joined as an Industry Director in October 2008)

Chair
Professional Director
Former Senior Managing Director,
Raymond James Ltd.



ROZANNE E. RESZEL, FCA, CFA, ICD.D
(joined September 1998)

President & Chief Executive Officer

Public Directors



NICHOLAS G. KIRTON, FCA, ICD.D^{1,4}
(joined June 2008)

Professional Director
Former Partner, KPMG LLP



HON. ALDÉA M. LANDRY, CM, PC, QC^{1,2}
(joined April 2006)

President, Landal Inc.
Former Cabinet Minister
and Deputy Premier of New Brunswick



ALAIN RHÉAUME^{2,3}
(joined January 2009)

Founder and Managing Partner,
Trio Capital Inc.
Former Deputy Minister of Finance
for the Government of Quebec



MICHAEL J. WHITE, FCA^{1,3}
(joined April 2007)

President & Chief Executive Officer,
Addenda Capital Inc.

Biographical information about each Director and Officer is available on cipf.ca in the *About Us* section.

Industry Directors



ROGER G. CASGRAIN, CFA^{1,4}
(joined June 2008)

Executive Vice-President,
Casgrain & Company Limited



WILLIAM R. FULTON, CA^{2,4}
(joined as an Industry Director
in June 2008)

Vice Chair
Former Executive Vice-President,
Wealth Management,
The Toronto-Dominion Bank



DEBRA A. HEWSON^{2,3}
(joined March 2011)

President & Chief Executive Officer,
Odlum Brown Limited



T. HUGH MCNABNEY, CGA^{2,4}
(joined January 2009)

Consultant to the financial services industry
Former Chief Financial Officer,
Scotia McLeod Inc.

Officers

IAN S. BROWN, CA

Chair

WILLIAM R. FULTON, CA

Vice Chair

ROZANNE E. RESZEL, FCA, CFA, ICD.D

President & Chief Executive Officer

BARBARA D. LOVE, CA, CFA

Vice-President & Secretary

LINDA G. PENDRILL, CA

Chief Financial Officer

¹ Member of the Audit,
Finance and Investment Committee

² Member of the Coverage Committee

³ Member of the Governance,
Nominating and Human Resources Committee

⁴ Member of the Industry Risk Committee

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