



Reference Document for:

Supervisor Competencies

Refer to Appendix 8 to review the Supervisor competency profile



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements



Supervisor Competencies

Table of Contents

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

General Regulatory Framework	Page 3	Supervisory Structure: Dealer Responsibilities	Page 10
<p>1 Understand and apply the following as applicable:</p> <ul style="list-style-type: none">I. Role of securities and derivatives regulators, SRO and applicable lawsII. Role of other financial services regulators and applicable lawsIII. Internal investigation and client complaint handlingIV. Ethics, conflicts of interest and confidentiality		<p>2 Understand and apply the following as applicable:</p> <ul style="list-style-type: none">I. General dealer responsibilitiesII. Oversight by ExecutivesIII. Compliance functionIV. General responsibilities of SupervisorsV. Delegation and automation controls for supervisory tasks and activities	
Supervisory Structure: Specific Supervision Responsibilities		Page 17	
<p>3 Understand and apply the following as applicable:</p> <ul style="list-style-type: none">I. Business and operationsII. Activities of Approved Persons engaged in dealing and advisingIII. Account approvalsIV. Account activityV. Trading and market rulesVI. Advertisements, sales literature and correspondenceVII. Research reportsVIII. Risks associated with dealer activity and registered locations			



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
I. Role of securities and derivatives regulators, SRO and applicable laws	<ul style="list-style-type: none"> • Securities and derivatives regulators, marketplaces/exchanges and Self-Regulatory Organization (SRO), including: <ul style="list-style-type: none"> ○ Canadian Securities Administrators (CSA) and provincial/territorial securities and derivatives regulators, including: <ul style="list-style-type: none"> ▪ Jurisdiction ▪ Mandate and objectives ▪ Governance structure ▪ Legislation ▪ National Instruments (NI), Multilateral Instruments (MI), National policies, Staff notices and Companion Policies (CP) ▪ Distinctions between provincial regulatory frameworks ▪ Enforcement powers ▪ Dealer and individual registration requirements ○ Role and authority of marketplaces in the securities industry, including: <ul style="list-style-type: none"> ▪ Exchanges ▪ Alternative Trading Systems (ATS) ▪ Crypto-Asset Trading Platforms (CTPs) ▪ Foreign Organized Regulated Markets (FORM) ○ Canadian Investment Regulatory Organization (CIRO), including: 	<ul style="list-style-type: none"> • Act in accordance with requirements that apply to the approved role and responsibilities • Keep up to date with knowledge and understanding of all relevant business, industry, legal and regulatory developments • Support policies and procedures implementation updates to keep current on industry, legal and regulatory developments • Communicate any relevant updates to Approved Persons, employees and others as needed • Support and promote sources of information for relevant business, industry, legal and regulatory developments • Support implementation and maintenance of internal monitoring system to identify corresponding changes and impact on the dealer



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Jurisdiction ▪ Recognition orders and delegated authorities ▪ Mandate and objectives ▪ Enforcement powers ▪ Dealer registration and individual approval requirements ▪ Corporation Investment Dealer Partially Consolidated Rules (IDPC) ▪ Universal Market Integrity Rules (UMIR) ▪ Role and implications of rules, guidance notes, forms and supporting schedules, including: <ul style="list-style-type: none"> • Standards of conduct • Sales practices • External communications 	
II. Role of other financial services regulators and applicable laws	<ul style="list-style-type: none"> • Other financial services regulators and agencies, including: <ul style="list-style-type: none"> ○ Clearing agencies, including: <ul style="list-style-type: none"> ▪ Canadian Depository for Securities Limited (CDS) ▪ Canadian Derivatives Clearing Corporation (CDCC) ○ Canadian Investor Protection Fund (CIPF), including: <ul style="list-style-type: none"> ▪ Purpose and objective 	<ul style="list-style-type: none"> • Act in accordance with legal requirements that apply to approved role and responsibilities related to the dealer’s business • Keep up to date with knowledge and understanding of all relevant business, industry, legal and regulatory developments • Support policies and procedures implementations and updates to keep current on industry, legal and regulatory developments



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Funding requirements by dealers ▪ Governance structure ▪ Role of CIPF in a dealer’s bankruptcy/insolvency, including pooling of customer assets ○ Financial Services Regulatory Authority of Ontario (FSRA) ○ Bank of Canada ○ RCMP Integrated Market Enforcement Teams (IMET) ○ Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) ○ Office of the Superintendent of Financial Institutions (OSFI) ○ Federal and provincial privacy commissioners ○ Ombudsman for Banking Services and Investments (OBSI) ○ US and other foreign securities and derivatives regulators • Other applicable laws <ul style="list-style-type: none"> ○ Federal statutes, including: <ul style="list-style-type: none"> ▪ Bank Act ▪ Bankruptcy and Insolvency Act, Part XII – Bankruptcy of a Securities Firm ○ Criminal Code and its application to financial crimes, including: <ul style="list-style-type: none"> ▪ Fraud 	<ul style="list-style-type: none"> • Support implementation and maintenance of internal monitoring system to identify corresponding changes and impact on the dealer



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Theft ▪ Theft by person holding power of attorney ▪ Misappropriation of money under direction ▪ False statement or false pretenses ▪ Obtaining execution of security by fraud ▪ Forgery ▪ Uttering a forged document ▪ False prospectus ▪ Organized crime offences ▪ Illegal insider trading ○ Confidentiality agreements ○ Privacy legislation, including: <ul style="list-style-type: none"> ▪ Personal Information Protection and Electronic Documents Act (PIPEDA) ○ Canadian Anti-Spam Legislation (CASL) ○ Proceeds of Crime (Money Laundering) and Terrorism Financing Act (PCMLTFA) and Regulations (PCMLTF Regulations), including: <ul style="list-style-type: none"> ▪ Compliance program requirements ▪ Anti-money laundering policies and procedures ▪ Client information and due diligence requirements ▪ Enterprise risk assessment and indicators ▪ Employee training ▪ Business relationship record-keeping 	



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Rules for public company disclosure and the statutory rights of shareholders 	
III. Internal investigation and client complaint handling	<ul style="list-style-type: none"> ● Client complaint requirements ● Complaints policies and procedures (client-related or otherwise) ● Role and requirements of CIRO, OBSI and provincial/territorial regulators ● Role of a designated complaints officer for client complaints ● CIRO whistleblower service for non-client account matters, including: <ul style="list-style-type: none"> ○ Misconduct or illegal activity within an organization ○ Potential systemic wrongdoing ○ Potential securities frauds ● Alternative complaint resolution processes ● Penalties that can be applied by regulators ● Obligations to clients and others, where applicable, including: <ul style="list-style-type: none"> ○ Legislative ○ Contractual ○ Organizational ● Recourse available to dissatisfied clients, including arbitration and litigation ● Consequences and liabilities in improper dealings with clients 	<ul style="list-style-type: none"> ● Keep updated about (retail and institutional) complaints filed against the dealer, an Approved Person or an employee (or agent) ● Follow procedures to inform Executives of allegations of serious misconduct ● Assist with client complaints filed with the dealer's compliance department ● Support general oversight of complaint handling, litigation and other regulatory reviews ● Support general implementation of appropriate policies and procedures relating to identification, record-keeping and reporting of: <ul style="list-style-type: none"> ○ External client litigation ○ OBSI and other alternatives ○ CIRO investigations



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
IV. Ethics, conflicts of interest and confidentiality	<ul style="list-style-type: none"> • CIRO standards of conduct • Ethics in the securities industry, including: <ul style="list-style-type: none"> ○ Proper care ○ Independent professional judgment ○ Trustworthiness and integrity ○ Honesty and fairness ○ Professionalism • Ethics in corporate governance, including compensation conflicts • Consequences and risks of unethical behaviour • Various types of ethical dilemmas • Conflicts of interest rules and obligations • Applicable standards of care, ethics and independent supervision requirements for producing Supervisors • Potential and existing conflicts, including: <ul style="list-style-type: none"> ○ Compensatory ○ Managerial ○ Ownership • Protection and proper use of corporate assets and opportunities • Confidentiality of corporate, client and third-party information • Fair dealing with securities holders, clients, suppliers, competitors and employees 	<ul style="list-style-type: none"> • Comply with CIRO and other applicable ethical standards of conduct • Apply an ethical decision-making process by: <ul style="list-style-type: none"> ○ Identifying the issue ○ Identifying the individuals involved ○ Gathering the facts and identifying potential courses of action, and the potential consequences of each action ○ Making the decision ○ Reflecting on the process • Ensure conflicts of interest are addressed, disclosed and/or avoided in accordance with the applicable rules on conflicts, including those on personal financial dealings • Consider policies and procedures when handling material non-public information in the necessary course of business • Identify personnel who have not complied with conflicts of interest rules and resolve accordingly • Monitor Approved Persons and employees for adherence to applicable regulatory requirements, policies and procedures, and legislation • Escalation to the appropriate Executive or compliance personnel



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Prohibition, approval, disclosure and action required regarding outside activities and positions of influence • Prohibition, approval, disclosure and action requirements regarding outside activities and positions of influence, including: <ul style="list-style-type: none"> ○ Existing and reasonably foreseeable material conflicts of interest ○ Written disclosure, where applicable ○ Reporting obligations, where applicable • Prohibition and exemptions regarding personal financial dealings with clients • Containment of confidential information, including: <ul style="list-style-type: none"> ○ Information barriers and firewalls ○ Grey and restricted list ○ Role of investment banking and corporate finance ○ Role of research department ○ Cybersecurity 	



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
I. General dealer responsibilities	<ul style="list-style-type: none"> • Supervision and compliance rules and other dealer requirements, including applicable policies and procedures • Record-keeping rules and requirements • Annual supervisory review of financial and operational policies and procedures • Know Your Client (KYC) obligations, requirements and exemptions • Product due diligence obligations and exemptions, including: <ul style="list-style-type: none"> ○ Applicable policies and procedures ○ Assessment of relevant aspects of products the dealer makes available ○ Approval of products to be made available to clients ○ Monitoring the products made available ○ Exemptions for accounts held by: <ul style="list-style-type: none"> • Carrying brokers • Trade execution, clearing, settlement or custody service only dealers 	<ul style="list-style-type: none"> • Keep complete and accurate records for audit trail to support the dealer’s supervisory obligation • Monitor and report on adequacy of supervisory resources at assigned business locations to effectively implement required supervisory procedures • Implement recommendations provided by those performing a compliance function • Ensure issues identified under areas of supervisory responsibilities are resolved and recorded • Communicate and escalate matters of non-compliance and red flags as needed • Assist with dealer’s annual supervisory review of policies and procedures • Ensure access restrictions to dealer systems are placed on client-facing Approved Persons and other employees to prevent material client information from being changed without required approvals • Ensure dealer controls are in place to identify red flags for informal trading authorizations (e.g., unrelated individuals being appointed as Power of Attorney) • Ensure responsibilities and requirements for supervision are specific to: <ul style="list-style-type: none"> ○ Non-client accounts ○ Discretionary accounts ○ Managed accounts



2. Supervisory Structure: Dealer Responsibilities

SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> ○ Registered accounts ○ Restricted accounts
<p>II. Oversight by Executives</p>	<ul style="list-style-type: none"> ● Executives: <ul style="list-style-type: none"> ○ Responsibility to comply with CIRO requirements, securities and derivatives laws, regulations and other applicable laws when considering the scope and complexity of the dealer’s business ○ Role in supervising and directing the dealer’s activities, its employees and Approved Persons ○ Accountability to Directors for establishing a supervisory system ● CIRO requirements to designate appropriate Executives ● Role of the Executives in reviewing policies and procedures relating to the supervision of accounts, including substantive amendments ● Risk management in a principles-based regulatory environment as it applies to supervision ● Responsibility for significant areas of risk, which may include the following: <ul style="list-style-type: none"> ○ Financial ○ Operational ○ Corporate finance ○ Trading ○ Wealth management 	<ul style="list-style-type: none"> ● Assist Executives: <ul style="list-style-type: none"> ○ With periodic policies and procedures reviews for effectiveness and compliance with legal and regulatory requirements, and industry practices ○ Maintain adequate records of supervisory activity, including: <ul style="list-style-type: none"> ▪ Business location reviews ▪ Compliance issues identified ▪ Resolution of identified issues ○ Manage a supervision system that is reasonably designed to achieve a balance between compliance with regulatory requirements and the dealer’s business objectives ○ Inform the appropriate Executives about any issues with implementing policies and procedures ● Report allegations of serious misconduct to an appropriate Executive



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Research ● Director and Executive responsibilities to supervise and direct the activities of the dealer, its employees and Approved Persons ● Roles and responsibilities of Executives, including reporting requirements for the Chief Compliance Officer (CCO) and Chief Financial Officer (CFO) to the Board ● Implications of internal and external audits on the dealer ● Common areas of enforcement action by CIRO against one or more of a dealer’s Approved Persons for supervisory matters, which include: <ul style="list-style-type: none"> ○ Violating securities and derivatives laws, regulations or CIRO requirements ○ Aiding and abetting another in such violations ○ Failing to satisfy applicable supervisory obligations 	
III. Compliance function	<ul style="list-style-type: none"> ● Role of the compliance department, including: <ul style="list-style-type: none"> ○ Setting policies and procedures to ensure compliance with applicable requirements ○ Identifying, assessing, advising on, acting on, communicating, monitoring, escalating and reporting on the dealer’s compliance with regulatory requirements ○ CIRO expectations of the compliance functions at a dealer and the role, responsibility and accountability of all dealer personnel 	<ul style="list-style-type: none"> ● Keep up to date with relevant changes to policies and procedures ● Implement recommendations provided by those performing a compliance function ● Ensure identified compliance issues are resolved and recorded ● Communicate and escalate matters of non-compliance and red flags to compliance as needed



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Escalation responsibility 	
IV. General responsibilities of Supervisors	<ul style="list-style-type: none"> ● General supervision requirements, where applicable, that are relevant to: <ul style="list-style-type: none"> ○ Supervisory system that provides reasonable assurance of compliance with CIRO requirements, securities and derivatives laws, regulations and other applicable laws ○ Employees and Approved Persons ○ Operation of account types ○ Responsibilities and relative authority of Supervisors ○ Shared office premises ○ Sales practices ○ Method, timing and distribution of compliance-related notices ○ Controls for accessing and amending client records ● Supervisory action on a dealer’s behalf ● Supervisory record-keeping requirements and record retentions periods, including: <ul style="list-style-type: none"> ○ List of Supervisors, applicable qualifications, specific responsibilities and dates of designation ○ Activity, review and resolution of identified compliance issues ○ Supervisory reports 	<ul style="list-style-type: none"> ● Comply with relevant requirements, policies and procedures ● Ensure, where relevant, that appropriate Executives approve applicable supervision policies and procedures ● Exercise authority to manage the dealer’s activities, Approved Persons and employees to provide reasonable assurance they comply with CIRO requirements, securities and derivatives laws, regulations and other applicable laws ● Take effective and timely remedial action where matters fall or appear to fall outside of: <ul style="list-style-type: none"> ○ Bounds of conduct ○ Just and equitable principles of trade ○ Good business practice ○ Any applicable rules and regulations ● Properly fulfil supervision assignments by fully applying and enforcing dealer policies and procedures ● Properly apply authority to resolve issues in a manner consistent with dealer policies and procedures and applicable regulatory requirements ● Provide written acknowledgment after reading and understanding all policies and procedures relevant to respective roles and responsibilities



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Identification and resolution of compliance issues ○ Resolution of identified compliance issues ○ Terms of delegation and authority for Supervisors 	<ul style="list-style-type: none"> ● Participate in introductory and continuing education about relevant policies and procedures ● Support establishing, maintaining and enforcing timely updates and amendments to written policies and procedures regarding: <ul style="list-style-type: none"> ○ Business and compliance conduct ○ Supervision and compliance communications
V. Delegation and automation controls for supervisory tasks and activities	<ul style="list-style-type: none"> ● CIRO requirements for delegation of supervisory tasks, including specific functions that cannot be delegated or automated ● Documented controls for delegation, including: <ul style="list-style-type: none"> ○ Detailed policies and procedures which lay out how the delegation works and to whom the tasks and activities have been delegated ○ Processes for escalating any significant issues to the delegator ○ A list of factors that trigger a review by the delegator ○ Examining of the delegate’s reviews to ensure they are following applicable policies and procedures, and to ensure that they are recommending items for approval that would have been approved by the delegator ○ Regular reports from the delegate to the delegator ○ Regular (at minimum annual) reviews of the delegation process, with revisions to policies and procedures as necessary 	<ul style="list-style-type: none"> ● Consider the supervisory tasks that can be delegated, and where the responsibility for performance stays with the original Supervisor ● Maintain records of terms of the delegation, as well as Supervisors’ follow-up and review of the delegated tasks ● Ensure delegates are: <ul style="list-style-type: none"> ○ Qualified to perform assigned tasks (e.g., registration, training or experience) ○ Informed in writing about delegated tasks and performance expectations ○ Adequately performing tasks ○ Aware of and use reporting mechanisms for issues arising from the performance of delegated tasks ● Conduct periodic assessment of the adequacy and appropriateness of compensating controls and policies and procedures ● Where controls for automated process apply, ensure that: <ul style="list-style-type: none"> ○ Automated process is designed to:



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Automation as a form of delegation, including: <ul style="list-style-type: none"> ○ How the automation process works and the Supervisor’s role and responsibilities ○ What tasks and activities can and cannot be automated • Controls, policies and procedures for automation processes, including: <ul style="list-style-type: none"> ○ Factors that trigger a manual review ○ Appropriate periodic testing and auditing to ensure automated process is functioning as designed 	<ul style="list-style-type: none"> ▪ Identify any issues ▪ Route activity/task for manual review where necessary ○ Factors that trigger a manual review are clearly articulated ○ Automated process is functioning based on design specifications which include: <ul style="list-style-type: none"> ▪ Implementing appropriate periodic testing and review procedures ▪ Confirming that accounts, marketing, research or other matters recommended for approval using the automated process would have been recommended for approval if using a manual review process ○ Documenting that testing is completed and oversight is done for a third-party service provider if using an automated system provided by a third-party provider ○ Ensuring all necessary information required for all applicable regulatory requirements is collected, complete and accurate ○ Updating automated processes as appropriate and resolving issues requiring compliance and technical input or oversight ○ Clearly setting out the roles and responsibilities of the delegator (Supervisor), and ensuring the delegator is properly trained on the function and use of the automated process (this does not mean the coding and technology behind the process)



2. Supervisory Structure: Dealer Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none">○ Ensuring delegator approves the automation process and any changes to it, and retains responsibility under the applicable requirement whether automation is used or not



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
I. Dealer business and operations	<ul style="list-style-type: none"> • Policies and procedures specific to dealer’s supervision system • Dealer’s responsibility to appoint as many Supervisors as needed to: <ul style="list-style-type: none"> ○ Properly supervise the activities of its employees and Approved Persons ○ Take into account the scope and complexity of its business while supervising • Dealer’s business model, which includes: <ul style="list-style-type: none"> ○ Types of products traded and offered ○ Type of trading the dealer and its Approved Persons engage in ○ Location of the dealer’s Supervisors and other Approved Persons ○ Different types of Supervisors, and their functions and responsibilities • Relationship between a dealer’s supervisory system and its internal controls • Risks, opportunities and requirements associated with each of the following business models: <ul style="list-style-type: none"> ○ Advisory, including roles of Approved Persons ○ Portfolio management ○ Managed account model, including role and responsibilities for Portfolio Managers and Associate Portfolio Managers ○ Online, including: 	<ul style="list-style-type: none"> • Consider dealer's policies and procedures relating to supervision systems • Escalate concerns about any critical number of Approved Persons and accounts under a Supervisor’s oversight that may: <ul style="list-style-type: none"> ○ Rise to a level of non-compliance ○ Affect a dealer’s responsibility to designate as many Supervisors as necessary to supervise the dealer’s activities, its Approved Persons, and employees • Fully and properly supervise each employee and Approved Person under their respective authority as per CIRO requirements, securities and derivatives laws, regulations and other applicable laws • Keep up to date with knowledge and understanding of all relevant business, industry, legal and regulatory developments • Support policies and procedures implementation and updates to keep current and reflective of business, industry, legal and regulatory developments • Consistently apply in the day-to-day operations of the dealer: <ul style="list-style-type: none"> ○ Standards of conduct ○ Just and equitable principles of trade ○ Good business practices



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Operations, regulatory obligations, and product limitations ▪ Role of algorithms and modern portfolio theory ▪ Product limits such as exchange-traded funds (ETFs) ▪ Role of Approved Persons ○ Order Execution Only (OEO) account model, including: <ul style="list-style-type: none"> ▪ Tools utilized at the dealer and available to clients ○ Direct Electronic Access (DEA) ○ Contracts for difference (CFDs) • Client types, including: <ul style="list-style-type: none"> ○ Retail ○ Institutional (including DEA) • Account types: <ul style="list-style-type: none"> ○ Advisory accounts ○ In-house managed accounts ○ Third-party managed accounts ○ Discretionary accounts ○ Wrap accounts ○ Tax deferred accounts (e.g., registered and non-registered) ○ Margin accounts 	<ul style="list-style-type: none"> • Consider the scope and complexity of a dealer’s business model to properly supervise its employees and Approved Persons, including: <ul style="list-style-type: none"> ○ Accounts and products offered ○ Compensation ○ Client types • Keep supervisory notes, which: <ul style="list-style-type: none"> ○ Consolidate control and management of various issues ○ Facilitate an audit of the supervisory function ○ Increase the likelihood of flagging patterns when consolidated • Prioritize high risk issues to resolve • Monitor for red flags that indicate possible insider trading activity and improper conduct • Consider significance of risks measured against the availability of resources, and how resources can be allocated to higher risk matters



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Options and similar derivatives accounts ○ Futures and similar derivatives accounts ● Basic types of securities: <ul style="list-style-type: none"> ○ Equities ○ Mutual funds and ETFs ○ Fixed income products ○ Specialized (e.g., cryptocurrency) ● Complex types of securities, including: <ul style="list-style-type: none"> ○ Leveraged and inverse ETFs ○ Principal-protected notes ○ Asset-backed securities ● Types of derivatives, including: <ul style="list-style-type: none"> ○ Options ○ Futures contract options ○ Futures ○ Forwards ○ Swaps ○ Contracts For Difference (CFDs) ● Compensation structures, including: <ul style="list-style-type: none"> ○ Commission-based ○ Fee-based ○ Negotiated flat fee ○ Fees for non-core activities ○ Interest spread income 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Profitability measures • Development, evaluation and delivery of products and services, including: <ul style="list-style-type: none"> ○ Products, their risk characteristics, and appropriate accounts ○ Industry initiatives, developments, new and existing rules ○ Procedures to conduct due diligence on new products and services, and continue risk assessment of existing products and services ○ Ongoing risk assessment of listed products and services 	
II. Activities of Approved Persons engaged in dealing and advising	<ul style="list-style-type: none"> • Supervisory requirements for new Registered Representatives and Investment Representatives • Requirements for supervision of suitability determination obligations for retail and institutional clients, as applicable • Know Your Product (KYP) obligations • Borrowing-to-invest strategies • KYC requirements, including: <ul style="list-style-type: none"> ○ Client education and comprehension of: <ul style="list-style-type: none"> ▪ KYC information and new accounts-related documentation, including: <ul style="list-style-type: none"> • Client’s financial circumstance affecting income, net worth, assets, and liabilities • Client investment knowledge 	<ul style="list-style-type: none"> • Ensure relevant Approved Persons keep appropriate documentation and notes about material discussions with clients • Ensure the appropriate client-facing Approved Person assigned to a client’s account properly exercises primary responsibility to: <ul style="list-style-type: none"> ○ Update KYC information ○ Conduct the suitability determination • Ensure Approved Persons comply with the KYC and KYP, and suitability obligations • Refer identified issues under another appropriate Supervisor as needed • Escalate identified issues as needed and follow up to ensure necessary action taken • Consider high-risk client facing Approved Persons



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Risk profile • Objectives • Time horizon ▪ Significance of the KYC obligation and its relationship to recommendations ▪ Relationship between: <ul style="list-style-type: none"> • Objectives • Risk tolerance • Loss capacity • Performance ▪ Requirements for full, transparent disclosure of all the client’s information, including their debts, liabilities, future goals, and all current cash flow/commitments ▪ Fluid nature of a client’s circumstances that may impact client’s: <ul style="list-style-type: none"> • Risk profile • Time horizon • Investment needs and objectives • Investment knowledge ▪ Relevant competencies applicable for Registered Representatives and/or Investment Representatives, Associate Portfolio Managers or Portfolio Managers 	<ul style="list-style-type: none"> • Ensure the designated Supervisor completes, files, and keeps a copy of the Monthly Supervision Report for regulatory review • Consider specific challenges and obligations when dealing with clients who are either vulnerable, retired or about to retire (senior clients), including issues about: <ul style="list-style-type: none"> ○ Powers of Attorney (POAs) ○ Effective communication ○ Diminished to lack of mental capacity ○ Financial exploitation
III. Account approvals	(i) All accounts:	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Account approval requirements for accounts, including prescribed timelines for approvals, updates and changes for all account types, including: <ul style="list-style-type: none"> ○ Collection of client account records ○ Business day approval requirements ○ Non-client account requirements • KYC and client identification requirements • Client account records requirements, including: <ul style="list-style-type: none"> ○ Documentation supporting the conclusion that the client’s identity has been verified ○ Documentation supporting the account appropriateness assessment ○ KYC information collected in accordance with CIRO requirements ○ Client’s account application • Account appropriateness requirements, including: <ul style="list-style-type: none"> ○ Putting prospective client’s interests first ○ Appropriate scope and selection of products, services and account relationships to which the client has access • Purpose and content of the Relationship Disclosure including: <ul style="list-style-type: none"> ○ Products, services, and account types the client can access at the dealer, including fee-based, leverage and margin accounts 	<ul style="list-style-type: none"> • Record account reviews and approvals, including how information was obtained and the measures used to confirm its accuracy • Ensure all client account records have been collected before new account review and approval • Verify that the following has been properly documented when approving new accounts, including: <ul style="list-style-type: none"> ○ Client identity and relevant due diligence ○ Client status as an insider of a reporting issuer or any other issuer whose securities are publicly traded ○ Client creditworthiness if the dealer is financing the client’s acquisition of a security • Comply with prescribed timelines for account approvals, changes, updates and alternate approval procedures that may apply • Apply prescribed restrictions on new accounts not in compliance with timelines • Obtain written approval from the other dealer, and designate the account as non client account before opening an account for an employee of another CIRO regulated dealer • Verify that KYC information is accurate and internally consistent with other information available for the client • Verify that client-facing Approved Persons take appropriate notes/keep appropriate records and collect necessary documentation on account opening, including: <ul style="list-style-type: none"> ○ Fulsome client account records



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Limitations of products, services and account types offered at the dealer, where applicable ○ Fees and guidelines for compensation, and relevant costs ○ Conditions (regulatory and dealer-based) under which the client’s account will be maintained ○ Wealth management process and its impact on investment decisions ○ Investment performance benchmarks ○ Impact of fees, turnover, and taxes on managed product returns ○ Client relationship model ○ Systematic approaches to investment management ● Purpose and content of the leverage risk disclosure statement ● Partnerships, trusts and corporation account requirements ● Applicable requirements for: <ul style="list-style-type: none"> ○ Cash accounts ○ Margin accounts and when to extend margin to clients ● Margin account agreement, which includes the following rights and obligations: 	<ul style="list-style-type: none"> ○ Name and address of the account guarantor, if applicable ○ Signed trading authorization from the account holder authorizing an alternate person to give trading instructions for the account, if applicable ○ Record of persons with trading authorization over one or more client accounts, including: <ul style="list-style-type: none"> ▪ Sufficient detail to allow the dealer to identify any persons with trading authorization for multiple clients or client accounts ● Verify that the client-facing Approved Persons assigned to the account update client account information on a timely basis to reflect material changes ● Ensure that when a client’s Approved Person changes, their new Approved Person: <ul style="list-style-type: none"> ○ Verifies the client information in the account application with the client to ensure the information is correct, as prescribed ● Acknowledge, in writing, that the account application was reviewed and, if necessary, updated



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Client’s obligation to pay their indebtedness to the dealer and to maintain adequate margin ○ Client’s obligation to pay interest on debit balances in their account ○ Dealer’s right to raise money on and pledge assets held in the client’s account ○ Extent to which the dealer has the right to use free credit balances in the client’s account for its own business or to cover debits in the same or other accounts ○ Dealer’s right to sell assets in the client’s account and make purchases to cover short sales ○ Nature of prior notice, where applicable, and the client’s obligations to remedy any deficiency ○ Extent of the dealer’s right, if any, to use a security in the client’s account for delivery against a short sale ○ Extent to which the dealer has the right, if any, to use a security in the client’s account for delivery against a short sale in an account owned or controlled by the dealer, a partner or Director ○ Extent of the dealer’s right to use assets in the client’s account and to hold them as collateral for the client’s debt ○ Dealer’s obligation to carry out all transactions in accordance with CIRO requirements and, where applicable, the 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	requirements of the marketplace on which the transaction has been executed	
	(ii) Retail client accounts:	
	<ul style="list-style-type: none"> Supervision procedures 	<ul style="list-style-type: none"> Verify the appropriateness of the account
	(iii) Institutional client accounts:	
	<ul style="list-style-type: none"> Definition of Institutional client Suitability determination obligation for institutional clients Institutional clients that qualify for an exemption from suitability determination Direct market access account and supervision requirements for institutional clients 	<ul style="list-style-type: none"> Ensure client qualifies as an Institutional client
	(iv) OEO accounts:	
	<ul style="list-style-type: none"> Account appropriateness, including: <ul style="list-style-type: none"> If person would be incapable of conducting online activities (e.g., clear and persistent 	<ul style="list-style-type: none"> Ensure the dealer provides the following written disclosures to the client in the form of statements confirming that the dealer will not:



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<p>difficulties in completing the OEO dealer’s online new-account application form)</p> <ul style="list-style-type: none"> ○ If investor is looking for advice ○ Conducting product due diligence ○ Addressing conflicts of interest in the best interests of the client ○ Restrictions on automated account approvals for OEO dealers, including: <ul style="list-style-type: none"> ▪ Trading in CFDs ▪ Over-the-counter (OTC) derivatives ▪ Options trading strategies other than low-risk strategies based on long calls, long puts, covered calls, or protective (long) puts ● Rules-based automated account approval process and factors that can trigger a manual review, including: <ul style="list-style-type: none"> ○ Applicant not being an individual ○ Applicant not reaching an age of majority ○ Trading authorization being used ○ Applicant applying to use derivatives trading strategies and not having an appropriate level of knowledge and trading experience ○ Applicant being an insider 	<ul style="list-style-type: none"> ○ Provide any recommendations to the client and that the client is solely responsible for making all investment decisions in the OEO account ○ Be responsible for making a suitability determination for the client, including considering: <ul style="list-style-type: none"> ▪ Current financial situation ▪ Investment knowledge ▪ Investment objectives and time horizon ▪ Risk profile ▪ Investment portfolio composition ▪ Risk levels and other similar factors ○ Be responsible for making a determination that the products and account types offered by the dealer in the OEO account are appropriate for the client ● Consider and raise identified issues on the adequacy and appropriateness of the dealer’s compensating controls, policies and procedures for automated account opening approval process
	(v) Derivatives trading accounts:	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Derivatives trading agreement (options), including rights and obligations, including: <ul style="list-style-type: none"> ○ Time periods during which the dealer accepts orders for execution ○ Dealer’s right to exercise discretion in accepting orders ○ Dealer’s obligations when errors and omissions occur ○ Method for distributing exercise assignment notices ○ Dealer’s deadlines for a client to submit an exercise notice ○ Written notice that: <ul style="list-style-type: none"> ▪ Dealer may set maximum limits on short positions ▪ Dealer may apply cash-only terms during the last 10 days before expiry ▪ CIRO may impose other rules affecting existing or subsequent transactions ○ Client’s obligation to instruct the dealer to close positions before expiry ○ Client’s obligation to comply with applicable requirements and any entity’s requirements through which the options are traded, cleared, or issued, including, without limitation, complying with position and exercise limits 	<ul style="list-style-type: none"> • Verify that the following has been provided to and/or obtained from client as needed: <ul style="list-style-type: none"> ○ Current and relevant disclosure statement or other similar document, approved by CIRO before accepting an initial order ○ Positive acknowledgement of receipt of the disclosure statement or similar document ○ Amendments to the respective disclosure statement or similar document, as approved by CIRO ○ Record of the names and addresses of all clients to whom it has provided an applicable disclosure statement, or similar document, including any amendments and the date on which they were provided • Verify client information on the KYC is consistent with the other information provided, such as when a client is noted as an accredited investor • Determine, as applicable, whether risk characteristics of clients’ intended strategies are appropriate and reflect: <ul style="list-style-type: none"> ○ Personal and financial circumstances ○ Investment needs and objectives ○ Investment knowledge ○ Risk profile ○ Investment time horizon ○ Client’s interests • Restrict client account from using inappropriate strategies, record trading restrictions and share



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Client’s positive acknowledgement of receiving the current options disclosure statement ○ Any other matter required by an options trading, clearing or issuing entity ● Purpose and content of a Letter of Undertaking as an alternative to trading agreement for Institutional clients only ● Derivatives trading agreement (futures contract and futures contract options), including: <ul style="list-style-type: none"> ○ Time periods during which the dealer accepts orders for execution ○ Method for distributing exercise assignment notices and the client’s obligation to instruct the dealer to close out contracts before the expiry date for futures contract options ○ Conditions under which the dealer may apply the client’s funds, securities or other property in the account or any other accounts of the client to satisfy outstanding debts or margin calls ○ Dealer’s deadlines for a client to submit an exercise notice ○ Dealer’s right or obligation, including: <ul style="list-style-type: none"> ▪ To exercise discretion in accepting orders ▪ To impose trading limits or closeout positions under specified conditions 	<p>restrictions with relevant Approved Persons assigned to the account</p>



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ To use free credit balances in the client’s account for its own business or to cover debits in the same or other accounts ▪ To obtain client consent before the dealer may take the other side to the client’s transaction, and whether the client provides such consent ▪ To raise money on and pledge assets held in the client’s account ▪ To deal with securities and other assets in the client’s account and to hold them as collateral against the client’s debts ▪ To provide information to regulators regarding reporting and position limits ▪ Reporting when errors or omissions occur ○ Client’s obligations to: <ul style="list-style-type: none"> ▪ Comply with reporting, position limit and exercise limit requirements that the relevant futures exchange or clearing house establishes ▪ Maintain adequate margin and security and to pay any debts to the dealer ▪ Pay commission, if any ▪ Pay interest on debit balances in the account, if any ○ Statement that the dealer: <ul style="list-style-type: none"> ▪ Requires a client to maintain a minimum margin that is the greater of: 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Amount the futures exchange or clearing house prescribes • CIRO’s requirements • Dealer’s requirements ▪ May commingle and use the client’s margin funds or property in its own business ○ If discretionary authority is given to the dealer, the discretionary authority must be: <ul style="list-style-type: none"> ▪ Clearly explained ▪ Specifically confirmed by the client, unless such discretionary authority is provided in another document that is consistent with applicable requirements ○ Client’s positive acknowledgement that they have received the futures disclosure statement ○ For a hedging account, a risk disclosure limit for futures trading indicating the maximum amount of cumulative losses the client can sustain which can be: <ul style="list-style-type: none"> ▪ On a lifetime basis ▪ On an annual basis, provided that it is updated annually 	
	(vi) Managed accounts:	
	<ul style="list-style-type: none"> • Supervision of managed accounts requirements, including: 	<ul style="list-style-type: none"> • Verify that client information on the KYC is consistent with other information provided, such as when a client is noted as an accredited investor



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Designate a Supervisor to be responsible for managed accounts ○ Establish policies and procedures that specifically address supervision and operation of managed accounts in accordance with applicable requirements ○ Enter into a managed account agreement with the client prior to opening a managed account ○ Designate a Supervisor to approve each managed account in writing ○ Retain a record of the designated Supervisor’s approval ○ Provide the client with a copy of its policy ensuring fair allocation of investment opportunities ● Purpose and content of the managed account agreement, including: <ul style="list-style-type: none"> ○ Description or reference to the client’s: <ul style="list-style-type: none"> ▪ Current financial situation ▪ Investment knowledge ▪ Time horizon ▪ Investment objectives ▪ Risk profile ○ Description of any investment restrictions imposed by the client, where permitted by the dealer 	<ul style="list-style-type: none"> ● Ensure that an individual authorized to deal with managed accounts is either a: <ul style="list-style-type: none"> ○ Portfolio Manager ○ Associate Portfolio Manager ○ a registered, approved or exempted sub-advisor with whom the dealer has entered into a written sub-advisor agreement, where the sub-advisor must be: <ul style="list-style-type: none"> ▪ Registered or approved, or operating under an exemption from registration or approval, under securities and derivatives laws, regulations or laws of the jurisdiction in which its head office or principal place of business is located, that permits it to carry on managed account activities, or its equivalent, in such jurisdiction ▪ Subject to securities and derivatives laws or regulations containing conflict of interest provisions at least equivalent to those set out under applicable requirements or has entered into an agreement with the dealer that it will comply with applicable requirements



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Terms of termination in accordance with applicable requirements ○ Requirements for termination upon written notice by: <ul style="list-style-type: none"> ▪ Client, effective on receipt by the dealer, except for transactions entered prior to receipt of the notice ▪ Dealer, effective not less than 30 days from the date the dealer delivered the notice to the client ● Specific conflicts of interest rules for managed accounts, including restrictions against: <ul style="list-style-type: none"> ○ Dealer trades on own account, or knowingly permit or arrange any associate or affiliate to trade, in reliance upon information relating to trades made or to be made in a managed account ○ Knowingly allow, without the prior written consent of the client, a managed account to invest in: <ul style="list-style-type: none"> ▪ A security or derivative of a security of an issuer: <ul style="list-style-type: none"> ● Related or connected to a responsible person or to the dealer ● If the individuals specifically authorized to deal with managed accounts is an officer or Director of the issuer, unless the position with the issuer is disclosed to the client 	



3. Supervisory Structure: Specific Supervision Responsibilities

SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ New issues or secondary offerings underwritten by the dealer ○ Knowingly cause any managed account to: <ul style="list-style-type: none"> ▪ Purchase or sell a security or derivative of a security of an issuer from or to: <ul style="list-style-type: none"> • The account of a Portfolio Manager, an Associate Portfolio Manager or an associate of a Portfolio Manager or an associate of an Associate Portfolio Manager • An investment fund for which a responsible person acts as an adviser ▪ Provide a guarantee or loan to a responsible person or an associate of a responsible person ○ Unfairly allocate investment opportunities among its managed accounts • Fees and remuneration rules, and prohibitions on certain types of fees and compensation, including: <ul style="list-style-type: none"> ○ Dealer must not compensate a person based on the value or volume of transactions in the account ○ Dealer may not charge a client directly, without a written agreement, for services rendered to the managed account, that is: <ul style="list-style-type: none"> ▪ Based upon the volume or value of transactions in the account initiated for the account 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Contingent upon profit or performance of the client’s account 	
	(vii) Discretionary accounts:	
	<ul style="list-style-type: none"> • Supervision for discretionary accounts, including: <ul style="list-style-type: none"> ○ Designate one or more Supervisors, who meet applicable proficiency requirements to be responsible for the discretionary accounts ○ Establish policies and procedures that specifically address the supervision and operation of discretionary accounts in accordance with applicable requirements ○ Identify discretionary accounts in its books and records to allow supervision of the discretionary accounts in accordance with applicable requirements ○ Enter into a discretionary account agreement with the client prior to accepting the account as a discretionary account ○ Designate a Supervisor who must approve the account as a discretionary account and approve the discretionary account agreement signed by the client ○ Maintain a record of the designated Supervisor’s approval in accordance with the applicable record retention requirements • Purpose and content of a discretionary account agreement, required disclosures, rights and obligations where permitted by dealer, including: 	<ul style="list-style-type: none"> • Ensure that: <ul style="list-style-type: none"> ○ A Registered Representative, if applicable, may only be authorized to affect trades for a discretionary account if: <ul style="list-style-type: none"> ▪ The Registered Representative has at least two years of active experience in trading, advising, or performing analysis with respect to all types of products that are to be traded on a discretionary basis ▪ The discretionary account is maintained at the dealer on whose behalf the Registered Representative conducts business ▪ The discretionary account is only used on a temporary basis



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none">○ Defining the extent of the discretionary authority given to the dealer by the client○ Restrictions on the discretionary authority○ Maximum term of no longer than 12 months (unrenewable)○ Terms of termination in accordance with applicable requirements○ Requirement for termination by written notice only:<ul style="list-style-type: none">▪ By the client, effective when received by the dealer, except for orders entered prior to receipt of the notice, or▪ By the dealer, effective not less than 30 days from the date the dealer delivered the notice to the client○ Specific conflicts of interest rules for discretionary accounts, including that a discretionary account must not hold any publicly traded securities of the dealer or its affiliates○ Responsible person or a dealer must not:<ul style="list-style-type: none">▪ Trade for his or her or the dealer's own account, or knowingly permit or arrange any associate or affiliate to trade, in reliance upon information relating to trades made or to be made in a discretionary account	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ▪ Knowingly allow, without the prior written consent of the client, a discretionary account to invest in: <ul style="list-style-type: none"> • A security or derivative of a security of an issuer if the individuals specifically authorized to deal with discretionary accounts is an officer or Director of the issuer, unless the position with the issuer is disclosed to the client • New issues or secondary offerings underwritten by the dealer ▪ Allow a discretionary account to provide a guarantee or loan to a responsible person or an associate of a responsible person 	
IV. Account activity	(i) All accounts:	
	<ul style="list-style-type: none"> • Supervision structures and models, including two-tier review model to identify issues • Account supervision requirements, including account activity supervision policies and procedures, which: <ul style="list-style-type: none"> ○ Identify clients that present a high risk to the dealer ○ Identify clients that present a high risk of conducting improper activities in the securities markets 	<ul style="list-style-type: none"> • Take effective and timely remedial action where account activity falls or appears to fall outside of: <ul style="list-style-type: none"> ○ The bounds of conduct ○ Just and equitable principles of trade ○ Good business practices ○ Applicable rules and regulations • Ensure maintenance and audit trail of supervisory reviews, including keeping supervisory notes • Ensure all recommendations made for an account are presently and continuously suitable for the client



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Comply with all Anti-Money Laundering and Terrorist Financing requirements under applicable laws and regulations ○ Include controls for accessing and amending client records ● Supervisory measures applicable to Approved Persons with a history of regulatory infractions or questionable conduct ● Risks associated with the method of order entry and the absence of intermediation by employees of the dealer (where approved for OEO accounts) ● Requirements and conditions for applying temporary holds to prevent financial exploitation of vulnerable clients 	<ul style="list-style-type: none"> ● Ensure client-facing Approved Persons comply with responsibilities relating to the suitability determination obligations ● Select accounts for review using criteria that provides reasonable assurance for detecting improper trading activity ● Apply policies and procedures for: <ul style="list-style-type: none"> ○ Reviewing account activity ○ Dealing with problems or issues identified by the review ● Confirm dealer’s expectations of supervisory staff, with respect to their supervisory roles and responsibilities ● Identify and escalate, where needed, all issues concerning gaps in the dealer’s supervisory structure, including: <ul style="list-style-type: none"> ○ Whether first-tier supervision is conducted adequately and should be escalated where two-tier supervision applies ● Identify and resolve other client related matters, including: <ul style="list-style-type: none"> ○ Client complaints ○ Cash account violations ○ Transfers of funds and securities between unrelated accounts or between non-client accounts and client accounts or deposits from non-client accounts to client accounts ○ Trading while the account is under margined



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> • Ensure individuals who trade on a dealer’s behalf do not engage in any discretionary trading, including time and price discretion, unless discretion is exercised in a discretionary account in accordance with applicable requirements
	(ii) Retail client accounts:	
	<ul style="list-style-type: none"> • Policies and procedures that specifically address: <ul style="list-style-type: none"> ○ Daily and monthly supervision of trading activity in retail client accounts ○ Actions to deal with problems or issues identified through supervisory reviews ○ Costs or ticket charges associated with fee-based accounts • Transactional information required for retail client instructions, including: <ul style="list-style-type: none"> ○ Direct, indirect and subsequent client charges or commissions • Daily supervision of trading activity in retail client account, including review of red flags and trades that may not be in compliance with CIRO requirements and applicable policies and procedures 	<ul style="list-style-type: none"> • Ensure that a suitability determination is made for a retail client: <ul style="list-style-type: none"> ○ Before any order is accepted from the client ○ Before a recommendation is made to the client to purchase, sell, exchange, or hold a security ○ Whenever one or more of the following non-trading related triggering events occurs: <ul style="list-style-type: none"> ▪ Securities are received into or delivered out of the client’s account by way of deposit, withdrawal, or transfer ▪ Change in the client-facing Approved Persons responsible for the account occurs ▪ Material changes to the client’s life circumstances or objectives occurs that has resulted in revisions to the client’s KYC information as maintained by the dealer • Use due diligence to ensure that:



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Monthly supervision of trading activity in retail client account, including review of specified account types • Retail account supervision, including detection of concerning and suspicious account practices such as: <ul style="list-style-type: none"> ○ Unsuitable trading ○ Undue concentration of securities in a single account or across accounts ○ Excessive trading ○ Trading in restricted securities ○ Conflict of interest between client-facing AP and client’s trading activity ○ Excessive trade transfers and trade cancellation indicating possible unauthorized trading ○ Inappropriate or high-risk trading strategies ○ Deterioration of the quality of client holdings in an account ○ Excessive or improper crosses of securities between clients, ○ Improper or excessive employee trading ○ Front running ○ Account number changes ○ Late payment ○ Outstanding margin calls ○ Undisclosed short sales 	<ul style="list-style-type: none"> ○ Before any order is accepted from the client, the order and the client’s investment portfolio that would result from accepting the order are each suitable ○ Before a recommendation is made to the client to purchase, sell, exchange, or hold a security, the recommendation and the client’s investment portfolio that would result from acting upon the recommendation are each suitable ○ Whenever one or more non-trading related triggering events occurs, the client’s investment portfolio continues to be suitable based on factors including: <ul style="list-style-type: none"> ▪ Client’s current financial situation ▪ Investment knowledge ▪ Investment objectives ▪ Time horizon ▪ Risk profile ▪ Current investment portfolio composition • When reviewing client accounts, have readily accessible client and account activity information available, including: <ul style="list-style-type: none"> ○ Receipts ○ Deposits ○ Withdrawals ○ Journal entries



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Manipulative and deceptive activities ○ Insider trading ● Cross supervision requirements and necessary procedures to ensure appropriate cross supervision ● Client mail account procedures for retail clients 	<ul style="list-style-type: none"> ● Consider the application of policies and procedures in the following areas: <ul style="list-style-type: none"> ○ Reviews on a pre-trade or post-trade basis ○ Procedures that should cover all retail account types ○ Patterns of activity which may not be apparent by reviewing single trades ○ Non-trade issues such as: <ul style="list-style-type: none"> ▪ Late payments ▪ Margin problems ▪ Trade cancellations ▪ Suspicious transfers and flows of funds or securities ○ Risk-based approach to select the activity for post-trade review including: <ul style="list-style-type: none"> ▪ Determining whether some clients present a higher risk of improper market activity, such as: <ul style="list-style-type: none"> ● Those who have access to material non-public information about issuers ● Holders of control blocks of public issuers ● Market professionals ○ Reviewing accounts on a timely basis ○ Supervisors' access to information about clients that may present a higher risk of improper market activity ○ Technology to select specific activity for review ● Consider the different dealer compensation practices and the conflicts that are associated with each one



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> • Detect account and trading practices that do not comply with legal and regulatory requirements or that are otherwise concerning or suspicious
	(iii) Institutional client accounts:	
	<ul style="list-style-type: none"> • Applicable requirements and exemptions for Institutional client suitability determinations • Policies and procedures that specifically address: <ul style="list-style-type: none"> ○ Supervision and review of trading activity in institutional client accounts ○ Actions to deal with problems or issues identified through supervisory reviews • Policies and procedures that specifically address detecting improper or suspicious account activity, including: <ul style="list-style-type: none"> ○ Manipulative and deceptive activities ○ Trading in securities on the dealer’s restricted list ○ Front-running by employee or proprietary accounts ○ Trading in securities that have restrictions on their transfer 	<ul style="list-style-type: none"> • Evaluate if a client is capable of independently evaluating investment risk and is exercising independent judgment by considering: <ul style="list-style-type: none"> ○ Written or oral understanding that exists between a dealer and its client regarding the client’s reliance on the dealer ○ Presence or absence of a pattern of acceptance of the dealer’s recommendations ○ Use by a client of ideas, suggestions, market views and information obtained from other dealers, market professionals or issuers particularly those relating to the same type of securities ○ Use of one or more dealers, portfolio managers or other third-party advisors ○ General level of experience of the client in financial markets



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Exceeding position or exercise limits on derivative products ● Direct market access account and supervision requirements for institutional clients 	<ul style="list-style-type: none"> ○ Specific experience of the client with the type of instrument under consideration, including the client’s ability to independently evaluate how market developments would affect the security and ancillary risks such as currency rate risk ○ Complexity of the securities involved ● Ensure appropriate waivers are obtained, if applicable, by: <ul style="list-style-type: none"> ○ Making a determination whether the client is sufficiently sophisticated and capable of making its own investment decisions in order to determine the level of suitability owed ● Ensure Approved Persons comply with requirements for making suitability determinations for institutional clients, where applicable ● Detect account and trading practices that do not comply with legal and regulatory requirements, or that are otherwise concerning or suspicious
	(iv) OEO accounts:	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> OEO account services exemptions and requirements, including policies and procedures for reviewing client trading and risks associated with the direct method of order entry (e.g., no Approved Person intermediary) 	<ul style="list-style-type: none"> Ensure that clients are not provided with recommendations as a result of the client having an account with a: <ul style="list-style-type: none"> Separate legal entity of the dealer Separate business unit of the dealer Dealer itself Ensure client trading and accounts are properly reviewed for general supervision concerns that are separate and apart from suitability determination requirements Monitor compliance with all CIRO requirements applicable to offering OEO account services Ensure Approved Person provides no recommendation to purchase, sell, hold or exchange any security, including any class of security, or security of a class of issuer
	(v) Derivatives trading accounts:	
	<ul style="list-style-type: none"> CIRO requirements for handling derivatives accounts CFD undertakings Responsibilities for designated and alternate Supervisors where continuous supervision of derivatives trading activity required Specific requirements to detect: <ul style="list-style-type: none"> Excessive day trading resulting in trading large numbers of contracts 	<ul style="list-style-type: none"> Ensure that the handling of clients' derivatives trading activity complies with applicable requirements Ensure that all recommendations made for an account are and continue to be suitable for the client and put the client's interest first Review and approve client loss limits when they are set annually, taking into consideration previous losses Review all discretionary and managed derivatives accounts daily and monthly



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Trading while the account is under margined ○ Trading beyond margin or credit limits ○ Cumulative losses exceeding risk limits ○ Position and exercise limits that have been exceeded ○ Speculative trading in hedge accounts ○ Exposure to delivery through holding contracts into delivery month ● Policies and procedures that specifically address notifying clients of: <ul style="list-style-type: none"> ○ Approaching expiry dates ○ Significant changes which result from changes in the underlying interest ○ Changes in the dealer’s business policy ○ New developments in the trading or regulation of derivatives that may impact clients ● Policies and procedures that specifically require approval to solicit clients to use derivatives ● Policies and procedures that specifically address reviewing derivatives trading activity to detect the following: <ul style="list-style-type: none"> ○ Exceeding of position or exercise limits ○ Exposures arising out of uncovered option positions ○ Supervisory approval of the solicitation of clients to use actual options and options programs 	<ul style="list-style-type: none"> ● Ensure that those trading on a dealer’s behalf or advising clients in derivatives trading accounts meet minimum proficiency requirements ● Ensure, where applicable, compliance with client requirements before entering an initial derivatives trade in an account, including to, a dealer: <ul style="list-style-type: none"> ○ Obtain the respective and completed options account application from the client ○ Obtain a signed trading agreement from the client ○ Provide the client with the most recent and applicable disclosure statements or similar disclosure documents ○ Record who approved each client account in writing ● Determine whether the risk characteristics of the strategies the client intends to use are: <ul style="list-style-type: none"> ○ Appropriate for the client ○ In keeping with their investment objectives and risk tolerance ● Where risk characteristics of the strategies is high, then: <ul style="list-style-type: none"> ○ Restrict the account from using inappropriate strategies ○ Note on the account approval any trading restrictions imposed ○ Communicate restrictions to the client-facing Approved Person assigned to the account ● Ensure the dealer complies with:



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> • Policies and procedures that specifically address or require: <ul style="list-style-type: none"> • Clients to have access, during normal business hours, to qualified Approved Persons • Proper handling of positions with pending delivery months 	<ul style="list-style-type: none"> ○ Requirements of any entity through which it trades or clears a derivative ○ Applicable position and exercise limits
	(vi) Managed accounts:	
	<ul style="list-style-type: none"> • Policies and procedures that specifically address the supervision of individuals responsible for handling managed accounts to provide reasonable assurance of compliance with CIRO requirements, securities and derivatives laws, regulations and other applicable laws • Policies and procedures dealing with the supervision of managed accounts that specifically address: <ul style="list-style-type: none"> ○ Managed account conflict of interest related requirements ○ Fairness in the allocation of investment opportunities ○ Direct supervision of Approved Persons, including applicable conditions and exceptions 	<ul style="list-style-type: none"> • Review each managed account to provide reasonable assurance that: <ul style="list-style-type: none"> ○ Client’s investment objectives are being pursued ○ Handling of each of the managed accounts complies with CIRO requirements • Escalate as appropriate if detect non-compliance with conflict of interest-related requirements for managed accounts • Ensure supervision of the Associate Portfolio Manager (including the pre-approval of advice) is conducted by: <ul style="list-style-type: none"> ○ Portfolio Manager at the dealer or another dealer who is authorized to provide discretionary management to managed accounts and who is not in the period of close supervision ○ An Approved Person who has entered into a contract with the dealer to provide the supervision



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> Requirements and responsibilities of a managed account committee 	<ul style="list-style-type: none"> Consider that the management committee must, at least annually: <ul style="list-style-type: none"> Review the dealer’s policies and procedures dealing with the supervision of managed accounts Recommend to senior management appropriate actions necessary to achieve compliance with CIRO requirements, securities and derivatives laws, regulations and other laws applicable to managed accounts Monitor, where applicable, any Approved Persons under close or strict supervision Review all derivatives accounts that are managed accounts both daily and monthly Ensure that individuals trading or advising on its behalf, in managed accounts, meet the applicable proficiency requirements Ensure individuals who trade on a dealer’s behalf do not engage in any discretionary trading, including time and price discretion, unless discretion is exercised in a managed account in accordance with CIRO requirements
	(vii) Discretionary accounts:	
	<ul style="list-style-type: none"> Designated Supervisor for discretionary accounts responsibility to not delegate the performance of reviews in accordance with relevant CIRO requirements 	<ul style="list-style-type: none"> Review the financial performance of each discretionary account at least monthly



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> • Review discretionary accounts to determine if the Registered Representative, authorized to affect trades for the discretionary account should continue to do so, based on the designated Supervisor’s assessment of the discretionary account’s financial performance • Review all derivatives accounts that are designated as discretionary accounts both daily and monthly • Review any discretionary order initiated in a discretionary account by a Registered Representative prior to the order being entered unless: <ul style="list-style-type: none"> ○ The Registered Representative has been approved as a Portfolio Manager ○ The Registered Representative is also an Executive ○ A designated Supervisor reviews the order within the prescribed timeframe • Review any discretionary order initiated for a discretionary account by an Executive who is approved as a Portfolio Manager, no later than the day after the trade was made • Ensure individuals who trade on a dealer’s behalf do not engage in any discretionary trading, including time and price discretion, unless discretion is exercised in a discretionary account in accordance with CIRO requirements • Ensure that individuals trading or advising on its behalf in discretionary accounts, meet the applicable proficiency requirements



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
V. Trading and market rules	<ul style="list-style-type: none"> • Market rules, including UMIR, where applicable, including: <ul style="list-style-type: none"> ○ Best execution ○ Manipulative and deceptive practices ○ Disruptive trading practices ○ Fair and equitable trading practices ○ Securities industry code of ethics, standards and dealer guidelines for acceptable behaviour and governance ○ Placing orders, settlement and delivery process ○ Processes for handling order errors and changes ○ Purpose and application of the cash account rule ○ Trading settlement procedures for all transactions ○ Restriction process on overdue cash accounts ○ Requirements to confirm orders with clients, including fees and commissions ○ Dealer requirements, guidelines and best practices for trade confirmations sent to clients ○ Types of buy, sell and short sell orders ○ Long and short margin accounts and special margin situations 	<ul style="list-style-type: none"> • Adopt, document, and maintain a system of risk management, supervisory controls, policies and procedures reasonably designed to ensure management of financial, regulatory, and other risks associated with: <ul style="list-style-type: none"> ○ Access to one or more marketplaces ○ Use by the Participant, any client of the Participant or the Access Person of an automated order system • Consider Participant’s obligation to document each step of the compliance review process and to include the following details: <ul style="list-style-type: none"> ○ Individual(s) who conducted the review ○ Date(s) of the review ○ Sources of information used to conduct the review, including the initial alert that may have been triggered ○ Sample(s) used to conduct the review and the criteria for sample selection (if samples are used) ○ Queries made to the trader, client, and anyone else who handled the order (if any) ○ Results of the review ○ Measures taken to escalate concerns (if any) ○ Corrective actions taken (if any)



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Need for specialized trading authorizations at the dealer ● Applicable regulatory standards with respect to the review, acceptance and approval of orders ● Trading supervisory systems, including: <ul style="list-style-type: none"> ○ Identification of relevant requirements ○ Documentation of the supervision system ○ Training and proficiency ○ Delegation of supervisory and compliance personnel ○ Procedures for dealing with violations ○ Reviewing supervision systems ○ Documenting results of compliance reviews ○ Retaining results of reviews ○ Reports to Board of Directors ● Regular review of compliance with respect to the following provisions for trading on a marketplace where applicable to their lines of business: <ul style="list-style-type: none"> ○ Audit trail requirements ○ Electronic access to marketplaces ○ Specific unacceptable activities ○ Manipulative and deceptive activities ○ Trading in restricted securities ○ Trading of grey list securities ○ Disclosure requirements ○ Frontrunning 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Client/principal trading ○ Client priority ○ Best execution ○ Order exposure requirements ○ Time synchronization requirements ● Risk-based supervision system, which reflects: <ul style="list-style-type: none"> ○ Participant’s size (considering factors such as revenue, market share, market exposure and volume of trades) ○ Participant’s organizational structure ○ Number and location of the Participant’s offices ○ Nature and complexity of the products and services offered by the Participant ○ Number of registrants assigned to a location ○ Disciplinary history of registered representatives or associated persons ○ Risk profile of the Participant’s business and any indicators of irregularities or misconduct (e.g., red flags) ● Gatekeeping responsibilities and applicable regulatory requirements, including: <ul style="list-style-type: none"> ○ Client’s typical financial activity and patterns to identify suspicious transactions ○ Applicable regulatory frameworks on whistleblowers 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Applicable reporting obligations to dealers and regulators 	
VI. Advertisements, sales literature and correspondence	<ul style="list-style-type: none"> ● Policies and procedures that specifically address the review and supervision of advertisements, sales literature and correspondence relating to its business ● Applicable document retention and supervisory record-keeping requirements ● Requirements for approval before use or publication for: <ul style="list-style-type: none"> ○ Research reports ○ Market letters ○ Telemarketing scripts ○ Promotional seminar texts (excluding educational seminar texts) ○ Original advertisements or original template advertisements ○ Material containing performance reports or summaries that is used to solicit clients ● When advertisements, sales literature and correspondence can be reviewed post-use and when sampling can be used 	<ul style="list-style-type: none"> ● Consider various social media or other interactive platforms used by employees and Approved Persons and verify whether unauthorized platforms are being used and escalate if necessary ● Consider: <ul style="list-style-type: none"> ○ What constitutes the dealer’s advertisement, sales literature and correspondence ○ Applicable requirements for various public communication methods ● Ensure the dealer complies with requirements to not issue, participate in or knowingly allow the use of its name in any advertisement, sales literature or correspondence using content that: <ul style="list-style-type: none"> ○ Contains an untrue statement or omission of a material fact or is otherwise false or misleading ○ Contains an unjustified promise of specific results ○ Uses unrepresentative statistics to suggest unwarranted or exaggerated conclusions, or fails to identify the material assumptions made in arriving at these conclusions ○ Contains any opinion or forecast of future events which is not clearly labeled as such ○ Fails to fairly present the potential risks to the client ○ Is detrimental to the interests of the public, CIRO or its regulated dealers



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> ○ Fails to comply with CIRO requirements or any applicable laws
VII. Research reports	<ul style="list-style-type: none"> ● Policies and procedures that specifically address: <ul style="list-style-type: none"> ○ Designating one or more Supervisors to be responsible for reviewing and approving research reports ○ Prohibition on research reports or opinion for own securities or holding company ○ Cross-supervision ○ minimum disclosures ○ Conduct of analysts ○ Publishing research reports ○ Recommendations by analysts ● Requirements for research report disclosure of potential conflicts of interest 	<ul style="list-style-type: none"> ● Ensure the dealer discloses any matter which might reasonably indicate an existing or potential conflict of interest for the dealer or the analyst ● Ensure each research report complies with applicable disclosure requirements, including: <ul style="list-style-type: none"> ○ Dealer’s or affiliates’ beneficial ownership of the equity securities of the subject issuer that amounts to one percent or more of any class of such securities: <ul style="list-style-type: none"> ▪ As of the end of the month prior to the issuance date of the research report ▪ As of the end of the second most recent month if the report issuance date is less than 10 days after the end of the prior month ○ Issuer’s securities directly or indirectly held by: <ul style="list-style-type: none"> ▪ Analyst ▪ Associate of the analyst ▪ Any person directly involved in the preparation of the report ○ Services provided by any partner, Director or officer of the dealer or analyst involved in the preparation of a report one year before the date a research report or recommendation was issued ○ Investment banking services provided by the dealer to the issuer for remuneration one year before a research report or recommendation was issued



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
		<ul style="list-style-type: none"> ○ Name of any partner, Director, officer, employee or agent of the dealer who is a partner, Director, officer or employee of the issuer, or who serves in an equivalent advisory capacity to the issuer ○ Market-making in any equity security or equity related security of the subject issuer
VIII. Risks associated with dealer activity and registered locations	<ul style="list-style-type: none"> ● Guidelines for business location supervision, including: <ul style="list-style-type: none"> ○ Scope ○ Planning ○ Business location audit program and training ○ Risk identification ○ Audit report and follow up ● Internal risk factors, including: <ul style="list-style-type: none"> ○ Quality of management and staff ○ Knowledge and experience ○ Adequacy of resources ○ Key person reliance ○ Fraudulent or unethical behaviour ● Reputational risk, including: <ul style="list-style-type: none"> ○ Performance incentive/compensation structures, including: <ul style="list-style-type: none"> ▪ Conflicts of interest: client suitability versus Approved Person’s reward ▪ Churning: commissions generated for each trade, regardless of the need for such a trade 	<ul style="list-style-type: none"> ● Consider the risk profile(s) of relevant business locations to understand the effectiveness and structure, including: <ul style="list-style-type: none"> ○ Experience level of Supervisor ○ Tenure and turnover of business location personnel ○ Internal/external disciplinary history or regulatory actions against employees and Approved Persons ○ Sources of business location revenue ○ Number of client accounts ○ Percentage of revenue derived from higher-risk investments ○ Findings from prior compliance audits ● Ensure management and control of specific risks are appropriately assigned to qualified individuals with sufficient resources ● Identify red flags, follow up and escalate as necessary



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> <ul style="list-style-type: none"> ▪ Overcharging: excessive mark-ups for fixed income trades, where there is limited commission transparency ○ Litigation and client complaints ○ Community-specific marketing strategy and sales practices ● Business location’s business activity risk, including: <ul style="list-style-type: none"> ○ Exposure inherent to providing a particular product or service at a business location ○ Business location’s lines of business and the aggregate risk present in its overall portfolio ○ Risks applicable to individual RR conduct ● Business location size risk, including: <ul style="list-style-type: none"> ○ Risk-weighting ○ Risk assessment and control practices ○ Business location’s growth rate ○ Number of registrants ○ Type of registrants (e.g., enhanced supervision) ● Client base risk, where: <ul style="list-style-type: none"> ○ Business location assumes a risk in ensuring it meets its obligations to clients, including: <ul style="list-style-type: none"> ▪ Protecting clients from inappropriate actions by a business location and its representatives 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none"> ○ Business location assumes a risk that clients will use it for inappropriate actions ● Retail distribution risk, including: <ul style="list-style-type: none"> ○ Sale of complex or opaque products by individual registrants, including illiquid or alternative products ○ Advisory services and fully discretionary managed products, including: <ul style="list-style-type: none"> ▪ Loss of control over books and records, with particular attention to poor control of client address changes ▪ Failure to meet regulatory standards for supervision and control, including inadequate control and review of advertising and sales literature, and the lack of documented evidence of overall supervision ▪ Failure to meet requirements for managing the margin activities of clients ▪ Inadequate follow up procedures to ensure that compliance audit findings are properly tracked and corrective action is taken by a business location ▪ Non-competitive products or services ▪ New or complex products that are not understood by retail investors 	



3. Supervisory Structure: Specific Supervision Responsibilities		
SUB-COMPETENCY	KNOWLEDGE For Supervisors to understand as applicable	BEHAVIOURS AND SKILLS For Supervisors to apply as applicable
	<ul style="list-style-type: none">▪ AP’s failure to meet regulatory, contractual, and legal obligations, and to apply high levels of integrity▪ Professional skills, and knowledge in dealings with clients▪ Improper reassignment terminated registrants’ accounts▪ Commission-based compensation programs that may present conflicts of interest between the economic interests of the clients and an Approved Person▪ Inadequate control over the issuance of customized portfolio summaries▪ Losing APs to local competitors, which, depending on the circumstances, may create economic, litigation, and reputational risks because clients frequently follow their Approved Persons <ul style="list-style-type: none">• Local business strategy and decision risk	