

Consultation Questions & Feedback – Coinsquare Capital Markets Ltd.

Question #1 – Notifications and alerts
<p>a) Are there particular products or services in respect of which you think OEO Dealers should be encouraged to issue alerts or other proactive information?</p> <p>OEO Dealers should be encouraged to issue alerts or proactive information for live and time-sensitive data points that are of interest to the average investor. This includes:</p> <ul style="list-style-type: none">• Significant price movements• Material news (earnings reports, regulatory actions, press releases, market trends)• Economic news (interest rate decisions, employment figures, etc.)
<p>b) What consistent criteria could OEO Dealers use in choosing to issue alerts or other proactive information?</p> <p>OEO Dealers should have the flexibility to send informational updates without rigid criteria. The distribution process itself will provide feedback on what clients find relevant or irrelevant, allowing Dealers to adapt quickly and better serve their clients' needs.</p>
Question #2 – Self-help tools
<p>a) Specific tools. Are there any specific tools or services you believe should be included or excluded from the list of non-tailored advice?</p> <ul style="list-style-type: none">• Any self-service informational or research tools should be allowed by default.• Tools facilitating systematic trading based on higher-level parameters should be included as they can help mitigate investor biases.
<p>b) Model portfolios. The current guidance contemplates model portfolio tools that are “limited to class of investor, asset class, industry sector and/or time horizon.” Model portfolios that reference specific securities are not contemplated. Would you support allowing model portfolios that do reference specific securities, providing no recommendation is made by the OEO dealer based on client information?</p> <p>We would support allowing model portfolios that reference specific securities, if the OEO dealer does not make recommendations based on client information.</p>
<p>c) Self-assessment tools. The current guidance does not contemplate OEO dealers providing tools that help clients determine what class of investor they are. Would you support allowing OEO dealers to provide self-assessment tools?</p> <p>Yes, OEO dealers should be able to provide clients with self-assessment tools to determine investor class/investor profile.</p>
<p>d) Filters. OEO Dealers provide their clients with tools for filtering the investments available on their platforms (e.g., large cap Canadian equities or TSX 60 index tracking ETFs). Would you impose limits on how specific such tools can be made (e.g., narrowing down large sets of investments such as those in the example above by price, performance, or other criteria)?</p> <p>There should be no limits on the specificity of such tools, as clients benefit from precise filtering.</p>
<p>e) Combining tools. What is your opinion on the potential effects of combining tools of various kinds (e.g., if a client uses each of the following in succession: a self-assessment tool, an asset allocation tool, a securities filter, and a rebalancing tool)?</p>

We support combining various tools (e.g., self-assessment tools, asset allocation tools, securities filters, and rebalancing tools). However, automation tools that result in trading should come with warnings or safeguards to prevent clients from making frequent trades without considering associated fees and implications.

- f) Limited client-specific information. Should there be greater allowance for the use of limited client-specific information that does not include a recommendation and is not based on KYC information? For example, in situations where a new client has funded their account but has not made any investments after a certain period, would it be appropriate to reach out with educational information about the benefits of investing some or all their cash holdings?

Yes, there should be greater allowance for the use of limited client-specific information (does not include recommendations and is not based on KYC information). For instance, providing educational information about the benefits of investing to new clients who have funded their accounts but have not yet made investments is appropriate. Additionally, OEO firms should be allowed to offer circumstantial advice, such as tax loss selling at year-end or covered call selling for eligible clients.

Question #3 – Finfluencers

Some CIRO OEO Dealers have entered into referral arrangements with Finfluencers and in certain cases have integrated their trading platform with the third-party platform, (e.g. “Trade Now” functionality that provides the ability to trade directly through the third-party platform).

What are your views on this practice and to what level of initial due diligence and ongoing monitoring should be required on the part of the OEO Dealer?

Paid arrangements with Finfluencers should adhere to the same rules as communications by dealer employees. Research and marketing content is acceptable within the boundaries of existing registrable activity.

Question #4 – Copy trading

- a) Should OEO Dealers be allowed to provide their clients with “copy trading” functionality that provides the ability to automatically replicate the trades of other investors?

Yes, OEO Dealers should be allowed to provide "copy trading" functionality, as clients can manually replicate trades if interested. This allows clients to follow and replicate trading strategies of experienced investors without the need for individualized advice.

- b) What measures can be implemented to ensure that copy trading is used in a way that is beneficial to investors?

Beneficial measure for the use of copy trading should include:

- Forcing periodic renewal of copy trading approval, which includes at least a link to review past period trades and performance.
- Notices on each trade confirmation that prominently identify them as triggered by copy trading, to prevent users from leaving copy trading in place over a lengthy period without paying attention.

Question #5 – Delivery of tools and information

Should the guidance distinguish information and tools provided directly on OEO Dealer websites or by email or made available through apps or social media sources?

The guidance should distinguish information and tools provided through different channels to ensure clarity and appropriate usage. Each channel has its own unique characteristics and engagement levels. For example:

- Websites: Best suited for detailed information and comprehensive tools that clients can explore at their own pace.
- Email**: Ideal for timely updates and alerts that require immediate attention or action from clients.

- Apps: Convenient for on-the-go access to tools and information, enhancing real-time decision-making.
- Social media: Effective for quick updates, general awareness, and engagement with a broader audience.