

Title: Wealthsimple - Panic at the Casino

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Reposting from Stonk to increase visibility due to the high volume of posts that may prevent Canadians from finding this information.

TA;DR

Wealthsimple purchases your shares through an acquired company that is a registered investment dealer regulated by Canada's SEC and protected by Canada's version of SIPC. The likelihood of this company going insolvent is highly unlikely since they don't offer margin, derivatives and has a **USD conversion fee that will bring in so much money it can pay for lambos of every employee and their family member**

#There's been a lot of posts today regarding broker insolvency and insurance funding, etc.

#For Canadian apes confused about their situation with Wealthsimple, I've found some information to share.

Every time you buy a share within Wealthsimple, you can view the activity and see the trade confirmation document. It has some legal text that mentions:

> Clients' accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request. www.cipf.ca

Okay, so you're similarly *"protected"* like they are down in the US with the SIPC. ***But what does that mean for me?***

> So let's say you have \$20,000 in an investment account you opened with financial institution XYZ. If XYZ was a CIPF member and suddenly went bankrupt, your \$20,000 would be covered, since CIPF covers up to \$1 million in funds.

https://www.wealthsimple.com/en-ca/learn/what-is-cipf#what_is_the_cipf

Who Qualifies for CIPF Protection?

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> If you meet the four criteria below, you are eligible for CIPF protection:

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* You (the client) have an account with a member firm that is disclosed in the records of the firm.

* **The *member* firm has become insolvent.**

* **The firm, as a result of its insolvency, has failed to return or account for property it was holding on your behalf on the insolvency date.**

* You are not considered ineligible for coverage under the CIPF Coverage Policy - see below under "Who Does Not Qualify for CIPF Protection?"

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> There is no requirement that you live in or be a citizen of Canada.

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> A member firm is an investment dealer that is a member of IIROC (Investment Industry Regulatory

Organization of Canada). Investment dealers that are members of IIROC are also automatically members of CIPF. A list of member firms is available [here](<https://www.cipf.ca/member-directory/current-cipf-members>).
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Remember this later:

> The firm, as a result of its insolvency, has **failed to return or account for property it was holding on your behalf on the insolvency date.**

This is where FUD could come into play if I fail to mention:

Wealthsimple is not a member of CIPF, **Canadian ShareOwner Investments Inc.** is.

Who the **fuck** are they?

> Canadian ShareOwner Investments Inc. is a wholly owned subsidiary of Wealthsimple Financial Corp (Canada). Wealthsimple
> Trade is a division of and is licensed for use by Canadian ShareOwner Investments Inc.

^(* This is from your monthly statement in your documents section on the desktop app of WS Trade.)

And directly from Wealthsimple's about page:

>Wealthsimple Trade is offered by Canadian ShareOwner Investments Inc. ("ShareOwner"), a registered investment dealer in each province and territory of Canada, a member of the Investment Industry Regulatory Organization of Canada (IIROC) (www.iiroc.ca) and a member of the Canadian Investor Protection Fund (CIPF) (www.cipf.ca), the benefits of which are limited to activities undertaken by ShareOwner.

WS also offers some other things through Canadian ShareOwner Investments Inc:

>All cash balances from your Wealthsimple Cash and Save account(s) are held in trust at a Canada Deposit Insurance Corporation (CDIC) member institution. Canadian ShareOwner Investments Inc. is **not** a CDIC member institution. CDIC is a federal Crown corporation. CDIC is not a bank or a private insurance company. CDIC protects eligible deposits held at CDIC member institutions in case of a member's failure. For eligible deposits held in trust at a CDIC member institution, CDIC insures up to \$100,000 for each beneficiary named in a trust, provided certain disclosure rules are met. Coverage is free and automatic. For more information on how CDIC trust protection works, click here.
[<https://www.cdic.ca/your-coverage/how-deposit-insurance-works/deposits-held-in-trust/>] *I added the link, to be clearly visible*

This has no ties to your shares.

In 2015, Wealthsimple acquired Canadian ShareOwner Investments Inc.

<https://www.theglobeandmail.com/globe-investor/robo-adviser-wealthsimple-to-acquire-shareowner-investments/article27549056/>

<https://www.investmentexecutive.com/news/industry-news/wealthsimple-buys-discount-brokerage/>

#Back to that thing I asked you to remember.

>The firm, as a result of its insolvency, has failed to return or account for property it was holding on your behalf on the insolvency date.

I hold some shares within WealthSimple in Canada, I had a chat with a WS rep regarding settlement confirmation and FTD's as I was worried about those TFSA shares being cyclical FTD's.

> Me: "Could you provide me with settlement confirmations or direct me to a way to view settlements for the trades I've made?"

> Me: "The reason I ask is that I want to ensure that the shares I've purchased, are not FTD's being cycled onto my account."

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> Rep: "Thanks for reaching out about that!"

> Rep: "You can look at the details of your past trades in your monthly statements."

> Rep: "***In the case of FTD's, on the WS Trade platform, the order would be simply cancelled.***"

From what the Rep was able to tell me, if WS was unable to buy/deliver my shares at the price I purchased, then they would cancel it.

Also, Wealthsimple has mentioned they don't lend shares. TFSA's are cash accounts [savings accounts], so there's no margin risk. Wealthsimple doesn't even offer margin OR derivatives. ***To top it all off, they're going to make a fortune on the USD conversion fees when MOASS happens.***

Well, that honestly became a lot longer than I thought. Hopefully this information is helpful.