

IIROC Competency Framework

Institutional Registered Representative and Investment Representative

Reference Document







Institutional Registered Representative and Investment Representative Competencies

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From a regulatory perspective, the competencies for a highly competent and compliant Institutional Registered Representative and Investment Representative at a minimum include the following:

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	<p>1. Identifies, applies, analyzes, evaluates and complies with applicable regulatory requirements, firm policies and procedures:</p> <ul style="list-style-type: none">I. Building a book of businessII. Meeting with prospective clientsIII. Setting out the scope of the client relationshipIV. Providing required documents and disclosuresV. Managing client relationshipsVI. Containment of confidential informationVII. Potential conflicts of interest				
Technical Skills: Product and Market Impact		Page 8			
	<p>2. Identifies, applies, analyzes the following when evaluating investment options</p> <p>GENERAL FOR ALL:</p> <ul style="list-style-type: none">I. Market structureII. Macroeconomic analysisIII. Industry analysisIV. Company analysisV. Technical/statistical analysisVI. Research and analysis for each product requested by clientsVII. Market research, news and relevant updates <table border="1"><tr><td><p>SECURITIES:</p><ul style="list-style-type: none">VIII. Characteristics and information on equitiesIX. Characteristics and information on fixed income instrumentsX. Characteristics and information on other investments</td><td><p>OPTIONS:</p><ul style="list-style-type: none">XI. Characteristics and information on dealing in options</td><td><p>FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS:</p><ul style="list-style-type: none">XII. Characteristics and information on dealing in futures contracts and futures contract options</td></tr></table>	<p>SECURITIES:</p> <ul style="list-style-type: none">VIII. Characteristics and information on equitiesIX. Characteristics and information on fixed income instrumentsX. Characteristics and information on other investments	<p>OPTIONS:</p> <ul style="list-style-type: none">XI. Characteristics and information on dealing in options	<p>FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS:</p> <ul style="list-style-type: none">XII. Characteristics and information on dealing in futures contracts and futures contract options	
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Regulatory Skills: Execution and Market Integrity

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**3. Complies with market integrity, trade execution and settlement requirements by:**

- I. Identifying and applying the applicable regulatory requirements, firm policies and procedures
- II. Identifying and applying gatekeeping responsibilities



1. Identifies, applies, analyzes, evaluates and complies with applicable regulatory requirements, firm policies and procedures:

SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
I. All business dealings	<ul style="list-style-type: none"> • Overview of the regulatory framework • Principles of securities regulation • The role securities regulators play in the regulatory process • Professional code of conduct and securities industry standards • Applicable firm policies, procedures and processes • Acceptable sales practices • Privacy legislation and requirements • Confidentiality requirements • Sales and advertising guidelines • Rules and guidelines for external communication • Role of the CIPF • Rules for public company disclosure and the statutory rights of investors • Requirements under Proceeds of Crime and Terrorist Financing (i.e. AML) legislation • Services provided by institutional firms, including: <ul style="list-style-type: none"> ○ Trading ○ Research ○ Underwriting ○ Merger and acquisition advice ○ Prime brokerage ○ Securities lending • Types of securities sold and traded at institutional firms • Investment styles of different types of clients 	<ul style="list-style-type: none"> • Adheres to professional code of conduct and ethical practices • Uses skills in a professional manner • Demonstrates ethical judgement • Establishes trust in all professional relationships • Prepares well for all client contact in compliance with relevant firm policies and procedures • Reviews, analyzes and evaluates all information provided by the client



1. Identifies, applies, analyzes, evaluates and complies with applicable regulatory requirements, firm policies and procedures:		
SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
II. Dealing with clients	<ul style="list-style-type: none"> • Firm onboarding processes for new clients • The products and services the client can access at the firm • The limitations and restrictions on products and services offered at the firm (where applicable) • Charges, fees, fee structures and applicable guidelines for compensation • The role of the Registered Representative in providing client service • Procedures and requirements for working with foreign clients 	<ul style="list-style-type: none"> • Respond effectively to client requests keeping in mind regulatory requirements, firm policies and procedures • Adheres to professional code of conduct, ethical practices and firm processes in all dealings with clients
III. Know Your Client	<ul style="list-style-type: none"> • All client information required by the firm and regulations • New account-related documents • Know Your Client rules in dealing with institutional clients • ‘Permitted Client’ waivers and exemptions • IIROC rules and requirements for clients to qualify as an institutional client • Assessment of the client’s sophistication level and applicability of suitability exemptions • Client’s investment strategies 	<ul style="list-style-type: none"> • Obtains and records all relevant client information as needed • Thoroughly researches the client by researching its industry and reviewing all publicly available information • Identifies and evaluates whether additional information is needed • Verifies information with clients following meetings • Uses organization and communication skills to ensure all documents are: <ul style="list-style-type: none"> ○ Reviewed and approved by the client ○ Submitted by the client in a timely fashion ○ Filed at the firm and updated on a timely basis
IV. Documents and disclosures provided to clients	<ul style="list-style-type: none"> • Account agreement • Any other documentation required by the firm, including conflict of interest disclosures 	<ul style="list-style-type: none"> • Provides and obtains all required documents • Clearly explains documentation when requested by the client



1. Identifies, applies, analyzes, evaluates and complies with applicable regulatory requirements, firm policies and procedures:		
SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
	<ul style="list-style-type: none"> • Firm procedures for documenting client sophistication • Proper completion of new account applications and the process for opening accounts • Requirements for documenting and maintaining client records 	<ul style="list-style-type: none"> • Records discussions with clients in accordance with firm policies and procedures
V. Managing client relationships	<ul style="list-style-type: none"> • Ethical and legal responsibilities to clients • Internal escalation procedures • <i>Proceeds of Crime (money laundering) and Terrorist Financing</i> legislation related rules and issues • The roles of internal subject matter experts for specific products, such as derivatives and equities • Situations in which clients should be directed to internal experts and the process to do so 	<ul style="list-style-type: none"> • Maintains regular, ongoing contact according to firm policy • Responds to client requests in a timely manner • Manages client base to ensure clients receive quality service • Uses skills in a professional manner • Demonstrates ethical judgement • Directs clients to the correct investment desk and internal expertise • Builds relationships with all lines of business at the firm • Identifies the correct internal roles to provide assistance to clients and efficiently transfers them
VI. Containment of confidential information	<ul style="list-style-type: none"> • Firm policies and procedures for maintaining client confidentiality • Information barriers and firewalls • Grey and restricted list • Role of investment banking • Role of research department • Role of corporate finance 	<ul style="list-style-type: none"> • Ensures that all client information shared directly and indirectly (e.g., through internal meetings) remains confidential • Ensures that all information about client trading activity remains confidential • Recognizes appropriate dealings within the firm • Adheres to all information barrier requirements under firm policies and procedures

**1. Identifies, applies, analyzes, evaluates and complies with applicable regulatory requirements, firm policies and procedures:**

SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
VII. Potential conflicts of interest	<ul style="list-style-type: none">• Prohibition, approval, disclosure, and action required in the event of a potential conflict of interest, including:<ul style="list-style-type: none">○ Reporting of outside business activities○ Avoiding prohibited personal financial dealings	<ul style="list-style-type: none">• Completes further analysis to determine whether additional action is required• Evaluates potential conflicts of interest throughout the entire working relationship with the client• Clearly explains and provides the necessary disclosures to clients



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:			
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	I. Market structure	<ul style="list-style-type: none"> • The sell-side vs. buy-side of an institutional marketplace • The different types of sell-side institutional investment dealers • The different types of buy-side clients, their goals and the dealer’s role in supporting them • The types of traders within the institutional market: <ul style="list-style-type: none"> ○ Agency traders ○ Liability traders ○ Market makers • The role of other institutional services • Market trends • The market impact of specific trades • All investment product options available to institutional clients • Debt market mechanics • Factors that affect foreign exchange 	<ul style="list-style-type: none"> • Incorporates relevant market knowledge, commentary and analysis in client communications where appropriate, to provide clients with confidence in their expertise • Provides clients with accurate and confident explanations if requested
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT OF	II. Macroeconomic analysis	<ul style="list-style-type: none"> • The role and function of central banks • How the Bank of Canada implements and conducts monetary policy • Keynesian, monetarist and supply-side theories of the economy • Mechanisms by which governments establish fiscal policy and evaluate the impacts of fiscal policy on the economy • The process for achieving market equilibrium • Phases of the business cycle, economic indicators used to analyze business conditions and the determinants of long-term economic growth 	<ul style="list-style-type: none"> • Analyzes closely all relevant documents and sources of information • Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provides clear explanations of macroeconomic factors to clients when requested



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		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES		<ul style="list-style-type: none"> • Key indicators of the labour market in Canada and the main types of unemployment • Theories of interest rate determination and how interest rates affect the economy • Inflation and calculation of the inflation rate using the Consumer Price Index (CPI) • Causes and impacts of inflation, disinflation and deflation on an economy • International trade, balance of payments and their impacts on the economy • Exchange rates, how they are set, and their impact on the economy • Interest rates, how they are set, and their impact on the economy • The macroeconomic factors that affect investor expectations and the price of securities • Economic principles that have an impact on the capital markets and the needs of clients • The interaction between monetary and fiscal policies • Valuation techniques and models • Economic reports and other relevant sources of information, including the assumptions and valuation approach used 	
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT OF			
	III. Industry analysis	<ul style="list-style-type: none"> • Industry classifications • Industry performance during stages of the economic cycle • The differences in how companies are analyzed and valued within the industry 	<ul style="list-style-type: none"> • Analyzes closely all relevant documents and sources of information • Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material



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		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
		<ul style="list-style-type: none"> Industry reports and other relevant sources of information, including the assumptions and valuation approach used 	<ul style="list-style-type: none"> Provides clear explanations of industry analysis to clients when requested Collaborates with internal subject matter experts to provide clients with all relevant information, as required
SECURITIES	IV. Company analysis	<ul style="list-style-type: none"> Various sources of company analysis The factors involved in performing company analysis to determine whether a company represents a good investment Different types of business structures The importance of different sources of company information Financial statements, including: <ul style="list-style-type: none"> Format and items included on a balance sheet and how they are classified Structure of the earnings statement and the sources of net income Purpose of the retained earnings statement and its relation to both the balance sheet and earnings statement Components of the cash flow statement and classification of accounting activities or items including cash flow from operating, financing or investing activities The importance of the notes for financial statements and the auditor’s report The analysis of a company’s financial statements using trend analysis and external comparisons The different types of liquidity ratios, risk analysis ratios, operating performance ratios, value ratios and evaluations of company performance 	<ul style="list-style-type: none"> Analyzes closely all relevant documents and sources of information Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material Provides clear explanations of company analysis to clients when requested Collaborates with internal subject matter experts to provide clients with all relevant information, as required
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT OF			



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:			
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES		<ul style="list-style-type: none"> ○ The evaluation of the investment quality of debt and equity issued by a corporation using credit ratings or other pertinent information ● Company reports and other relevant sources of information, including the assumptions and valuation approach used ● Takeover process and takeover legislation ● Insider bids and issuer bid regulations ● The rules for public company disclosure and the statutory rights of investors 	
OPTIONS	V. Technical/statistical analysis	<ul style="list-style-type: none"> ● The use of fundamental, quantitative and technical/statistical analyses ● Market theories in relation to stock market behaviour ● The tools used in technical/statistical analysis ● Technical reports and other relevant sources of information, including the assumptions and particular valuation approach used 	<ul style="list-style-type: none"> ● Analyzes closely all relevant documents and sources of information ● Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material ● Provides clear explanations of technical/statistical analysis to clients when requested
FUTURES CONTRACTS FUTURES CONTRACT OF	VI. Research and analysis for each product requested by clients	<ul style="list-style-type: none"> ● All relevant sources of information on investment products, including: <ul style="list-style-type: none"> ○ Offering documents ○ Prospectuses and other regulatory documents ○ Market research ○ Marketing material ○ Firm recommendations ● Rate of return calculation and risk measurement for any security 	<ul style="list-style-type: none"> ● Uses product research to assess risk and potential returns ● Evaluates product liquidity, volatility and correlation with other investments, currency and relevant industry facts ● Compares technical, macroeconomic, company, industry, fundamental and quantitative analyses for products ● Compares and contrasts products with similar objectives and risk levels in order to evaluate performance



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable
		BEHAVIOURS AND SKILLS
		For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES		<ul style="list-style-type: none"> Product valuations Present value, discount rate and calculations relating to the time value of money, bond pricing and yield Theories of interest rate determination Modern portfolio theory Portfolio management styles of equity and fixed-income managers Risk management Hedging strategies Economic, political and social events that can affect each investment Takeover process and takeover legislation Insider bids and issuer bid regulations
OPTIONS		<ul style="list-style-type: none"> Evaluates how each product performs against benchmarks, indexes and other comparable products Awareness of new products available through the firm
FUTURES CONTRACTS FUTURES CONTRACT OF		



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:			
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	VII. Market research, news and relevant updates	<ul style="list-style-type: none"> • Relevant changes and updates to: <ul style="list-style-type: none"> ○ Industry standards ○ Legislation ○ Regulations ○ Firm procedures, rules and best practices ○ Product and market research ○ Emerging issues, financial trends, economic trends and the impact of world events on markets 	<ul style="list-style-type: none"> • Reads, watches and listens regularly to financial and market news and research from various sources, including: <ul style="list-style-type: none"> ○ Industry-specific newsletters ○ Websites ○ Newspapers ○ Podcasts • Actively and regularly communicates with internal experts to learn about market news and financial trends • Efficiently reviews market research and news for key points relevant to clients • Evaluates the potential impact of all market events and changes on their own responsibilities, firm processes and client accounts • Follows up with clients to further discuss any market or product information, if requested • Participates regularly in continuing education activities, training, educational events and conferences • Remains informed about new technological advances related to investments and client communication • Participates in communities of practice and knowledge-sharing with other Institutional Registered Representatives
OPTIONS			
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2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:			
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	VIII. Characteristics and information on equities	<ul style="list-style-type: none"> • Characteristics of equities, including: <ul style="list-style-type: none"> ○ Features ○ Advantages and disadvantages ○ Risks • Types of equities, including: <ul style="list-style-type: none"> ○ Shares ○ Income trusts ○ Closed-end funds ○ Preferred shares • Information sources for equities • The factors used to decide between managed products and individual equity securities • Common share ownership, dividend taxation, how they are declared and claimed, and the impact of stock splits and consolidations • Stock market index vs. average and the important stock market indexes and averages • Macroeconomic factors affecting investor expectations and the price of securities • Industry classifications and how industry classifications impact a company's stock valuation • The intrinsic value and the price-earnings ratio (P/E) of a stock using the dividend discount model (DDM) 	<ul style="list-style-type: none"> • Pursues continuing education on equities through internal Subject Matter Experts (SMEs) as needed • Where available, consults with external SMEs to understand relevant product analysis for equities • Analyzes closely all relevant documents and sources of information • Attends seminars, educational events and firm training related to prospective equities • Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provides clear explanations of specific equities to clients when requested
OPTIONS			
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2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:

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SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
IX. Characteristics and information on fixed income products	<ul style="list-style-type: none"> • Mechanics of debt trading in Canada • Characteristics of fixed income products, including: <ul style="list-style-type: none"> ○ Features ○ Advantages and disadvantages ○ Risks • The types of fixed income products, including debt securities • Information sources for fixed income products • The relationship between coupon, yield, term-to-maturity and price volatility • The impact of the factors that affect bond prices • The types of bond yields, including the approximate yield to maturity • Concepts of present value and future value • Passive fixed income portfolio management vs. active fixed income portfolio management • Present value, discount rate and calculations relating to the time value of money, bond pricing and yield • The impact of fixed income pricing properties on bond prices • Rules and regulations related to bond delivery and settlement 	<ul style="list-style-type: none"> • Pursues continuing education on fixed income products through internal SMEs as needed • Where available, consults with external SMEs to understand relevant product analysis for fixed income products • Analyzes closely all relevant documents and sources of information • Attends seminars, educational events and firm training related to prospective fixed income products • Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provides clear explanations of specific fixed income products to clients when requested



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:			
GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	X. Characteristics and information on other investments	<ul style="list-style-type: none"> • Characteristics of all alternative, private, emerging and other types of investments, including: <ul style="list-style-type: none"> ○ Features ○ Advantages and disadvantages ○ Risks • Types of alternative, emerging and all other investments, including: <ul style="list-style-type: none"> ○ Hedge funds ○ Exchange traded funds (ETFs) ○ Futures ○ Options • Product disclosure requirements and risks of investment products • Derivatives markets and embedded derivatives instruments within the securities market 	<ul style="list-style-type: none"> • Pursues continuing education on other investments through internal SMEs as needed • Where available, consults with external SMEs to understand relevant product analysis for other types of investments • Analyzes closely all relevant documents and sources of information • Attends seminars, educational events and firm training related to other types of prospective investments • Evaluates whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provides clear explanations of alternative, private, emerging and other types of investments to clients when requested
OPTIONS			
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2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
	For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
<div style="display: flex; flex-direction: column; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">GENERAL FOR ALL</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">SECURITIES</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">OPTIONS</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">FUTURES CONTRACTS FUTURES CONTRACT OF</div> </div> <p>XI. Characteristics and information on dealing in options</p>	<p>Legislative and regulatory framework governing:</p> <ul style="list-style-type: none"> ○ Dealing in options <ul style="list-style-type: none"> ▪ Dealer Member policies and procedures for client solicitation and the firm’s options trading business ▪ Dealer Member procedures for client communications and changes to the firm’s options trading business ▪ Dealer Member client reporting for expiring options series ▪ Dealer Member reporting requirements for all positions (covered and uncovered) ▪ Concentration reporting ▪ Profit and Loss statements for active accounts ▪ Exception reports ○ Prohibited options trading practices <ul style="list-style-type: none"> ▪ Trading while under margin ▪ Trading beyond margin or credit limits ▪ Cumulative losses exceeding risk limits ○ Margin requirements for options strategies ○ Opening, managing and monitoring options accounts, including completing: <ul style="list-style-type: none"> ▪ Options Account Application Form ▪ Options Trading Agreement ▪ Margin Agreement Form ▪ Risk Disclosure and Information Statement 	<ul style="list-style-type: none"> • Identifies applicable requirements for trade or transfer (accounts) of options contracts • Identifies regulatory restrictions that apply for different uses • Explains how options can address client needs • Explains how options relate to and can complement other investment or structured products • Explains how option commissions or fees are charged • Explains why and what content is included in client statements and agreements • Analyzes and evaluates the benefits and risks of options contracts for client trading and risk management • Analyzes and evaluates profit, loss and breakeven outcomes



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:

GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES			
OPTIONS		<ul style="list-style-type: none"> ▪ Managed and Discretionary Account Agreements ○ Client statement requirements for options trading <ul style="list-style-type: none"> ▪ Monthly account statements ▪ Trade confirmations Purpose, types, risk and reward profiles of: <ul style="list-style-type: none"> ○ Derivatives <ul style="list-style-type: none"> ▪ Options ▪ Forwards and futures ▪ Swaps ▪ CFDs ▪ Other derivatives-based products ○ Risk management/mitigation through hedging ○ Speculative trading ○ Options contract types <ul style="list-style-type: none"> ▪ Puts and calls ▪ American-style options ▪ European-style options ▪ Equity options ▪ Non-equity options (e.g., currency, bond, indexes and futures options) ▪ Exotic options (OTC) Trading rules and mechanics: <ul style="list-style-type: none"> ○ La Bourse de Montréal // Montréal Exchange 	
FUTURES CONTRACTS FUTURES CONTRACT OF			



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			For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES			<ul style="list-style-type: none"> ▪ Eligibility requirements ▪ Disclosure and surveillance rules ▪ Monitoring rules ▪ Record-keeping rules ▪ Regulatory Division rules and penalties ▪ Trading and payment rules ▪ Trading conduct and business conduct rules ▪ Margin requirements ▪ Required reporting levels ▪ Large open position reporting requirements ▪ Position and exercise limits ▪ Concentration level limits ▪ Trading and expiration cycles ▪ Opening and closing transactions ▪ Procedures for exercising options ▪ Procedures for transferring listed options accounts ▪ Canadian Derivatives Clearing Corporation (CDCC) rules and procedures ▪ CDCC requirements and procedures regarding options exercise settlement ▪ Canadian Depository for Securities (CDS) and delivery procedures for underlying interests ▪ Options Clearing Corporation (U.S.) rules and procedures 	
OPTIONS			<ul style="list-style-type: none"> ○ Over-the-counter (OTC) derivatives contracts 	
FUTURES CONTRACTS FUTURES CONTRACT OF				



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			For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES			<ul style="list-style-type: none"> ▪ ISDA framework and standardized documentation ▪ Liquidation of existing positions ▪ Assessment of exposure to risk 	
OPTIONS			<p>Transactional elements of options contracts:</p> <ul style="list-style-type: none"> ○ Underlying interest <ul style="list-style-type: none"> ▪ Financial instruments (e.g., shares, bonds, bank credit) ▪ Financial variables (e.g., indexes) ▪ Commodities (e.g., oil, metals, agricultural products) ▪ Events (e.g., weather) ○ Premium <ul style="list-style-type: none"> ▪ Changes in options prices in relation to the underlying interest price (Delta) ▪ Rate of change of Delta ▪ Intrinsic value ▪ Time value ▪ At-the-money ▪ In-the-money ▪ Out-of-the money ○ Price forecasting techniques <ul style="list-style-type: none"> ▪ Fundamental analysis ▪ Technical analysis ○ Leverage <ul style="list-style-type: none"> ▪ Leverage and options value ▪ Calculation of options leverage 	
FUTURES CONTRACTS FUTURES CONTRACT OF				



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
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GENERAL FOR ALL	For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	<ul style="list-style-type: none"> ○ Tax implications of using options: <ul style="list-style-type: none"> ▪ Professional traders ▪ Non-professional traders <p>Single and multi-legged strategies for trading options contracts, including:</p> <ul style="list-style-type: none"> ○ Use of options-based indexes in income-producing options strategies ○ Bullish Strategies ○ Bearish Strategies ○ Options volatility strategies 	
OPTIONS		
FUTURES CONTRACTS FUTURES CONTRACT OF		



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GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES	XII. Characteristics and information on dealing in futures contracts and futures contract options	Legislative and regulatory framework governing: <ul style="list-style-type: none"> ○ Dealing in futures contracts and futures contract options <ul style="list-style-type: none"> ▪ Dealer Member monthly (net) position reporting requirements ▪ Dealer Member futures concentration capital requirements and provisions ▪ Dealer Member capital requirements and provisions on open futures positions ○ Prohibited futures contracts and futures contract options trading practices <ul style="list-style-type: none"> ▪ Trading using prohibited underlying interests ▪ Trading without adequate margin ▪ Trading beyond margin and credit limits ▪ Cumulative losses exceeding risk limits ▪ Delivery month trading restrictions ▪ Excessive risk or loss to account guarantors ○ Client margin requirements and treatment of derivative product positions ○ Opening, managing and monitoring futures and futures contract options accounts <ul style="list-style-type: none"> ▪ Futures Account Application Form ▪ Futures Trading Agreement ▪ Futures Options Trading Agreement ▪ Risk Disclosure and Information Statement ▪ Managed and Discretionary Account Agreements 	<ul style="list-style-type: none"> • Identifies applicable requirements for the purchase, sale or transfer (accounts) of futures contracts and futures contract options • Identifies regulatory restrictions that apply for different uses • Explains how futures contracts and futures contract options can address client needs • Explains how futures contracts and futures contract options relate to and can complement other investment or structured products • Explains how futures contracts and futures contract options commissions or fees are charged • Explains why and what content is included in required client statements and agreements • Analyzes and evaluates benefits and risks of futures contracts and futures contract options for client trading and risk management
OPTIONS			
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS			



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
	For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
GENERAL FOR ALL		
SECURITIES		
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS	<ul style="list-style-type: none"> ▪ Hedge Agreement ▪ Authority to Transfer Funds Form ○ Client statement requirements for futures contracts and futures contract options trading <ul style="list-style-type: none"> ▪ Monthly account statements ▪ Trade confirmations ▪ Statement of purchase and sale on liquidating trades Purpose, types, risk and reward profiles of: <ul style="list-style-type: none"> ○ Derivatives <ul style="list-style-type: none"> ▪ Options ▪ Forwards and futures ▪ Swaps ▪ CFDs ▪ Other derivatives-based products ○ Risk management/mitigation through hedging ○ Speculative trading ○ Futures contracts and futures contract options <ul style="list-style-type: none"> ▪ Equity futures ▪ Non-equity futures (e.g., bond, note, index, currency, interest rate) Trading rules and mechanics: <ul style="list-style-type: none"> ○ La Bourse de Montréal // Montréal Exchange <ul style="list-style-type: none"> ▪ Eligibility requirements 	



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
	For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
GENERAL FOR ALL		
SECURITIES		
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS	<ul style="list-style-type: none"> ▪ Disclosure and surveillance rules ▪ Monitoring rules ▪ Record-keeping rules ▪ Regulatory Division rules and penalties ▪ Trading and payment rules ▪ Trading conduct and business conduct rules ▪ Margin requirements ▪ Required reporting levels ▪ Large open position reporting requirements ▪ Position and exercise limits ▪ Concentration level limits ▪ Canadian Derivatives Clearing Corporation (CDCC) rules and procedures ▪ Clearing deposit requirements ▪ Canadian Depository for Securities (CDS) and delivery procedures for underlying interests ○ Over-the-counter (OTC) derivatives contracts <ul style="list-style-type: none"> ▪ ISDA framework and standardized documentation ▪ Liquidation of existing positions ▪ Assessments of value ▪ Determinations of fair price ▪ Assessments of exposure to risk ▪ Underlying delivery and cash settlement <p>Transactional elements of futures contracts and futures contract options:</p>	



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:

GENERAL FOR ALL	SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
SECURITIES			
OPTIONS			
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS		<ul style="list-style-type: none"> ○ Underlying interest <ul style="list-style-type: none"> ▪ Financial instruments (e.g., shares, bonds, bank credit) ▪ Financial variables (e.g., indexes) ▪ Commodities (e.g., oil, metals, agricultural products) ▪ Events (e.g., weather) ▪ Relationship to futures contract and futures contract options ○ Mark-to-market ○ Leverage <ul style="list-style-type: none"> ▪ Leverage and contract value ▪ Calculation of contract leverage ○ Margin <ul style="list-style-type: none"> ▪ Differences between futures margin and securities margin ▪ Risk-based margin system ▪ Acceptable forms of margin ▪ Exchange margin ▪ In-house margin ▪ Hedge margin ▪ Day trading margin ▪ Margin change ○ Margin controls <ul style="list-style-type: none"> ▪ Initial margin call ▪ Maintenance margin call 	



2. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
SUB COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
	For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
GENERAL FOR ALL		
SECURITIES		
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS	<ul style="list-style-type: none"> ○ Price forecasting techniques <ul style="list-style-type: none"> ▪ Fundamental analysis ▪ Technical analysis ○ Tax implications, futures contracts and futures contract options <ul style="list-style-type: none"> ▪ Professional traders ▪ Non-professional traders <p>Single and multi-legged strategies for trading futures contracts and futures contract options, including:</p> <ul style="list-style-type: none"> ○ Bullish strategies ○ Bearish strategies ○ Neutral strategies ○ Spread strategies ○ Risks related to spread strategies <ul style="list-style-type: none"> ▪ Opposite position movement ▪ Illiquid markets ▪ Legging into and out of spreads ▪ Lower margins ▪ Shifting historical relationships ○ Volatility strategies 	



3. Complies with market integrity, trade execution and settlement requirements by:

SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
<p>I. Identifying and applying the applicable regulatory requirements, firm policies and procedures</p>	<ul style="list-style-type: none"> • Market rules, including Universal Market Integrity Rules (where applicable), in particular: <ul style="list-style-type: none"> ○ Best execution ○ Manipulative and deceptive practices ○ Disruptive trading practices ○ Fair and equitable trading practices ○ Front running ○ Direct electronic access and routing arrangements ○ Securities industry ethics, standards and firm guidelines for acceptable behaviour and governance ○ Principal trading • Placing orders, and the settlement and delivery process • Processes for handling order errors and changes • Trading settlement procedures for all transactions • Correct market orders • Types of accounts • How trades are managed by the firm • The various trading desks • Algorithmic trading types 	<ul style="list-style-type: none"> • Communicates the market impact of any proposed or requested trades • Verifies all relevant details of a trade in order to ensure they are accurately reflected in all orders placed • Places all orders in a timely manner and consistent with the client’s request • Remains available to client during trading hours or follows firm policies and procedures to ensure that a colleague is otherwise available • Ensures that all information about client trading activity remains confidential



3. Complies with market integrity, trade execution and settlement requirements by:		
SUB COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
II. Identifying and applying gatekeeping responsibilities	<ul style="list-style-type: none"> • Applicable regulatory requirements including: <ul style="list-style-type: none"> ○ How to identify suspicious transactions ○ Applicable regulatory frameworks on whistleblowers • Applicable reporting obligations to firms and regulators 	<ul style="list-style-type: none"> • Escalates concerns to supervisor and Compliance about suspicious, manipulative or deceptive practices • Alerts the trade desk to investigate with the exchanges if required • Records suspicious activities, including rationale and actions taken