

# IIROC Competency Framework

Retail Registered Representative and Investment Representative

Reference Document








## Retail Registered Representative and Investment Representative Competencies

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

Relationship Skills: Initiate Client Relationships	Page 4	Regulatory Skills: Know Your Client	Page 7
 <p><b>1. Identifies, explains, applies, analyzes, complies with, and evaluates applicable regulatory requirements, firm policies and procedures when:</b></p> <ul style="list-style-type: none"><li>I. Building a book of business</li><li>II. Meeting with prospective clients</li><li>III. Setting out the scope of the client relationship</li><li>IV. Providing required documents and disclosures</li></ul>		 <p><b>2. Complies with the Know Your Client requirements (KYC) by:</b></p> <ul style="list-style-type: none"><li>I. Identifying and explaining the information that is required to be collected</li><li>II. Analyzing and evaluating the Know Your Client information</li><li>III. Using Know Your Client information to help the client set realistic financial goals</li></ul>	
<b>Technical Skills: Product and Market Impact</b>		<b>Page 10</b>	
 <p><b>3. Identifies, applies and analyzes the following when evaluating investment options:</b></p> <p><b>GENERAL FOR ALL:</b></p> <ul style="list-style-type: none"><li>I. Macroeconomic analysis</li><li>II. Industry analysis</li><li>III. Company analysis</li><li>IV. Technical/statistical analysis</li></ul> <p><b>SECURITIES:</b></p> <ul style="list-style-type: none"><li>V. Characteristics and information on equities</li><li>VI. Characteristics and information on fixed income products</li><li>VII. Characteristics and information on managed products</li><li>VIII. Characteristics and information on mutual funds</li><li>IX. Characteristics and information on other investments</li></ul>		<p><b>OPTIONS:</b></p> <ul style="list-style-type: none"><li>X. Characteristics and information on dealing in options</li></ul>	<p><b>FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS:</b></p> <ul style="list-style-type: none"><li>XI. Characteristics and information on dealing in futures contracts and futures contract options</li></ul>



## Regulatory Skills: Suitability

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**4. Complies with the suitability requirements:**

- I. By identifying, analyzing and evaluating each recommended product
- II. When developing comprehensive investment recommendations
- III. By explaining and demonstrating how an order or recommendation is consistent with factors, which include the client's objectives, time horizon, risk tolerance, investment knowledge, financial situation and current investment portfolio compositions and risk level
- IV. By monitoring client investments regularly

## Regulatory Skills: Execution and Market Integrity

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**5. 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 the gatekeeping responsibilities

## Relationship Skills: Maintain Client Relationships

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**6. Applies a client-oriented compliance approach by:**

- I. Clearly communicating with clients
- II. Keeping up to date with changes in requirements
- III. Identifying and applying documentation requirements and best practices
- IV. Following client complaint handling requirements

## Regulatory Skills: Conflicts and Ethics

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

- I. Conflicts of interest and ethics
- II. Outside business activities
- III. Personal financial dealings
- IV. Containment of confidential information



1. Identifies, explains, applies, analyzes, complies with and evaluates applicable regulatory requirements, firm policies and procedures when:		
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. Building a book of business	<ul style="list-style-type: none"> <li>• Acceptable sales practices</li> <li>• Privacy legislation and requirements</li> <li>• Confidentiality</li> <li>• Sales and advertising guidelines</li> <li>• Rules and guidelines for external communication</li> <li>• Professional code of conduct and securities industry standards</li> </ul>	<ul style="list-style-type: none"> <li>• Adheres to professional code of conduct and ethical practices</li> <li>• Uses skills in a professional manner</li> <li>• Demonstrates ethical judgement</li> <li>• Develops a business, account or execution plan that complies with all firm policies and procedures</li> <li>• Records activities appropriately</li> <li>• Establishes trust in all professional relationships</li> <li>• Prepares well for all client contact in compliance with relevant firm policies and procedures</li> </ul>
II. Meeting with prospective clients	<ul style="list-style-type: none"> <li>• The onboarding process for all new clients</li> <li>• All client information that is required to be collected</li> <li>• Overview of the regulatory framework</li> <li>• Principles of securities regulation</li> <li>• The role of securities regulators</li> <li>• The role of the CIPF</li> <li>• Rules for public company disclosure and the statutory rights of investors</li> <li>• Requirements under Proceeds of Crime and Terrorist Financing (i.e., AML) legislation</li> <li>• The process for identifying and documenting the role of third parties and other professionals in the client’s life, including:               <ul style="list-style-type: none"> <li>○ Powers of attorney</li> <li>○ Lawyers</li> <li>○ Accountants</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Adheres to a professional code of conduct and ethical practices</li> <li>• Explains the onboarding process and the information that is required to be collected</li> <li>• Reviews, analyzes and evaluates all information provided by the client</li> <li>• Communicates with clients clearly, directly and transparently using plain language terms</li> <li>• Probes the client for relevant information on existing accounts and any previous investment experience to determine their knowledge, experience and decision-making skills</li> <li>• Records details of all initial meetings and confirms client’s understanding</li> </ul>



<b>1. Identifies, explains, applies, analyzes, complies with and evaluates applicable regulatory requirements, firm policies and procedures when:</b>		
<b>SUB-COMPETENCY</b>	<b>KNOWLEDGE</b> For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	<b>BEHAVIOURS AND SKILLS</b> For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
	<ul style="list-style-type: none"> <li>○ Insurance agents</li> <li>○ Trusted contact persons</li> </ul>	
III. Setting out the scope of the client relationship	<ul style="list-style-type: none"> <li>● The purpose and content of the Relationship Disclosure including:               <ul style="list-style-type: none"> <li>○ The products, services and account types the client can access at the firm, including fee-based, leverage and margin accounts</li> <li>○ The limitations of products, services and account types offered at the firm (where applicable)</li> <li>○ Fees and guidelines for compensation</li> <li>○ The conditions (regulatory and firm-based) under which the client’s account will be maintained</li> </ul> </li> <li>● The wealth management process and its impact on investment decisions</li> <li>● Investment performance benchmarks</li> <li>● Impact of fees, turnover and taxes on managed product returns</li> <li>● The client relationship model</li> <li>● Systematic approaches to investment management</li> <li>● Role of costs in product selection</li> <li>● Procedures and requirements for working with clients residing in the United States</li> <li>● Concepts of trust, agency and fiduciary duty</li> </ul>	<ul style="list-style-type: none"> <li>● Explains the Relationship Disclosure document in order to set realistic expectations</li> <li>● Evaluates the level of detail required when explaining processes, regulations and products; uses language tailored to the client’s financial literacy level</li> <li>● Identifies, evaluates and explains whether there is a mutual fit between the Registered Representative and the client that is based on an initial understanding of the client’s current financial state, financial literacy level and goals</li> <li>● Identifies, evaluates and explains the frequency and nature of client contact and related processes</li> <li>● Explains fee structures and recommends one that best meets the client’s needs</li> </ul>



1. Identifies, explains, applies, analyzes, complies with and evaluates applicable regulatory requirements, firm policies and procedures when:		
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
IV. Providing required documents and disclosures	<ul style="list-style-type: none"> <li>• Firm Welcome package</li> <li>• Fee schedule</li> <li>• IIROC account opening brochure</li> <li>• Any other documentation required by the firm, including conflict of interest disclosures</li> <li>• Firm procedures for filing documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Provides all required documents and explains them accurately, consistently and efficiently using plain language terms</li> <li>• Follows the firm process on how to interact with and serve the client</li> </ul>



2. Complies with the Know Your Client requirements (KYC) by:		
SUB-COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as appropriate and Investment Representatives to understand	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
<p>I. Identifying and explaining the information that is required to be collected</p>	<ul style="list-style-type: none"> <li>• New accounts-related documentation including Know Your Client information:               <ul style="list-style-type: none"> <li>○ Client’s financial circumstance: income, net worth, assets and liabilities</li> <li>○ Client investment knowledge</li> <li>○ Risk tolerance</li> <li>○ Objectives</li> <li>○ Time horizon</li> </ul> </li> <li>• The significance of the Know Your Client obligation and its relationship to recommendations</li> <li>• The relationship between objectives, risk tolerance, loss capacity and performance</li> <li>• The need to have full, transparent disclosure of all the client’s information, including their debts, liabilities, future goals and all current cash flow/commitments</li> <li>• The fluid nature of a client’s circumstances that may impact the client’s risk tolerance, time horizon and investment objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the account-opening process to clients and assists them with completing the relevant documents</li> <li>• Explains to the client the Know Your Client information required and its importance</li> <li>• Explains the importance of updating the Know Your Client information</li> <li>• Identifies and evaluates whether additional information is needed</li> <li>• Communicates clearly, avoids jargon and tailors language to match the client’s financial literacy level</li> <li>• Uses a variety of communication tools, including using an appropriate conversational tone, tangible examples, scenarios and hypothetical situations</li> <li>• Validates client responses using examples and scenarios</li> <li>• Uses organization and communication skills to ensure all documents are:               <ul style="list-style-type: none"> <li>○ Completed properly by the client</li> <li>○ Submitted by the client in a timely fashion</li> <li>○ Filed at the firm and updated on a timely basis</li> </ul> </li> <li>• Provides fulsome and timely answers to client questions</li> <li>• Verifies information with clients following meetings</li> <li>• Recognizes capacity concerns related to vulnerable persons and acts accordingly</li> </ul>
<p>II. Analyzing and evaluating the Know Your Client information</p>	<ul style="list-style-type: none"> <li>• Client’s current holdings, rates of return and fees</li> <li>• Client’s current investment strategies and whether it is sustainable and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures all client needs have been clearly expressed</li> </ul>



**2. Complies with the Know Your Client requirements (KYC) by:**

SUB-COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as appropriate and Investment Representatives to understand	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
	<ul style="list-style-type: none"> <li>• Client’s current and future sources of income</li> <li>• Calculation and analysis of the client’s net worth and cash flow</li> <li>• Any relevant client financial documents, including tax returns, insurance policies, annuities and debt obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Approaches the Know Your Client with an overall objective to thoroughly understand the client, their motivations and long-term goals</li> <li>• Assesses the reasonableness of client’s objectives</li> <li>• Assesses whether the client’s financial circumstance and expectations are consistent with their overall risk tolerance</li> <li>• Assesses the client’s stated investment knowledge and overall financial literacy level</li> <li>• Determines whether additional client information is needed (beyond what is collected in the new account documents and regulatory/legal minimums) to better understand the client’s complete financial circumstance</li> <li>• Discusses forward-looking considerations to determine the client’s relevant time horizon and to explain the financial impact of major life events</li> <li>• Recognizes the implication and significance of client responses</li> <li>• Acknowledges client’s reservations when concerns are expressed, and probes further to best understand the entire concern</li> </ul>





2. Complies with the Know Your Client requirements (KYC) by:		
SUB-COMPETENCY	KNOWLEDGE For Registered Representatives to understand and apply as appropriate and Investment Representatives to understand	BEHAVIOURS AND SKILLS For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
III. Using Know Your Client information to help the client set realistic financial goals	<ul style="list-style-type: none"> <li>• Process for creating an investment strategy based on the Know Your Client information</li> <li>• Key features, calculations, advantages and disadvantages of various types of accounts</li> <li>• Cash management planning and savings strategies</li> <li>• General tax planning techniques and strategies</li> <li>• Advantages of asset allocation and distinctions between strategic asset allocation and ongoing asset allocation techniques</li> <li>• Distinction between actively and passively managed products</li> <li>• Time value of money calculation</li> <li>• Features of government pension programs</li> </ul>	<ul style="list-style-type: none"> <li>• Determines the best strategies to achieve their client’s investment goals, including determination of:               <ul style="list-style-type: none"> <li>○ Account type</li> <li>○ Fee arrangement</li> <li>○ Trading strategies</li> </ul> </li> <li>• Evaluates and discusses with the client, expectations based on the client’s income level, risk tolerance, objectives and time horizon</li> <li>• The ability to identify areas that might require action or expert advice relevant to the client’s financial circumstance, including:               <ul style="list-style-type: none"> <li>○ Estate planning</li> <li>○ Mortgages</li> <li>○ Insurance</li> <li>○ Tax planning</li> <li>○ Family law implications</li> <li>○ Pension experts</li> </ul> </li> </ul>



3. Identifies, applies and analyzes the following when evaluating 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. Macroeconomic analysis	<ul style="list-style-type: none"> <li>• The role and function of central banks</li> <li>• How the Bank of Canada implements and conducts monetary policy</li> <li>• Keynesian, monetarist and supply-side theories of the economy</li> <li>• Mechanisms by which governments establish fiscal policy and evaluate the impacts of fiscal policy on the economy</li> <li>• The process for achieving market equilibrium</li> <li>• Phases of the business cycle, economic indicators used to analyze business conditions and the determinants of long-term economic growth</li> <li>• Key indicators of the labour market in Canada and the main types of unemployment</li> <li>• Theories of interest rate determination and how interest rates affect the economy</li> <li>• Inflation and calculation of the inflation rate using the Consumer Price Index (CPI)</li> <li>• Causes and impacts of inflation, disinflation and deflation on an economy</li> <li>• International trade, balance of payments and their impacts on the economy</li> <li>• Exchange rates, how they are set and their impact on the economy</li> <li>• Interest rates, how they are set and their impact on the economy</li> <li>• The macroeconomic factors that affect investor expectations and the price of securities</li> </ul>	<ul style="list-style-type: none"> <li>• Analyzes closely all relevant documents and sources of information</li> </ul>
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3. Identifies, applies and analyzes the following when evaluating 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"> <li>Economic principles that have an impact on capital markets and the needs of clients</li> <li>The interaction between monetary and fiscal policies</li> <li>Valuation techniques and models</li> <li>Economic reports and other relevant sources of information, including the assumptions and valuation approach used</li> </ul>	
	OPTIONS	II. Industry analysis	<ul style="list-style-type: none"> <li>Industry classifications</li> <li>Industry performance during stages of the economic cycle</li> <li>The differences in how companies are analyzed and valued within the industry</li> <li>Industry reports and other relevant sources of information, including the assumptions and valuation approach used</li> </ul>	<ul style="list-style-type: none"> <li>Analyzes closely all relevant documents and sources of information</li> </ul>
FUTURES CONTRACTS FUTURES CONTRACT OF	III. Company analysis	<ul style="list-style-type: none"> <li>Various sources of company analysis</li> <li>The factors involved in performing company analysis to determine whether a company represents a good investment</li> <li>Different types of business structures</li> <li>The importance of different sources of company information</li> <li>Financial statements</li> <li>Company reports and other relevant sources of information, including the assumptions and valuation approach used</li> </ul>	<ul style="list-style-type: none"> <li>Analyzes closely all relevant documents and sources of information</li> </ul>	



3. Identifies, applies and analyzes the following when evaluating 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
		<ul style="list-style-type: none"> <li>• Takeover process and takeover legislation</li> <li>• Insider bids and issuer bid regulations</li> <li>• The rules for public company disclosure and statutory rights of investors</li> </ul>	
SECURITIES	IV. Technical/statistical analysis	<ul style="list-style-type: none"> <li>• The use of fundamental, quantitative and technical/statistical analyses</li> <li>• Market theories in relation to stock market behaviour</li> <li>• The tools used in technical/statistical analysis</li> <li>• Technical reports and other relevant sources of information, including the assumptions and the particular valuation approach used</li> </ul>	<ul style="list-style-type: none"> <li>• Analyzes closely all relevant documents and sources of information</li> </ul>
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<b>3. Identifies, applies and analyzes the following when evaluating investment options:</b>			
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	V. Characteristics and information on equities	<ul style="list-style-type: none"> <li>• Characteristics of equities, including:               <ul style="list-style-type: none"> <li>○ Features</li> <li>○ Advantages and disadvantages</li> <li>○ Risks</li> </ul> </li> <li>• Types of equities, including:               <ul style="list-style-type: none"> <li>○ Common shares</li> <li>○ Preferred shares</li> <li>○ Income trusts</li> <li>○ Closed-end funds</li> </ul> </li> <li>• Information sources for equities</li> <li>• The factors used to decide between managed products and individual equity securities</li> <li>• Advantages of common share ownership, dividend taxation, how they are declared, claimed, and the impact of stock splits and consolidations</li> <li>• Stock market index vs. average and the important stock market indexes and averages</li> <li>• Macroeconomic factors affecting investor expectations and the price of securities</li> <li>• How industry classifications impact a company's stock valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the characteristics and types clearly</li> <li>• Analyzes closely all relevant documents and sources of information</li> <li>• Attends seminars, educational events and firm training related to prospective equities</li> <li>• Keeps up to date on equities through internal Subject Matter Experts (SMEs)</li> <li>• Where available, consults with external SMEs to understand relevant product analysis for equities</li> </ul>
OPTIONS	VI. Characteristics and information on fixed income products	<ul style="list-style-type: none"> <li>• Mechanics of debt trading in Canada</li> <li>• Characteristics of fixed income products, including:               <ul style="list-style-type: none"> <li>○ Features</li> <li>○ Advantages and disadvantages</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the characteristics and types clearly</li> <li>• Analyzes closely all relevant documents and sources of information</li> </ul>
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3. Identifies, applies and analyzes the following when evaluating 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"> <li>○ Risks</li> <li>● The types of fixed income products, including debt securities</li> <li>● Information sources for fixed income products</li> <li>● The relationship between coupon, yield, term-to-maturity and price volatility</li> <li>● The impact of the factors that affect bond prices</li> <li>● The types of bond yields, including the approximate yield to maturity</li> <li>● Concepts of present value and future value</li> <li>● Passive fixed income portfolio management vs. active fixed income portfolio management</li> <li>● Present value, discount rate and calculations relating to the time value of money, bond pricing and yield</li> <li>● The impact of fixed income pricing properties on bond prices</li> <li>● Rules and regulations related to bond delivery and settlement</li> </ul>	<ul style="list-style-type: none"> <li>● Attends seminars, educational events and firm training related to prospective fixed income products</li> <li>● Keeps up to date on fixed income products through internal SMEs</li> <li>● Where available, consults with external SMEs to understand relevant product analysis for fixed income products</li> </ul>
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FUTURES CONTRACTS FUTURES CONTRACT OF	VII. Characteristics and information on managed products	<ul style="list-style-type: none"> <li>● Characteristics of managed products, including:                             <ul style="list-style-type: none"> <li>○ Features</li> <li>○ Advantages and disadvantages</li> <li>○ Risks</li> </ul> </li> <li>● Types of managed products, including:                             <ul style="list-style-type: none"> <li>○ Wrap funds</li> <li>○ Pooled funds</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Explains the characteristics and types clearly</li> <li>● Analyzes closely all relevant documents and sources of information</li> <li>● Attends seminars, educational events or firm training related to prospective managed products</li> <li>● Keeps up to date on managed products through internal SMEs</li> </ul>



<b>3. Identifies, applies and analyzes the following when evaluating investment options:</b>			
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
		<ul style="list-style-type: none"> <li>Information sources for managed products</li> <li>Impact of fees, turnover and taxes on managed product returns</li> </ul>	<ul style="list-style-type: none"> <li>Where available, consults with external SMEs to understand relevant product analysis for managed products</li> </ul>
SECURITIES	VIII. Characteristics and information on mutual funds	<ul style="list-style-type: none"> <li>Characteristics of all types of mutual funds, including:                             <ul style="list-style-type: none"> <li>Features</li> <li>Advantages and disadvantages</li> <li>Risks</li> </ul> </li> <li>The mutual fund regulatory environment</li> <li>How to read and understand fund fact documents</li> <li>Calculations for pricing of mutual fund units or shares, a fund's net asset value per share (NAVPS), and the impact of charges associated with mutual funds</li> <li>Mutual fund management styles</li> <li>The operation of open-end mutual funds</li> <li>Information sources on mutual funds</li> <li>The evaluation of funds and required criteria</li> <li>Risk ranking methodologies</li> <li>Mutual fund trusts and mutual fund corporations</li> <li>The implications of redemptions in various circumstances</li> <li>How mutual fund performance is measured and how the comparative performance of mutual funds is determined</li> </ul>	<ul style="list-style-type: none"> <li>Explains the characteristics and types clearly</li> <li>Analyzes closely all relevant documents and sources of information</li> <li>Attends seminars, educational events and firm training related to prospective mutual funds</li> <li>Keeps up to date on mutual funds through internal SMEs</li> <li>Where available, consults with external SMEs to understand relevant product analysis for mutual funds</li> </ul>
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3. Identifies, applies and analyzes the following when evaluating investment options:				
GENERAL FOR ALL	SECURITIES	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	
FUTURES CONTRACTS FUTURES CONTRACT OF	OPTIONS	<p>IX. Characteristics and information on other investments</p>	<ul style="list-style-type: none"> <li>• Characteristics of all alternative, emerging and other types of investments, including:               <ul style="list-style-type: none"> <li>○ Features</li> <li>○ Advantages and disadvantages</li> <li>○ Risks</li> </ul> </li> <li>• Types of alternative, emerging and all other investments, including:               <ul style="list-style-type: none"> <li>○ Hedge funds</li> <li>○ Principal-protected notes (PPNs)</li> <li>○ Exchange traded funds (ETFs)</li> <li>○ Alternative investment funds</li> </ul> </li> <li>• Product disclosure requirements and risks of investment products</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the characteristics and types clearly</li> <li>• Analyzes closely all relevant documents and sources of information</li> <li>• Attends seminars, educational events and firm training related to other types of prospective investments</li> <li>• Uses internal SMEs to learn more about other types of investments</li> <li>• Where available, consults with external SMEs to understand relevant product analysis for other types of investments</li> </ul>





**3. 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	X. Characteristics and information on dealing in options	<ul style="list-style-type: none"> <li>• Legislative and regulatory framework governing:               <ul style="list-style-type: none"> <li>○ Dealing in options                   <ul style="list-style-type: none"> <li>▪ Dealer Member policies and procedures for client solicitation and the firm’s options trading business</li> <li>▪ Dealer Member procedures for client communications and changes to the firm’s options trading business</li> <li>▪ Dealer Member client reporting for expiring options series</li> <li>▪ Dealer Member reporting requirements for all positions (covered and uncovered)</li> <li>▪ Concentration reporting</li> <li>▪ Profit and Loss statements for active accounts</li> <li>▪ Exception reports</li> </ul> </li> <li>○ Prohibited options trading practices                   <ul style="list-style-type: none"> <li>▪ Trading while under margin</li> <li>▪ Trading beyond margin or credit limits</li> <li>▪ Cumulative losses exceeding risk limits</li> </ul> </li> <li>○ Margin requirements for options strategies</li> <li>○ Opening, managing and monitoring options accounts, including completing:                   <ul style="list-style-type: none"> <li>▪ Options Account Application Form</li> <li>▪ Options Trading Agreement</li> <li>▪ Margin Agreement Form</li> <li>▪ Risk Disclosure and Information Statement</li> <li>▪ Managed and Discretionary Account Agreements</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identifies applicable requirements for trade or transfer (accounts) of options contracts</li> <li>• Identifies regulatory restrictions that apply for different uses</li> <li>• Explains how options can address client needs</li> <li>• Explains how options relate to and can complement other investment or structured products</li> <li>• Explains how option commissions or fees are charged</li> <li>• Explains why and what content is included in client statements and agreements</li> <li>• Analyzes and evaluates benefits and risks of options contracts for client trading and risk management</li> <li>• Analyzes and evaluates profit, loss and breakeven outcomes</li> </ul>
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT OF			



<b>3. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:</b>		
SUB-COMPETENCY	KNOWLEDGE <small>For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable</small>	BEHAVIOURS AND SKILLS <small>For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable</small>
GENERAL FOR ALL		
SECURITIES		
OPTIONS	<ul style="list-style-type: none"> <li>○ Client statement requirements for options trading               <ul style="list-style-type: none"> <li>▪ Monthly account statements</li> <li>▪ Trade confirmations</li> </ul> </li> <li>● Purpose, types, risk and reward profiles of:               <ul style="list-style-type: none"> <li>○ Derivatives                   <ul style="list-style-type: none"> <li>▪ Options</li> <li>▪ Forwards and futures</li> <li>▪ Swaps</li> <li>▪ CFDs</li> <li>▪ Other derivatives-based products</li> </ul> </li> <li>○ Risk management/mitigation through hedging</li> <li>○ Speculative trading</li> <li>○ Options contract types                   <ul style="list-style-type: none"> <li>▪ Puts and calls</li> <li>▪ American-style options</li> <li>▪ European-style options</li> <li>▪ Equity options</li> <li>▪ Non-equity options (e.g., currency, bond, indexes and futures options)</li> <li>▪ Exotic options (OTC)</li> </ul> </li> </ul> </li> <li>● Trading rules and mechanics:               <ul style="list-style-type: none"> <li>○ La Bourse de Montréal // Montréal Exchange                   <ul style="list-style-type: none"> <li>▪ Eligibility requirements</li> <li>▪ Disclosure and surveillance rules</li> </ul> </li> </ul> </li> </ul>	
FUTURES CONTRACTS FUTURES CONTRACT OF		



3. 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 FUTURES CONTRACT OF	<ul style="list-style-type: none"> <li>▪ Monitoring rules</li> <li>▪ Record-keeping rules</li> <li>▪ Regulatory Division rules and penalties</li> <li>▪ Trading and payment rules</li> <li>▪ Trading conduct and business conduct rules</li> <li>▪ Margin requirements</li> <li>▪ Required reporting levels</li> <li>▪ Large open position reporting requirements</li> <li>▪ Position and exercise limits</li> <li>▪ Concentration level limits</li> <li>▪ Trading and expiration cycles</li> <li>▪ Opening and closing transactions</li> <li>▪ Procedures for exercising options</li> <li>▪ Procedures for transferring listed options accounts</li> <li>▪ Canadian Derivatives Clearing Corporation (CDCC) rules and procedures</li> <li>▪ CDCC requirements and procedures regarding options exercise settlement</li> <li>▪ Canadian Depository for Securities (CDS) and delivery procedures for underlying interests</li> <li>▪ Options Clearing Corporation (U.S.) rules and procedures</li> <li>○ Over-the-counter (OTC) derivatives contracts               <ul style="list-style-type: none"> <li>▪ ISDA framework and standardized documentation</li> <li>▪ Liquidation of existing positions</li> </ul> </li> </ul>	



**3. 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"> <li>▪ Assessment of exposure to risk</li> <li>• Transactional elements of options contracts:               <ul style="list-style-type: none"> <li>○ Underlying interest                   <ul style="list-style-type: none"> <li>▪ Financial instruments (e.g., shares, bonds, bank credit)</li> <li>▪ Financial variables (e.g., indexes)</li> <li>▪ Commodities (e.g., oil, metals, agricultural products)</li> <li>▪ Events (e.g., weather)</li> </ul> </li> <li>○ Premium                   <ul style="list-style-type: none"> <li>▪ Changes in options prices in relation to the underlying interest price (Delta)</li> <li>▪ Rate of change of Delta</li> <li>▪ Intrinsic value</li> <li>▪ Time value</li> <li>▪ At-the-money</li> <li>▪ In-the-money</li> <li>▪ Out-of-the money</li> </ul> </li> <li>○ Price forecasting techniques                   <ul style="list-style-type: none"> <li>▪ Fundamental analysis</li> <li>▪ Technical analysis</li> </ul> </li> <li>○ Leverage                   <ul style="list-style-type: none"> <li>▪ Leverage and options value</li> <li>▪ Calculation of options leverage</li> </ul> </li> <li>○ Tax implications of using options:                   <ul style="list-style-type: none"> <li>▪ Professional traders</li> </ul> </li> </ul> </li> </ul>	
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT OF			



<b>3. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:</b>		
SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
GENERAL FOR ALL	<p>For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable</p>	<p>For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable</p>
SECURITIES	<ul style="list-style-type: none"> <li>▪ Non-professional traders</li> </ul> <ul style="list-style-type: none"> <li>• Single and multi-legged strategies for trading options contracts, including:               <ul style="list-style-type: none"> <li>○ Use of options-based indexes in income-producing options strategies</li> <li>○ Bullish Strategies</li> <li>○ Bearish Strategies</li> <li>○ Options volatility strategies</li> </ul> </li> </ul>	
OPTIONS		
FUTURES CONTRACTS FUTURES CONTRACT OF		



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



3. 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"> <li>▪ Authority to Transfer Funds Form</li> <li>○ Client statement requirements for futures contracts and futures contract options trading               <ul style="list-style-type: none"> <li>▪ Monthly account statements</li> <li>▪ Trade confirmations</li> <li>▪ Statement of purchase and sale on liquidating trades</li> </ul> </li> <li>• Purpose, types, risk and reward profiles of:               <ul style="list-style-type: none"> <li>○ Derivatives                   <ul style="list-style-type: none"> <li>▪ Options</li> <li>▪ Forwards and futures</li> <li>▪ Swaps</li> <li>▪ CFDs</li> <li>▪ Other derivatives-based products</li> </ul> </li> <li>○ Risk management/mitigation through hedging</li> <li>○ Speculative trading</li> <li>○ Futures contracts and futures contract options                   <ul style="list-style-type: none"> <li>▪ Equity futures</li> <li>▪ Non-equity futures (e.g., bond, note, index, currency, interest rate)</li> </ul> </li> </ul> </li> <li>• Trading rules and mechanics:               <ul style="list-style-type: none"> <li>○ La Bourse de Montréal // Montréal Exchange                   <ul style="list-style-type: none"> <li>▪ Eligibility requirements</li> <li>▪ Disclosure and surveillance rules</li> </ul> </li> </ul> </li> </ul>	



3. 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"> <li>▪ Monitoring rules</li> <li>▪ Record-keeping rules</li> <li>▪ Regulatory Division rules and penalties</li> <li>▪ Trading and payment rules</li> <li>▪ Trading conduct and business conduct rules</li> <li>▪ Margin requirements</li> <li>▪ Required reporting levels</li> <li>▪ Large open position reporting requirements</li> <li>▪ Position and exercise limits</li> <li>▪ Concentration level limits</li> <li>▪ Canadian Derivatives Clearing Corporation (CDCC) rules and procedures</li> <li>▪ Clearing deposit requirements</li> <li>▪ Canadian Depository for Securities (CDS) and delivery procedures for underlying interests</li> <li>○ Over-the-counter (OTC) derivatives contracts               <ul style="list-style-type: none"> <li>▪ ISDA framework and standardized documentation</li> <li>▪ Liquidation of existing positions</li> <li>▪ Assessments of value</li> <li>▪ Determinations of fair price</li> <li>▪ Assessments of exposure to risk</li> <li>▪ Underlying delivery and cash settlement</li> </ul> </li> <li>• Transactional elements of futures contracts and futures contract options:               <ul style="list-style-type: none"> <li>○ Underlying interest</li> </ul> </li> </ul>	





3. 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
GENERAL FOR ALL			
SECURITIES			
OPTIONS			
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS		<ul style="list-style-type: none"> <li>▪ Financial instruments (e.g., shares, bonds, bank credit)</li> <li>▪ Financial variables (e.g., indexes)</li> <li>▪ Commodities (e.g., oil, metals, agricultural products)</li> <li>▪ Events (e.g., weather)</li> <li>▪ Relationship to futures contract and futures contract options</li> <li>○ Mark-to-market</li> <li>○ Leverage               <ul style="list-style-type: none"> <li>▪ Leverage and contract value</li> <li>▪ Calculation of contract leverage</li> </ul> </li> <li>○ Margin               <ul style="list-style-type: none"> <li>▪ Differences between futures margin and securities margin</li> <li>▪ Risk-based margin system</li> <li>▪ Acceptable forms of margin</li> <li>▪ Exchange margin</li> <li>▪ In-house margin</li> <li>▪ Hedge margin</li> <li>▪ Day trading margin</li> <li>▪ Margin change</li> </ul> </li> <li>○ Margin controls               <ul style="list-style-type: none"> <li>▪ Initial margin call</li> <li>▪ Maintenance margin call</li> </ul> </li> <li>○ Price forecasting techniques</li> </ul>	



3. Identifies, applies and analyzes the following when communicating with clients and evaluating market factors and investment options:		
SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
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"> <li>▪ Fundamental analysis</li> <li>▪ Technical analysis</li> <li>○ Tax implications, futures contracts and futures contract options               <ul style="list-style-type: none"> <li>▪ Professional traders</li> <li>▪ Non-professional traders</li> </ul> </li> <li>• Single and multi-legged strategies for trading futures contracts and futures contract options, including:               <ul style="list-style-type: none"> <li>○ Bullish strategies</li> <li>○ Bearish strategies</li> <li>○ Neutral strategies</li> <li>○ Spread strategies</li> <li>○ Risks related to spread strategies                   <ul style="list-style-type: none"> <li>▪ Opposite position movement</li> <li>▪ Illiquid markets</li> <li>▪ Legging into and out of spreads</li> <li>▪ Lower margins</li> <li>▪ Shifting historical relationships</li> </ul> </li> </ul> </li> <li>○ Volatility strategies</li> </ul>	
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS		



4. Complies with the suitability requirements:		
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. By identifying, analyzing and evaluating each recommended product</p>	<ul style="list-style-type: none"> <li>• Awareness of new products available through the firm</li> <li>• All relevant sources of information when considering investment option recommendations</li> <li>• All trading strategies applied and the risks associated with each, including margin and short selling</li> <li>• Asset classes, volatility, benchmarks and performance expectations over various time horizons</li> <li>• Transaction costs and tax implications of investment recommendations</li> <li>• Rate of return calculation and risk measurement for any security</li> <li>• Present value, discount rate and calculations relating to the time value of money, bond pricing and yield</li> <li>• Asset mix categories and strategies for setting the asset mix</li> <li>• Portfolio management styles of equity and fixed income managers</li> <li>• Active and passive management</li> <li>• Economic, political and social events that can affect each investment</li> <li>• All fees and charges for product and the impact on client returns</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies and selects a personal product shelf</li> <li>• Analyzes and explains a range of options to the client</li> <li>• Evaluates risk, potential returns of the products and whether the product meets the client’s objectives</li> <li>• Evaluates product liquidity, volatility, correlations with other investments, lock-in features, currency, industry and consistency with the client’s risk tolerance</li> <li>• Evaluates how each product performs against benchmarks, indexes and other comparable products</li> <li>• Compares and contrasts products with similar objectives and risk levels in order to evaluate performance and to recommend other products</li> <li>• Develops an asset allocation framework, determines which products belong within the framework and excludes other products from the client’s portfolio</li> </ul>
<p>II. When developing comprehensive investment recommendations</p>	<ul style="list-style-type: none"> <li>• Processes to choose a portfolio for the client, based on needs, goals and risk tolerance</li> <li>• Systematic approach to investment management</li> <li>• Stock selection techniques</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluates the potential impact of a new product on the client’s entire portfolio</li> <li>• Evaluates whether a product is suitable for a client’s risk tolerance and objectives</li> </ul>



4. Complies with the suitability requirements:		
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"> <li>• Cash flow analysis</li> <li>• Asset allocation framework, categories, process and importance</li> <li>• The different types and key aspects of asset allocation (tactical, strategic, rebalancing, etc.) and calculation of absolute risk, absolute return and risk-adjusted return</li> <li>• Various portfolio theories</li> <li>• Calculation of the expected return and risk of any portfolio or asset</li> <li>• Efficient diversification, naïve diversification and industry or issuer concentration</li> <li>• Tax planning techniques and strategies</li> <li>• Calculations for capital gains, capital losses and strategies for minimizing tax liability</li> <li>• Tax deferral plans and their uses</li> <li>• Basic tax planning strategies and their advantages</li> <li>• The factors to consider in deciding whether to recommend managed products or non-managed products</li> <li>• Role of costs in asset allocation</li> <li>• Benefits and costs of a rebalancing strategy</li> <li>• Rationale for including preferred shares in the client's allocation to fixed income securities</li> <li>• The factors that influence the success of a sector rotation strategy</li> <li>• Different ways active and passive investment strategies are used</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluates products and shortlists those that are consistent with the client's needs</li> <li>• Develops written product recommendations that reflect portfolio suitability, impact, expectations about returns, general product attributes and drawbacks</li> <li>• Provides client with sufficient detail about potential product risks and rewards in order to enable fully informed client decisions</li> <li>• Ensures that recommendations include adequate explanations about product complexity</li> <li>• Completes the required approval procedures prior to recommending a product not offered by its firm</li> <li>• Fully explains recommended strategy to client</li> </ul>



4. Complies with the suitability requirements:		
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"> <li>• Characteristics of active and passive debt security strategies</li> <li>• Different types and measures of risk and the role of risk in asset selection</li> <li>• The factors that affect the expected return and risk of a portfolio</li> <li>• Features of the Canadian income tax system, calculation of income tax payable, tax treatments of interest, dividends and capital gains (and losses)</li> <li>• Margin requirements for long and short positions</li> <li>• Process of short selling and the risks associated</li> <li>• Calculation of any missing variable in a time value of money calculation</li> <li>• Risk management processes and the methods used to deal with risk</li> </ul>	
III. By explaining and demonstrating how an order or recommendation is consistent with factors, which include the client's objectives, time horizon, risk tolerance, investment knowledge, financial situation and current	<ul style="list-style-type: none"> <li>• The relevant factors required to be considered</li> <li>• The pros and cons of each recommended product and what they can accomplish for the client</li> <li>• The process for securing the client's commitment to recommended investment solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Explains recommendations using plain language terms, including all features of the products and any other types of investments presented</li> <li>• Confirms client's understanding of relevant information through discussion</li> <li>• Explains the fund facts document, if mutual funds or ETFs</li> <li>• Responds to any questions about recommendations by asking follow-up questions to clarify the client's concerns and paraphrases the answers to confirm the Registered Representative's understanding</li> <li>• Records recommendations provided, including details of discussions with clients</li> </ul>

**4. Complies with the suitability requirements:**

<b>SUB-COMPETENCY</b>	<b>KNOWLEDGE</b> For Registered Representatives to understand and apply as applicable and Investment Representatives to understand and provide support as applicable	<b>BEHAVIOURS AND SKILLS</b> For Registered Representatives to apply and Investment Representatives to understand and provide support as applicable
investment portfolio compositions and risk level		<ul style="list-style-type: none"><li>• Applies practice management skills to clarify the instructions with clients</li><li>• Encourages the importance of frequent touchpoints, especially when the client's financial circumstance changes</li><li>• Updates clients when a new product is suitable for their account or portfolio, including offering relevant product details and the reasons for recommending it</li><li>• Recognizes capacity concerns related to vulnerable persons and acts accordingly</li></ul>



4. Complies with the suitability requirements:		
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>IV. By monitoring client investments regularly</p>	<ul style="list-style-type: none"> <li>• Firm and regulatory requirements for monitoring and maintaining accounts including undergoing a suitability determination when there are triggering events</li> <li>• Processes for monitoring and evaluating portfolio performance in relation to the market, the economy, client needs and circumstances</li> <li>• Calculations of portfolio returns and measurement of risk for any security or portfolio over any time frame</li> <li>• The proper use of benchmarks in assessing portfolio performance</li> <li>• How investment product performance is measured and how the comparative performance of all products is determined</li> </ul>	<ul style="list-style-type: none"> <li>• Periodically reviews Know Your Client information and updates as required (such as trigger events)</li> <li>• Sets a routine schedule to review client account performance, including how individual products are performing</li> <li>• Maintains transparent, open communication with clients about account performance and addresses adverse impact of economic downturns by discussing responsive steps</li> <li>• Remains informed about product changes and understands them well enough to explain to clients</li> <li>• Recognizes client’s life changes and relevant financial implications; updates the Know Your Client and investment holdings/recommendations accordingly</li> </ul>



5. 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"> <li>• Market rules, including Universal Market Integrity Rules (where applicable), in particular:               <ul style="list-style-type: none"> <li>○ Best execution</li> <li>○ Manipulative and deceptive practices</li> <li>○ Disruptive trading practices</li> <li>○ Fair and equitable trading practices</li> </ul> </li> <li>• The securities industry code of ethics, standards and firm guidelines for acceptable behaviour and governance</li> <li>• Placing orders, and the settlement and delivery process</li> <li>• Processes for handling order errors and changes</li> <li>• The purpose and application of the cash account rule</li> <li>• Trading settlement procedures for all transactions</li> <li>• The restriction process on overdue cash accounts</li> <li>• Requirements to confirm orders with clients, including fees and commissions</li> <li>• Firm requirements, guidelines and best practices for trade confirmations sent to clients</li> <li>• Types of buy, sell and short sell orders</li> <li>• Long and short margin accounts and special margin situations</li> <li>• The need for specialized trading authorizations at the firm</li> </ul>	<ul style="list-style-type: none"> <li>• Verifies that all relevant details of a trade are accurately reflected in all orders placed</li> <li>• Places all orders in a timely manner and consistent with the client’s request</li> <li>• For non-discretionary/non-managed accounts, ensures trading is executed without discretion as to either the security traded, its quantity, price and/or the time of the trade</li> <li>• Records trading details, including the client’s agreement</li> <li>• Remains available to client during trading hours or follows firm policies and procedures to ensure that a colleague is otherwise available</li> </ul>





5. 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>II. Identifying and applying the gatekeeping responsibilities</p>	<ul style="list-style-type: none"> <li>• Applicable regulatory requirements including:               <ul style="list-style-type: none"> <li>○ The client’s typical financial activity and patterns in order to identify suspicious transactions</li> <li>○ Applicable regulatory frameworks on whistleblowers</li> <li>○ Applicable reporting obligations to firms and regulators</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identifies irregular trading requests that are inconsistent with a client’s portfolio, past trading and investment objectives</li> <li>• Escalates concerns to supervisor and Compliance about suspicious, manipulative or deceptive practices</li> <li>• Alerts the trade desk to investigate with the exchanges, if required</li> <li>• Records suspicious activities and recommendations that reflect irregular requests, including rationale and actions taken</li> </ul>



6. Applies a client-oriented compliance approach 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
I. Clearly communicating with clients	<ul style="list-style-type: none"> <li>Awareness of obligations and best practices</li> </ul>	<ul style="list-style-type: none"> <li>Maintains regular, ongoing contact according to firm policy and regulatory requirements</li> <li>Communicates with clients using plain language terms</li> <li>Provides clients with investment updates and ensures that any impactful changes to client’s account(s) are clearly communicated</li> <li>Responds to client requests in a timely manner and provides clients with sufficient opportunity to express concerns</li> <li>Prepares well for client meetings, including reviewing previous notes</li> <li>Manages client base to ensure clients receive quality service</li> <li>Engages in difficult client conversations, when necessary, in a manner that allows the client to feel respected, acknowledged and confident about the next steps</li> <li>Acknowledges the effect that emotions have on a client’s decision-making process</li> <li>Uses skills in a professional manner</li> <li>Demonstrates ethical judgement</li> </ul>
II. Keeping up to date with changes in requirements	<ul style="list-style-type: none"> <li>Relevant changes and updates to:               <ul style="list-style-type: none"> <li>Industry standards</li> <li>Legislation</li> <li>Regulations</li> <li>Firm procedures, rules and best practices</li> <li>Product and market research</li> <li>Emerging issues, financial trends, economic trends and world news</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reads, watches and listens regularly to financial news from various sources, including industry-specific newsletters, websites, newspapers and podcasts</li> <li>Participates regularly in continuing education activities, including training, educational events and conferences</li> <li>Remains informed about new technological advances related to investments and client communication</li> </ul>



6. Applies a client-oriented compliance approach 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
		<ul style="list-style-type: none"> <li>• Participates in communities of practice and knowledge-sharing with other Registered Representatives</li> <li>• Considers and adds new products into their personal product shelf regularly</li> <li>• Evaluates the potential impact of all changes to their own responsibilities, firm processes and client accounts</li> <li>• Ensures that account performance is periodically reviewed and that accounts are administered in a compliant manner</li> <li>• Conducts routine re-assessment of a client’s goals, needs etc., as well as reviews service and fit with the Registered Representative and its firm</li> </ul>
III. Identifying and applying documentation requirements and best practices	<ul style="list-style-type: none"> <li>• Regulations and firm guidelines for maintaining client responses/records</li> </ul>	<ul style="list-style-type: none"> <li>• Records all discussions, recommendations, decisions and transactions, including client reactions, dates and time</li> <li>• Provides clients with copies of all documents signed or reviewed by them</li> <li>• Updates the client information in account documents as needed</li> <li>• Provides email summaries to clients after all discussions and meetings</li> <li>• Records details of client meetings and/or client communications</li> <li>• Records recommendation(s) made to clients and instructions received</li> <li>• Records due diligence and catalogues all documentation, including research, analysis, follow-up information and other conclusions drawn from product research</li> </ul>



6. Applies a client-oriented compliance approach by:		
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IV. Following client complaint handling requirements	<ul style="list-style-type: none"> <li>• The role of IIROC, OBSI and provincial regulators</li> <li>• Penalties that can be applied by regulators</li> <li>• Obligations to clients, including legislative, contractual and other applicable laws</li> <li>• The recourse available to a dissatisfied client, including arbitration and litigation</li> <li>• Firm procedures for maintaining records of client complaints</li> <li>• Potential issues with clients that could lead to liability and the potential consequences</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrates calmness and empathy for client’s concerns</li> <li>• Demonstrates an understanding of the complaint and takes appropriate measures</li> </ul>



7. Identifies, explains, applies, analyzes, complies with and evaluates applicable regulatory requirements, firm policies and procedures, including:		
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. Conflicts of interest and ethics	<ul style="list-style-type: none"> <li>Prohibition, approval, disclosure and action required in the event of a potential conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>Identifies areas that may raise a potential conflict of interest and completes further analysis to determine whether additional action is required</li> <li>Evaluates potential conflicts of interest throughout the entire working relationship with the client</li> <li>Clearly explains and provides the necessary disclosures to clients</li> </ul>
II. Outside business activities	<ul style="list-style-type: none"> <li>Prohibition, approval, disclosure and action required regarding outside activities and positions of influence</li> </ul>	<ul style="list-style-type: none"> <li>Recognizes which activities require avoidance or disclosure to the firm</li> <li>Identifies how to escalate issues within the firm</li> <li>Clearly explains and provides the necessary disclosures to clients</li> </ul>
III. Personal financial dealings	<ul style="list-style-type: none"> <li>Prohibition, approval, disclosure and action required, relating to personal financial dealing with clients</li> </ul>	<ul style="list-style-type: none"> <li>Recognizes how to avoid engaging in a financial dealing with a client that may be inappropriate</li> <li>Identifies how to escalate issues within the firm</li> <li>Clearly explains and provides the necessary disclosures to clients</li> </ul>



7. Identifies, explains, applies, analyzes, complies with and evaluates applicable regulatory requirements, firm policies and procedures, including:		
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
IV. Containment of confidential information	<ul style="list-style-type: none"> <li>• Information barriers and firewalls</li> <li>• Grey and restricted list</li> <li>• Role of investment banking</li> <li>• Role of research department</li> <li>• Role of corporate finance</li> <li>• Cybersecurity</li> </ul>	<ul style="list-style-type: none"> <li>• Recognizes appropriate dealings within the firm</li> <li>• Follows all firm policies and procedures for containing confidential client information</li> <li>• Adheres to all information barrier requirements set out in firm policies and procedures</li> </ul>