

**Harvey Naglie**

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**Subject: Response to Consultation on Non-Tailored Advice in the Order Execution Only Channel**

Dear Mr. Devault,

Thank you for the opportunity to provide input on CIRO's consultation regarding non-tailored advice within the Order Execution Only (OEO) channel. This submission reflects my personal perspective, informed by research and a commitment to promote fair treatment for retail investors.

**Definition and Boundaries of Non-Tailored Advice**

The definition of non-tailored advice as general investment information and tools that do not account for an individual's financial circumstances forms an essential foundation for the OEO framework. Maintaining a clear boundary between tailored and non-tailored advice is critical for regulatory consistency and investor autonomy.

To further strengthen the definition, CIRO could expand its guidance by including examples of scenarios where tools or services might inadvertently blur the line between general and personalized advice, particularly when advanced technologies, such as artificial intelligence, are employed. This would provide additional clarity for firms and investors alike, promoting more consistent understanding and compliance.

**Accessibility and Design of Permissible Tools**

Permissible tools and services, such as market research reports, calculators, and self-assessment tools, are invaluable for DIY investors. However, CIRO's 2024 Investor Survey indicates that only 33% of DIY-only investors use these tools, compared to 60% of hybrid investors, highlighting the need for improvements.

I recommend that firms categorize tools by complexity, enabling investors to more easily identify those tools that align most closely with their needs and knowledge. Standardized presentation formats should also be mandated to reduce the risk of misinterpretation. To

avoid conflicts of interest, firms offering tools like model portfolios must ensure neutrality, particularly regarding proprietary products.

To address persistent investor mistrust—evidenced by FAIR Canada’s report showing that 43% of DIY investors perceive the investing process as unfair—CIRO should mandate clear, plain-language disclaimers that emphasize the informational nature of non-tailored tools.

### **Prohibition on Personalized Recommendations**

The prohibition on personalized recommendations within the OEO channel is the distinctive hallmark of this investing style. To reinforce this prohibition, CIRO should:

1. Require standardized disclaimers that clearly state the non-tailored nature of all tools and services.
2. Conduct regular compliance audits, particularly for firms employing advanced digital tools that may inadvertently cross regulatory boundaries.
3. Mandate annual attestations from firms confirming adherence to non-tailored advice regulations.
4. Require ongoing staff training to ensure consistent implementation of compliance practices.

These measures will help maintain clear boundaries between tailored and non-tailored advice.

### **Complaint Handling and Escalation**

An effective complaints-handling process is essential for investor protection and governance. CIRO should require all complaints to be promptly investigated, resolved, and reported to executive management. When a systemic issue is identified, it should be escalated and reported to CIRO. This approach will promote accountability, enhance transparency, and ensure that systemic risks are addressed comprehensively.

### **Investor Awareness and Literacy**

Investor literacy and awareness must remain a priority as the DIY investor demographic diversifies. Younger, tech-savvy investors increasingly dominate this space, necessitating enhanced initiatives to empower informed decision-making.

CIRO should consider launching a public awareness campaign to clarify the role and limitations of OEO platforms. Partnerships with advocacy organizations and affinity groups could amplify these efforts. To ensure effectiveness, CIRO should adopt measurable

metrics to evaluate the impact of these campaigns on investor outcomes and refine approaches, as necessary.

### **Summary and Recommendations**

To summarize, CIRO's consultation represents a timely opportunity to modernize the OEO model to align with investor needs and market realities. I recommend:

1. Expanding the definition of non-tailored advice with examples that clarify regulatory boundaries.
2. Requiring firms to improve the accessibility and neutrality of permissible tools.
3. Strengthening compliance oversight through regular audits, annual attestations, and staff training.
4. Mandating robust complaints-handling and escalation processes, including systemic reporting to CIRO.
5. Enhancing investor literacy through targeted public awareness campaigns and partnerships.

By implementing these measures, CIRO can promote investor confidence, safeguard the integrity of the OEO framework, and ensure that the framework remains responsive to the evolving needs of investors and the market.

Thank you for considering my submission. I remain available to provide further clarification or engage in discussions on these issues.

Sincerely,

*Harvey S. Naglie*

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