Financial statements of

Canadian Investor Protection Fund

December 31, 2020

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Deloitte.

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Independent Auditor's Report

To the Members and Board of Directors of the
Canadian Investor Protection Fund

Opinion

We have audited the financial statements of the Canadian Investor Protection Fund (the "Organization"), which comprise the balance sheet as at December 31, 2020, and the statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 19, 2021

Canadian Investor Protection Fund

Balance Sheet

as at December 31, 2020

(In thousands of dollars)

	2020	2019
	$	$
Assets		
Current assets		
Cash	**992**	1,041
Prepaid insurance and recoverables	**569**	591
Investments, at fair value (Note 4)	**550,619**	518,882
Recoverable from the estate trustee (Note 9)	**-**	333
Member assessments receivable	**3,059**	3,155
	555,239	524,002
Tangible capital assets (Note 5)	**395**	471
Software development (Note 5)	**28**	43
	555,662	524,516
Liabilities		
Current liabilities		
Payables and accruals	**458**	353
Deferred lease inducements	**29**	29
	487	382
Long-term deferred lease inducements	**86**	115
Employee future benefits (Note 7)	**10,658**	9,944
	11,231	10,441
Fund balances		
Investment in Capital Assets Fund	**423**	514
General Fund	**544,008**	513,561
	544,431	514,075
	555,662	524,516

Approved by the Board

_____________________________________ Director

_____________________________________ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Revenues and Expenses and Changes in Fund Balances
for the year ended December 31, 2020
(In thousands of dollars)

	General Fund	Investment in Capital Assets Fund	**2020 Total**	2019 Total
	$	$	**$**	$
Revenues				
Regular assessments	12,154	-	**12,154**	12,572
Assessments for capital deficiencies	45	-	**45**	34
Investment income	11,531	-	**11,531**	12,386
	23,730	-	**23,730**	24,992
Expenses				
Salaries and employee benefits (Note 7)	4,772	-	**4,772**	4,384
Bank lines of credit fees and insurance premium	2,265	-	**2,265**	2,247
Pension and other employment benefits (Note 7)	485	-	**485**	530
Directors' fees, travel and education	429	-	**429**	495
Other operating costs	401	-	**401**	478
Occupancy	393	-	**393**	408
Professional fees	379	-	**379**	572
Computer server hosting and maintenance	235	-	**235**	240
Communications	218	-	**218**	257
Amortization of tangible capital assets and software development	-	175	**175**	215
Custodial fees	128	-	**128**	121
	9,705	175	**9,880**	9,947
Excess (deficiency) of revenues over expenses before the undernoted items	14,025	(175)	**13,850**	15,045
Recovery of (provision for) claims and/or related expenses (Note 9)	107	-	**107**	283
Unrealized gains on investments	16,939	-	**16,939**	2,584
Excess (deficiency) of revenues over expenses	31,071	(175)	**30,896**	17,912
Fund balances, beginning of year	513,561	514	**514,075**	495,917
Excess (deficiency) of revenues over expenses	31,071	(175)	**30,896**	17,912
Transfer to the Investment in Capital Assets Fund for additions	(84)	84	**-**	-
Employee future benefits remeasurements (Note 7)	(540)	-	**(540)**	246
Fund balances, end of year	544,008	423	**544,431**	514,075

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Cash Flows

for the year ended December 31, 2020

(In thousands of dollars)

	2020	2019
	$	$
Operating activities		
Excess of revenues over expenses	**30,896**	17,912
Items not affecting cash		
Amortization of tangible capital assets and software development	**175**	215
Amortization of deferred lease inducements	**(29)**	(29)
Interest accrued	**93**	(248)
Bond premium amortization	**4,940**	4,131
Unrealized gains on investments	**(16,939)**	(2,584)
Employee future benefits remeasurements	**(540)**	246
Changes in non-cash working capital		
Prepaid insurance and recoverables	**22**	34
Member assessments receivable	**96**	(471)
Recoverable from the estate trustee	**333**	117
Payables and accruals	**105**	(16)
Employee future benefits	**714**	(28)
	19,866	19,279
Investing activities		
Purchases of capital assets	**(84)**	(395)
Purchases of investments	**(163,277)**	(85,469)
Proceeds from maturities and sales of investments	**143,446**	66,768
	(19,915)	(19,096)
(Decrease) increase in cash during the year	**(49)**	183
Cash, beginning of year	**1,041**	858
Cash, end of year	**992**	1,041

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Organization

The Canadian Investor Protection Fund ("CIPF") was established in 1969 by an Agreement and Declaration of Trust, by its then sponsoring Self-Regulatory Organizations ("SROs"), to protect customers who have suffered financial loss due to the insolvency of a Member of any one of the sponsoring SROs.

CIPF was incorporated by letters patent dated November 19, 2001 as a corporation without share capital under provisions of Part II under the *Canada Corporations Act*. On March 24, 2014, CIPF received its Certificate of Continuance from Industry Canada to continue under the *Canada Not-for-profit Corporations Act* as required by the legislation.

Effective January 1, 2002, an industry agreement (the "Original Industry Agreement") was established between the SROs and CIPF, replacing the Agreement and Declaration of Trust. The parties to this agreement included the Investment Dealers Association of Canada ("IDA") and CIPF.

Effective June 1, 2008, the IDA combined with Market Regulation Services Inc. to become the Investment Industry Regulatory Organization of Canada ("IIROC"). At that time, IIROC was the only SRO that carried on Member regulation activities in respect of its Members and accordingly, IIROC and CIPF agreed that the Original Industry Agreement be terminated and replaced by a new Industry Agreement (the "Industry Agreement") effective September 29, 2008. The parties to the new Industry Agreement are IIROC and CIPF. Throughout these financial statements, the reference to Member means a Dealer Member of IIROC.

CIPF is a not-for-profit member corporation, as described in Section 149(1)(l) of the *Income Tax Act* (Canada) and, as such, is not subject to either federal or provincial income taxes.

2. Statement of compliance with Canadian accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook – Accounting.

3. Summary of significant accounting policies

The significant accounting policies are as follows:

General Fund

The purpose of the General Fund is to provide protection to customers of Members who, in accordance with the CIPF Coverage Policy, have suffered or may suffer financial loss as a result of the insolvency of a Member, all on such terms and conditions as may be determined by CIPF in its sole discretion.

In the event of Member insolvencies, the claims against CIPF are limited to the financial losses suffered by eligible customers of Members for the failure of the Member to return or account for customer property solely as a result of the insolvency of a Member. CIPF can draw on several sources to pay customer claims, including the General Fund, insurance and the ability to assess Members. In the event that CIPF would be unable to satisfy such claims in their entirety, the Board would determine the period over which to assess Members to make up the shortfall.

Investment in Capital Assets Fund

The Investment in Capital Assets Fund represents CIPF's unamortized balance of its capital assets and intangible assets.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant areas requiring the use of estimates are recovery of (provision for) claims and/or related expenses, and employee future benefits obligation. Actual results could differ from those estimates.

3. Summary of significant accounting policies (continued)

Financial instruments

CIPF's financial instruments consist of cash, investments, recoverable from the estate trustee, Member assessments receivable, and payables and accruals.

CIPF initially measures its financial instruments at fair value. Subsequently, all financial instruments are recorded at amortized cost, except for investments which are recorded at fair value.

Cash

Cash includes cash on hand and cash balances in bank and investment accounts.

Investments

Investments are comprised of fixed income securities and are carried at fair value. Gains and losses resulting from the difference between fair value and amortized cost are recorded as unrealized gains (losses) on investments in the Statement of Revenues and Expenses and Changes in Fund Balances. Accrued interest on the fixed income securities is included in the Investments balance.

Regular assessments and assessments for capital deficiencies

Regular assessment amounts are set by the Board of Directors and are payable by Members each quarter. The amount assessed by the Board is allocated to each Member based on a differential rate, which is derived from a Member's risk relative to other Members. Regular assessments are subject to a minimum and maximum amount. New members pay twice their regular assessment for the first three years of membership. Additional assessments are paid by Members that have incurred capital deficiencies.

The Industry Agreement provides for a limit on assessments in any calendar year such that no Member shall be assessed more than 1% of its aggregate gross revenue (maximum amount) unless an additional amount is required to either cover operational expenses or to permit CIPF to meet the obligations under its bank lines of credit. This limit does not apply to the minimum, new Member and capital deficiency assessments.

Regular assessments and assessments for capital deficiencies are recorded in these financial statements when they are assessed. As provided for in the Industry Agreement, the assessments are collected by IIROC on behalf of CIPF. IIROC is required, under the terms of the Industry Agreement, to pay to CIPF the amount of the assessments (whether or not collected from Members).

Investment income

Investment income includes interest earned, net of any amortization of bond premiums or discounts using the effective interest rate method. Realized gains and losses on maturity or sale of an investment are recorded separately on the Statement of Revenues and Expenses and Changes in Fund Balances.

Provision for claims and/or related expenses

Provision for claims from customers of insolvent Members is recorded when CIPF is notified of potential claims and CIPF makes a determination that the claims are eligible under CIPF's Coverage Policy. Provision for related expenses, such as trustee's fees, legal fees, hearing costs and other administrative costs, is recorded when a reliable estimate can be made of the costs to administer the potential claims. Recoveries of amounts paid or accrued with respect to customers' claims and administrative costs are recorded when reasonably determinable. No amounts are set aside to cover possible losses and customer claims that could arise from future insolvencies.

(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies (continued)

Tangible capital assets and software development

Tangible capital assets and software development are recorded at cost and are amortized in the Investment in Capital Assets Fund on the following basis:

Office furniture and equipment	Straight-line method over 5 years
Leasehold improvements	Straight-line method over the term of the lease
Computers	Straight-line method over 3 years
Software development	Straight-line method over 3 years

Deferred lease inducements

Deferred lease inducements are taken into income over the term of the lease.

Employee future benefits

CIPF accrues for its obligations under employee future benefit plans and the related costs as follows:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.
- Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are recognized directly in the General Fund balance in the Balance Sheet and reported as pension remeasurements as a separate item in the Statement of Revenues and Expenses and Changes in Fund Balances.
- Past service costs for plan amendments are immediately recognized as pension remeasurements in the Statement of Revenues and Expenses and Changes in Fund Balances.

4. Investments

The investments are held by CIBC Mellon Global Securities Company as custodian.

In accordance with CIPF's board-approved investment policy, investments are held until maturity, unless directed by the Board or to make a payment in accordance with the mandate of CIPF. Financial markets have experienced significant volatility as a result of COVID-19. There may be significant effects on the future fair value of the investment portfolio.

The following table discloses the fair value, maturity and average yields to maturity of CIPF's investments at December 31, 2020. The weighted average yield to maturity of the portfolio at December 31, 2020 is 0.49% (2019 – 1.92%).

					2020	2019
	Less than 1 year	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**	**Total fair value**	Total fair value
	$	**$**	**$**	**$**	**$**	$
Canada bonds	**17,802**	**15,911**	**21,258**	**54,895**	**109,866**	79,838
Yield	**0.24%**	**0.24%**	**0.30%**	**0.44%**	**0.35%**	1.71%
Canada Housing Trust bonds	**21,283**	**65,898**	**82,595**	**-**	**169,776**	181,568
Yield	**0.23%**	**0.28%**	**0.49%**	**-**	**0.38%**	1.90%
Provincial bonds	**33,613**	**75,735**	**54,780**	**106,849**	**270,977**	257,476
Yield	**0.23%**	**0.36%**	**0.68%**	**0.87%**	**0.61%**	2.00%
	72,698	**157,544**	**158,633**	**161,744**	**550,619**	518,882

(In thousands of dollars, unless otherwise noted)

5. Tangible capital assets and software development

			2020
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Office furniture and equipment	**332**	**264**	**68**
Leasehold improvements	**591**	**290**	**301**
Computers	**227**	**201**	**26**
Tangible capital assets	**1,150**	**755**	**395**
Software development	**1,443**	**1,415**	**28**

			2019
	Cost	Accumulated amortization	Net book value
	$	$	$
Office furniture and equipment	309	240	69
Leasehold improvements	591	213	378
Computers	221	197	24
Tangible capital assets	1,121	650	471
Software development	1,411	1,368	43

6. Committed bank lines of credit and insurance

CIPF has committed lines of credit provided by two Canadian chartered banks totalling $125 million (2019 – $125 million). IIROC has guaranteed these lines of credit by pledging its ability to assess Members.

CIPF has arranged insurance in the amount of $160 million (2019 – $160 million) in the annual aggregate, in respect of losses to be paid by CIPF in excess of $200 million (2019 – $200 million) in the event of Member insolvency. CIPF has arranged a second layer of insurance in the amount of $280 million (2019 – $280 million) in respect of losses to be paid in excess of $360 million (2019 – $360 million) in the event of Member insolvency.

7. Employee future benefits

CIPF has the following defined benefit pension plans:

- pension benefits to a retired employee since September 1, 1998. This pension benefit plan is not registered under the *Income Tax Act* (Canada), nor is it funded.
- a Supplementary Executive Retirement Plan (SERP) for certain executives, effective April 9, 2002. This plan is not registered under the *Income Tax Act* (Canada), nor is it funded.

CIPF also provides extended health benefits on retirement to full-time permanent employees who retire on or after age 55 with service greater than ten years. Employees who qualify for extended health benefits prior to December 31, 2024 will continue to be eligible for these benefits. Those who do not qualify by December 31, 2024 will no longer become eligible for these benefits. These extended health benefits terminate at age 75. This plan is not funded.

(In thousands of dollars, unless otherwise noted)

7. Employee future benefits (continued)

The most recent actuarial valuation of the pension plans for accounting purposes was made on December 31, 2020, and the most recent actuarial valuation of the health benefit plan for accounting purposes was made on December 31, 2019.

CIPF's benefit plan expense is recorded in pension and other employment benefits expenses.

The significant actuarial assumptions adopted in measuring CIPF's accrued benefit obligations are as follows:

	Pension benefit plan		SERP		Other benefit plan	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**%**	%	**%**	%
Discount rate	**2.5**	3.0	**2.5**	3.0	**2.5**	3.0
Rate of compensation increase	**-**	-	**3.0**	3.0	**-**	-

For measurement purposes, inflation of medical expenses was assumed to be 7% in 2020, grading down to 4.5% over five years. Inflation of dental costs was assumed to be 4% per year.

In addition to these plans, the salaries and employee benefits expense on the Statement of Revenues and Expenses and Changes in Fund Balances includes $0.22 million (2019 – $0.21 million) related to CIPF's contribution to the Group RSP plan.

8. Lease commitments

At December 31, 2020, CIPF has future minimum annual lease commitments of $882 (2019 – $1,216) for office space, office equipment and information technology services as follows:

	$
2021	238
2022	221
2023	221
2024	202
2025	-
	882

CIPF is also committed to its share of operating costs and taxes with respect to the office lease, which approximates $0.23 million per year.

(In thousands of dollars, unless otherwise noted)

9. Recoverable from the estate trustee

The recoverable from the estate trustee and the change in the recoverable and receipts during the year are as follows:

	Recoverable at January 1, 2020	**Increase in Recoverable**	**Receipts during the year**	**Recoverable at December 31, 2020**
	$	**$**	**$**	**$**
Octagon Capital Corporation	**333**	**107**	**(440)**	**-**

	Recoverable at January 1, 2019	Increase in Recoverable	Receipts during the year	Recoverable at December 31, 2019
	$	$	$	$
Octagon Capital Corporation	450	283	(400)	333

At December 31, 2020, the following Member insolvency continued to be under the administration of a trustee in bankruptcy:

Octagon Capital Corporation

Octagon Capital Corporation (“Octagon”) was suspended by IIROC on December 3, 2015 and a trustee in bankruptcy was appointed on December 4, 2015.

During the year ended December 31, 2020, CIPF received $0.44 million (2019 – $0.4 million) from the trustee due to settlement agreements reached by the trustee. The recovery of provision for claims and/or related expenses for the year ended December 31, 2020 was $0.11 million (2019 – $0.28 million).

At December 31, 2020, CIPF has a nil recoverable balance from the estate trustee on the Balance Sheet (2019 – $0.33 million). The trustee is in the process of winding up the estate.

10. Financial instruments

The fair value of a financial instrument is the estimated amount CIPF would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair value of cash, Member assessments receivable, and payables and accruals approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The fair value of CIPF’s fixed income investments is determined by reference to published bid price quotations at year-end. These investments have maturity dates and effective interest rates as disclosed in Note 4.

10. Financial instruments (continued)

Risk management

Risk management relates to the understanding and active management of risks associated with invested assets. Investments can be exposed to interest rate, liquidity, credit, market and currency risk. CIPF manages its exposure to the risks associated with its investment portfolio by following the Board-approved investment policy that restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties. The policy requires that at least 50% of investments be held in Government of Canada issued or guaranteed securities, with the balance in provincial or territorial government issued or guaranteed securities.

The investment policy provides for the following minimum and maximum exposures to any one province or territory, including entities guaranteed by that province or territory, in relation to the provincial and territorial unamortized book value:

Ontario - 35% to 55%
Quebec - 20% to 40%
British Columbia and Alberta combined - 10% to 20%
All other provinces and territories combined - 10% to 20%

The policy provides for investing in a laddered portfolio with a maximum term to maturity of 7 years.

Significant risks that are relevant to CIPF's investments are as follows:

Interest rate risk
Interest rate risk is the risk that the fair value of investments will fluctuate due to changes in market interest rates. CIPF manages the interest rate risk exposure of its investment portfolio by following the investment policy described above and by holding all investments until maturity, unless required to make a payment in accordance with the mandate of CIPF or as directed by the Board.

An immediate hypothetical 100 basis point increase/decrease in interest rates would decrease/increase the fair value of the investments by $18.1 million (2019 – $16.9 million).

Liquidity risk
Liquidity risk is the risk that CIPF will not be able to meet its cash outflow commitments as they fall due. This includes the risk of being forced to sell assets at depressed prices resulting in realized losses on sale. CIPF manages the liquidity risk exposure by following the investment policy described above and by maintaining lines of credit of $125 million (2019 – $125 million).

Credit risk
Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations. CIPF manages the credit risk exposure of its investment portfolio by following the investment policy described above. At December 31, 2020 and 2019, all investments were in securities issued by counterparties that met or exceeded the minimum credit rating of "A" as rated by two nationally recognized rating agencies (DBRS Limited and Standard & Poor's).

Market risk
Market risk is the risk that the fair value of investments will fluctuate as a result of changes in market conditions, whether these changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. CIPF manages the market risk exposure of its investment portfolio by following the investment policy described above.

Currency risk
Currency risk is the risk that the fair value of investments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. All assets and liabilities of CIPF are denominated in Canadian dollars and as such are not subject to currency risk.

COVID-19
The outbreak of COVID-19 has caused significant economic disruption and slow down, including greater volatility in the financial markets. CIPF may be subject to greater operational, credit, liquidity, and market risk.