



Reference Document for:

Institutional Registered Representative (RR) and Investment Representative (IR) Competencies

Refer to Appendix 2 to review the institutional RR/IR competency profile



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements



Execution and Market Integrity

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Understand and apply the following as applicable:

- I. Market integrity, trade execution and settlement
- II. Gatekeeping responsibilities



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
I. Overview of general regulatory framework	<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"> ▪ Jurisdiction ▪ Recognition orders and delegated authorities ▪ Mandate and objectives ▪ Enforcement powers 	<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 • Adhere to CIRO standards of conduct • Use skills in a professional manner • Demonstrate ethical judgement • Establish trust in all professional relationships • Prepare well for all client contact in compliance with relevant dealer policies and procedures • Review, analyze and evaluate all information provided by the client • Apply dealer policies and procedures as applicable



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> ▪ 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 • 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 ▪ 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 	



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> ○ 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 ▪ 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 	



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> ○ 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 ○ Rules for public company disclosure and the statutory rights of shareholders 	
II. Prospective client relationships	<ul style="list-style-type: none"> ● Dealer onboarding processes for new clients ● The types of accounts, including sub-accounts, products and services the client can access at the dealer ● The limitations and restrictions on products and services offered at the dealer (where applicable) ● Charges, fees, fee structures and applicable guidelines for compensation ● The role of the Investment Representative and Registered Representative in providing client service 	<ul style="list-style-type: none"> ● Respond effectively to client requests keeping in mind regulatory requirements, dealer policies and procedures ● Adhere to professional code of conduct, ethical practices and dealer processes in all dealings with clients ● Determine the applicability of the account appropriateness requirement for the client and assess account appropriateness where required



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> • Procedures and requirements for working with foreign clients • Account appropriateness obligation and exceptions for certain types of institutional clients • Services provided by institutional dealers, including: <ul style="list-style-type: none"> ○ Trading ○ Research ○ Underwriting ○ Merger and acquisition advice ○ Prime brokerage ○ Securities lending • Types of securities sold and traded at institutional dealers • Investment styles of different types of clients 	
III. Scope of client relationships	<ul style="list-style-type: none"> • All client information required by the dealer and regulations • New account-related documents • Know Your Client rules and exceptions in dealing with institutional clients • ‘Permitted Client’ waivers and exemptions • CIRO rules and requirements for clients to qualify as an institutional client • Assessment of the client’s sophistication level and applicability of suitability exemptions • Institutional client suitability determination requirements and exceptions for certain types of institutional clients 	<ul style="list-style-type: none"> • Obtain and record all relevant client information as needed • Thoroughly research the client by researching its industry and reviewing all publicly available information • Identify and evaluate whether additional information is needed • Learn and remain informed of the essential facts for each client and account • Where required, collect information to establish the identity of clients and take reasonable steps to confirm the accuracy of the information • Use organization and communication skills to ensure all documents are: <ul style="list-style-type: none"> ○ Reviewed and approved by the client



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SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> Client’s investment strategies 	<ul style="list-style-type: none"> Submitted by the client in a timely fashion Filed at the dealer and updated on a timely basis Determine whether the institutional client is sufficiently sophisticated and capable of making its own investment decisions to determine the level of suitability owed to the client for a particular type of transaction Where required, take steps to ensure the institutional client fully understands the investment product, including the potential risks Where required, determine on a reasonable basis, putting the institutional client’s interest first, that it is suitable for the client to continue having an account with the dealer and the scope of products, services, and relationships the client would have access to are suitable for the client
IV. Required documents and disclosures	<ul style="list-style-type: none"> Account agreement Any other documentation required by the dealer or by any applicable laws, including conflict of interest disclosures Dealer procedures for documenting client sophistication Proper completion of new account applications and the process for opening accounts Requirements for documenting and maintaining client records 	<ul style="list-style-type: none"> Provide and obtain all required documents Clearly explain documentation when requested by the client Record discussions with clients in accordance with dealer policies and procedures
V. Client relationship maintenance	<ul style="list-style-type: none"> Ethical and legal responsibilities to clients Internal escalation procedures <i>Proceeds of Crime (money laundering) and Terrorist Financing</i> legislation, exceptions, related rules and issues 	<ul style="list-style-type: none"> Maintain regular, ongoing contact according to dealer policy Respond to client requests in a timely manner Manage client base to ensure clients receive quality service



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SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	<ul style="list-style-type: none"> • The roles of internal subject matter experts for specific products, such as derivatives and equities • Situations in which clients should be directed to internal experts and the process to do so • Regulatory requirements and Dealer policies and procedures for handling an institutional client complaint 	<ul style="list-style-type: none"> • Use skills in a professional manner • Demonstrate ethical judgement • Direct clients to the correct investment desk and internal expertise • Build relationships with all lines of business at the dealer • Identify the correct internal roles to provide assistance to clients and efficiently transfer them • Accurately represent to clients, information about proficiency and experience, qualifications and registration category • Use professional titles in client communications in compliance with applicable laws, regulation and in keeping with dealer requirements • Adhere to regulatory requirements and dealer policies and procedures for handling an institutional client complaint
VI. Containment of confidential information	<ul style="list-style-type: none"> • Dealer policies and procedures for maintaining client confidentiality • Information barriers and firewalls • Grey and restricted list • Role of investment banking • Role of research department • Role of corporate finance 	<ul style="list-style-type: none"> • Ensure that all client information shared directly and indirectly (e.g., through internal meetings) remains confidential • Ensure that all information about client trading activity remain confidential • Recognize appropriate dealings within the dealer • Adhere to all information barrier requirements under dealer policies and procedures



1. Conduct and Compliance		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
VII. Conflicts of interest and ethics	<ul style="list-style-type: none"> • Conflicts of interest management, including <ul style="list-style-type: none"> ○ Identification ○ Prohibition, ○ approval, ○ disclosure (including knowledge of triggers to provide conflict of interest disclosure to existing clients), and ○ action required in the event of a potential conflict of interest, including: <ul style="list-style-type: none"> • reporting of outside activities • avoiding prohibited personal financial dealings • Importance of ethics • Ethical principles • Individual values and awareness • Ethical dilemmas • Framework for ethical decision making • Critical thinking skills • Importance of independence and objectivity • Unethical practices in securities and derivatives trading Standards of conduct 	<ul style="list-style-type: none"> • Report outside activities including conflict positions as required • Avoid and disclose conflicts as required. • Demonstrate behaviour that conforms to high standards of ethics and conduct • Apply critical thinking to identify and address ethical dilemmas and making ethical decisions • Apply high standards of ethics and conduct when dealing with clients and engaging in other professional activities, and promoting such behaviour with coworkers and employees • Act with independence and objectively • Carry out professional responsibilities in a thoughtful and objective manner, free from any personal obligations, encumbrances, or biases, such as gifts or relationships that may influence judgement • Escalate matters of non-compliance and unethical behaviour as appropriate



2. Product and Market Impact			
GENERAL FOR ALL			
SECURITIES			
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACTS			
SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS	
	For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable	
I. Market structure	<ul style="list-style-type: none"> The sell-side vs. buy-side of an institutional marketplace The different types of sell-side institutional investment dealers The different types of buy-side clients, their goals and the dealer's role in supporting them The types of traders within the institutional market: <ul style="list-style-type: none"> Agency traders Liability traders Market makers The role of other institutional services Market trends The market impact of specific trades All investment product options available to institutional clients Debt market mechanics Factors that affect foreign exchange 	<ul style="list-style-type: none"> Incorporate relevant market knowledge, commentary and analysis in client communications where appropriate, to provide clients with confidence in their expertise Provide clients with accurate and confident explanations if requested 	
II. Macroeconomic analysis	<ul style="list-style-type: none"> The role and function of central banks How the Bank of Canada implements and conducts monetary policy Keynesian, monetarist and supply-side theories of the economy Mechanisms by which governments establish fiscal policy and evaluate the impacts of fiscal policy on the economy The process for achieving market equilibrium Phases of the business cycle, economic indicators used to analyze business conditions and the determinants of long-term economic growth 	<ul style="list-style-type: none"> Analyze closely all relevant documents and sources of information Evaluate whether new information is relevant for specific clients and provide concise summaries of pertinent material Provide clear explanations of macroeconomic factors to clients when requested Keep up to date on macroeconomic analysis matters through internal Subject Matter Experts (SMEs) Where available, consult with external SMEs to understand relevant macroeconomic analysis matters 	



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



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



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GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
	SECURITIES		<ul style="list-style-type: none"> ○ The evaluation of the investment quality of debt and equity issued by a corporation using credit ratings or other pertinent information ● Company reports and other relevant sources of information, including the assumptions and valuation approach used ● Takeover process and takeover legislation ● Insider bids and issuer bid regulations ● The rules for public company disclosure and the statutory rights of investors
V. Technical/statistical analysis		<ul style="list-style-type: none"> ● The use of fundamental, quantitative and technical/statistical analyses ● Market theories in relation to stock market behaviour ● The tools used in technical/statistical analysis ● Technical reports and other relevant sources of information, including the assumptions and particular valuation approach used 	<ul style="list-style-type: none"> ● Analyze closely all relevant documents and sources of information ● Evaluate whether new information is relevant for specific clients and provides concise summaries of pertinent material ● Provide clear explanations of technical/statistical analysis to clients when requested ● Keep up to date on technical/statistical analysis matters through internal SMEs ● Where available, consult with external SMEs to understand relevant technical/statistical analysis matters
VI. Research and analysis for each product requested by clients		<ul style="list-style-type: none"> ● All relevant sources of information on investment products, including: <ul style="list-style-type: none"> ○ Offering documents ○ Prospectuses and other regulatory documents ○ Market research ○ Marketing material ○ Dealer recommendations 	<ul style="list-style-type: none"> ● Use product research to assess risk and potential returns ● Evaluate product liquidity, volatility and correlation with other investments, currency and relevant industry facts ● Compare technical, macroeconomic, company, industry, fundamental and quantitative analyses for products ● Compare and contrast products with similar objectives and risk levels to evaluate performance
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACTS			



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL SECURITIES OPTIONS FUTURES CONTRACTS FUTURES CONTRACTS	<ul style="list-style-type: none"> • Rate of return calculation and risk measurement for any security • Product valuations • Present value, discount rate and calculations relating to the time value of money, bond pricing and yield • Theories of interest rate determination • Modern portfolio theory • Portfolio management styles of equity and fixed-income managers • Risk management • Hedging strategies • Economic, political and social events that can affect each investment • Takeover process and takeover legislation • Insider bids and issuer bid regulations 	<ul style="list-style-type: none"> • Evaluate how each product performs against benchmarks, indexes and other comparable products • Awareness of new products available through the dealer



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GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL SECURITIES OPTIONS FUTURES CONTRACTS FUTURES CONTRACTS	VII. Market research, news and relevant updates	<ul style="list-style-type: none"> • Relevant changes and updates to: <ul style="list-style-type: none"> ○ Industry standards ○ Legislation ○ Regulations ○ Dealer procedures, rules and best practices ○ Product and market research ○ Emerging issues, financial trends, economic trends and the impact of world events on markets 	<ul style="list-style-type: none"> • Read, watch and listen regularly to financial and market news and research from various sources, including: <ul style="list-style-type: none"> ○ Industry-specific newsletters ○ Websites ○ Newspapers ○ Podcasts • Actively and regularly communicate with internal experts to learn about market news and financial trends • Efficiently review market research and news for key points relevant to clients • Evaluate the potential impact of all market events and changes on their own responsibilities, dealer processes and client accounts • Follow up with clients to further discuss any market or product information, if requested • Participate regularly in continuing education activities, training, educational events and conferences • Remain informed about new technological advances related to investments and client communication • Participate in communities of practice and knowledge-sharing with other Institutional Registered Representatives and Investment Representatives



2. Product and Market Impact			
GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable
SECURITIES	VIII. Characteristics and information on equities	<ul style="list-style-type: none"> • Characteristics of equities, including: <ul style="list-style-type: none"> ○ Structure ○ Features ○ Advantages and disadvantages ○ Risks ○ Impact of the costs associated with acquiring and holding equities ○ Potential returns • Types of equities, including: <ul style="list-style-type: none"> ○ Shares ○ Income trusts ○ Closed-end funds ○ Preferred shares • Information sources for equities • The factors used to decide between managed products and individual equity securities • Common share ownership, dividend taxation, how they are declared and claimed, and the impact of stock splits and consolidations • Stock market index vs. average, including method for calculating the index or average's value • Different stock market indexes and averages, including: <ul style="list-style-type: none"> ○ S&P/TSX Composite Index ○ S&P/TSX Venture Composite Index ○ Dow Jones Industrial Average (DJIA) • Macroeconomic factors affecting investor expectations and the price of securities • Industry classifications and how industry classifications impact a company's stock valuation 	<ul style="list-style-type: none"> • Pursue continuing education on equities through internal SMEs as needed • Where available, consult with external SMEs to understand relevant product analysis for equities • Analyze closely all relevant documents and sources of information • Attend seminars, educational events and dealer training related to prospective equities • Evaluate whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provide clear explanations of specific equities to clients when requested • Comply with Know Your Product (KYP) obligation as required • Keep up to date with list of equities approved by the dealer for trading • Where required, explain key product features to the client, including the equity's structure, features, risks, initial and ongoing costs and the impact of those costs
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT O			



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL SECURITIES OPTIONS FUTURES CONTRACTS FUTURES CONTRACT O	<ul style="list-style-type: none"> The intrinsic value and the price-earnings ratio (P/E) of a stock using the dividend discount model (DDM) Environmental, social and governance (ESG) issues Understanding of all securities in a client's account, including those that are held because of a transfer-in or client-directed trade 	



2. Product and Market Impact			
GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable
SECURITIES	IX. Characteristics and information on fixed income products	<ul style="list-style-type: none"> • Mechanics of debt trading in Canada • Characteristics of fixed income products, including: <ul style="list-style-type: none"> ○ Structure ○ Features ○ Advantages and disadvantages ○ Risks ○ Impact of the costs associated with acquiring and holding fixed income products ○ Potential returns • The types of fixed income products, including debt securities • Information sources for fixed income products • The relationship between coupon, yield, term-to-maturity and price volatility • The impact of the factors that affect bond prices • The types of bond yields, including the approximate yield to maturity • Concepts of present value and future value • Passive fixed income portfolio management vs. active fixed income portfolio management • Present value, discount rate and calculations relating to the time value of money, bond pricing and yield • The impact of fixed income pricing properties on bond prices • Rules and regulations related to bond delivery and settlement • Understanding of all fixed income products in a client's account, including those that are held because of a transfer-in or client-directed trade 	<ul style="list-style-type: none"> • Pursue continuing education on fixed income products through internal SMEs as needed • Where available, consult with external SMEs to understand relevant product analysis for fixed income products • Analyze closely all relevant documents and sources of information • Attend seminars, educational events and dealer training related to prospective fixed income products • Evaluate whether new information is relevant for specific clients and provides concise summaries of pertinent material • Provide clear explanations of specific fixed income products to clients when requested • Comply with KYP obligation as required • Keep up to date with list of fixed income products approved by the dealer for trading • Where required, explain to the client the product's structure, features, risks, initial and ongoing costs and the impact of those costs
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT O			



2. Product and Market Impact			
GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable
SECURITIES	X. Characteristics and information on other investments	<ul style="list-style-type: none"> • Characteristics of all alternative, private, emerging and other types of investments, including: <ul style="list-style-type: none"> ○ Structure ○ Features ○ Advantages and disadvantages ○ Risks ○ Impact of the costs associated with acquiring and holding other investments • Types of alternative, emerging and all other investments, including: <ul style="list-style-type: none"> ○ Hedge funds ○ Exchange traded funds (ETFs) ○ Futures ○ Options • Product disclosure requirements and risks of investment products • Derivatives markets and embedded derivatives instruments within the securities market • Understanding of all other investments in a client's account, including those that are held because of a transfer-in or client-directed trade 	<ul style="list-style-type: none"> • Pursue continuing education on other investments through internal SMEs as needed • Where available, consult with external SMEs to understand relevant product analysis for other types of investments • Analyze closely all relevant documents and sources of information • Attend seminars, educational events and dealer training related to other types of prospective investments • Evaluate whether new information is relevant for specific clients and provide concise summaries of pertinent material • Provide clear explanations of alternative, private, emerging and other types of investments to clients when requested • Comply with KYP obligation as required • Keep up to date with list of other investment products approved by the dealer for trading • Where required, explain to client the investment's structure, features, risks, initial and ongoing costs and the impact of those costs
OPTIONS			
FUTURES CONTRACTS FUTURES CONTRACT O			



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
XI. Overview of options and similar derivative contracts	<ul style="list-style-type: none"> • Purpose, types, risk and reward profiles of options and similar derivatives, including: <ul style="list-style-type: none"> ○ Options and similar derivative contracts ○ Risk management/mitigation through hedging ○ Speculative trading • Differences between exchange-traded and over-the-counter options and similar derivative contracts • La Bourse de Montréal // Montréal Exchange trading rules and mechanics • Canadian Derivatives Clearing Corporation (CDCC) rules and procedures • Canadian Depository for Securities (CDS) and delivery procedures for underlying interests • Options Clearing Corporation (U.S.) rules and procedures • Over-the-counter (OTC) derivative contracts <ul style="list-style-type: none"> ○ International Swaps and Derivatives Association (ISDA) framework and standardized documentation ○ Liquidation of existing positions ○ Assessments of value ○ Determinations of fair value ○ Assessments of exposure to risk ○ Underlying delivery and cash settlement exposure to risk 	<ul style="list-style-type: none"> • Analyze and evaluate the benefits and risks of using options and similar derivatives for client trading and risk management • Keep up to date with list of options and similar derivatives approved by the dealer for trading

GENERAL FOR ALL

SECURITIES

OPTIONS

FUTURES CONTRACTS
FUTURES CONTRACT O



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
<div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: small;">GENERAL FOR ALL</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: small;">SECURITIES</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: small; background-color: #92d050; padding: 5px;">OPTIONS</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: x-small;">FUTURES CONTRACTS FUTURES CONTRACT O</div>	<p>XII. Characteristics and information on dealing in options and similar derivative contracts</p> <ul style="list-style-type: none"> • Characteristics of options and similar derivatives, including: <ul style="list-style-type: none"> ○ Structure ○ Features ○ Advantages and disadvantages ○ Risks ○ Impact of the costs associated with acquiring and holding other investments • Legislative and regulatory framework governing: <ul style="list-style-type: none"> ○ Dealing in options and similar derivatives, including: <ul style="list-style-type: none"> ▪ Dealer policies and procedures for client solicitation and the dealer’s derivatives trading business ▪ Dealer procedures for client communications and changes to the dealer’s derivatives trading business ▪ Dealer client reporting for expiring derivatives ▪ Dealer reporting requirements for all positions (covered and uncovered) ▪ Concentration reporting ▪ Profit and Loss statements for active accounts ▪ Exception reports • Prohibited derivatives trading practices, including: <ul style="list-style-type: none"> ○ Trading while under margin ○ Trading beyond margin or credit limits ○ Cumulative losses exceeding risk limits • Margin requirements for options and similar derivative strategies 	<ul style="list-style-type: none"> • Identify applicable requirements for trade or transfer (accounts) of options or similar derivative contracts • Identify regulatory restrictions that apply for different uses • Explain how options or similar derivatives can address client needs • Explain how options or similar derivatives relate to and can complement other investment or structured products • Explain how commissions or fees are charged • Explain purpose and information included in client statements and agreements • Analyze and evaluate the benefits and risks of options or similar derivative contracts for client trading and risk management • Analyze and evaluate profit, loss and breakeven outcomes • Comply with KYP obligation as required • Keep up to date with list of options and similar derivatives approved by the dealer for trading • Where required, explain to the client the options’ and similar derivatives’ structure, features, risks, initial and ongoing costs and the impact of those costs



2. Product and Market Impact		
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<div style="writing-mode: vertical-rl; transform: rotate(180deg);">GENERAL FOR ALL</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">SECURITIES</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #92d050; color: white; padding: 5px;">OPTIONS</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">FUTURES CONTRACTS FUTURES CONTRACT O</div>	<ul style="list-style-type: none"> • Opening, managing and monitoring options or similar derivative accounts, including completing: <ul style="list-style-type: none"> ○ Options Account Application Form ○ Options Trading Agreement ○ Margin Agreement Form ○ Options Risk Disclosure and Information Statement ○ Managed and Discretionary Account Agreements • Client statement requirements for options and similar derivatives trading <ul style="list-style-type: none"> ○ Monthly account statements ○ Trade confirmations • Options or similar derivative contract types, including: <ul style="list-style-type: none"> ○ Puts and calls ○ American-style options ○ European-style options ○ Equity options ○ Non-equity options (e.g., currency, bond, indexes and futures options) ○ Exotic options • Transactional elements of options and similar derivative contracts: <ul style="list-style-type: none"> ○ Underlying interest <ul style="list-style-type: none"> ▪ Financial instruments (e.g., shares, bonds, bank credit) ▪ Financial variables (e.g., indexes) ▪ Commodities (e.g., oil, metals, agricultural products) ▪ Events (e.g., weather) 	



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL SECURITIES OPTIONS FUTURES CONTRACTS FUTURES CONTRACT O	<ul style="list-style-type: none"> ○ Premium <ul style="list-style-type: none"> ▪ Changes in options prices in relation to the underlying interest price (Delta) ▪ Rate of change of Delta ▪ Intrinsic value ▪ Time value ▪ At-the-money ▪ In-the-money ▪ Out-of-the money ○ Price forecasting techniques <ul style="list-style-type: none"> ▪ Fundamental analysis ▪ Technical analysis ○ Leverage <ul style="list-style-type: none"> ▪ Leverage and options value ▪ Calculation of options leverage ○ Tax implications of using options or similar derivatives for: <ul style="list-style-type: none"> ▪ Professional traders ▪ Non-professional traders ● Single and multi-legged strategies for trading options or similar derivative contracts, including: <ul style="list-style-type: none"> ○ Use of options-based indexes in income-producing options strategies ○ Bullish Strategies ○ Bearish Strategies ○ Options volatility strategies ● Understanding of all derivatives in a client’s account, including those that are held because of a transfer-in or client-directed trade 	



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
<div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; text-align: center;">GENERAL FOR ALL</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; text-align: center;">SECURITIES</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; text-align: center;">OPTIONS</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; text-align: center; background-color: #92d050;">FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS</div>	<p>XIII. Overview of futures and similar derivative contracts</p> <ul style="list-style-type: none"> • Purpose, types, risk and reward profiles of futures and similar derivative contracts, including: <ul style="list-style-type: none"> ○ Futures ○ Futures contract options ○ Forwards ○ Swaps ○ Contract for differences (CFDs) ○ Risk management/mitigation through hedging ○ Speculative trading • Differences between exchange-traded futures and over-the-counter derivatives • Trading rules and mechanics of futures exchanges, including: <ul style="list-style-type: none"> ○ La Bourse de Montréal // Montréal Exchange ○ Chicago Mercantile Exchange (CME) ○ Chicago Board of Trade (CBOT) • Rules and procedures for futures clearing corporations, including: <ul style="list-style-type: none"> ○ Canadian Derivatives Clearing Corporation (CDCC) ○ ICE Clear Canada ○ Options Clearing Corporation (U.S.) ○ clearing deposit requirements • Canadian Depository for Securities (CDS) and delivery procedures for underlying interests • Over-the-counter (OTC) derivative contracts, including: <ul style="list-style-type: none"> ○ ISDA framework and standardized documentation ○ Liquidation of existing positions ○ Assessments of value 	<ul style="list-style-type: none"> • Analyze and evaluate the benefits and risks of using futures contracts and similar derivatives for client trading and risk management • Keep up to date with list of futures contracts and similar derivatives approved by the dealer for trading



2. Product and Market Impact			
GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable
SECURITIES		<ul style="list-style-type: none">○ Determinations of fair value○ Assessments of exposure to risk○ Underlying delivery and cash settlement exposure to risk	
OPTIONS			
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS			



2. Product and Market Impact			
GENERAL FOR ALL	SUB-COMPETENCY	KNOWLEDGE	BEHAVIOURS AND SKILLS
		For RRs and IRs to understand as applicable	For RRs to apply and IRs to apply or provide support as applicable
SECURITIES	XIV. Characteristics and information on futures and similar derivative contracts	<ul style="list-style-type: none"> • Characteristics of futures and similar derivatives, including: <ul style="list-style-type: none"> ○ Structure ○ Features ○ Advantages and disadvantages ○ Risks ○ Impact of the costs associated with acquiring and holding other investments • Legislative and regulatory framework governing: <ul style="list-style-type: none"> ○ Dealing in futures, forwards, CFDs, futures contract options or similar derivative contracts <ul style="list-style-type: none"> ▪ Dealer monthly (net) position reporting requirements ▪ Dealer futures concentration capital requirements and provisions ▪ Dealer capital requirements and provisions on open futures positions ○ Prohibited derivatives trading practices, including: <ul style="list-style-type: none"> ▪ Trading using prohibited underlying interests ▪ Trading without adequate margin ▪ Trading beyond margin and credit limits ▪ Cumulative losses exceeding risk limits ▪ Delivery month trading restrictions ▪ Excessive risk or loss to account guarantors ○ Client margin requirements and treatment of derivative product positions ○ Opening, managing and monitoring futures or similar derivative accounts, including: <ul style="list-style-type: none"> ▪ Futures Account Application Form 	<ul style="list-style-type: none"> • Identify applicable requirements for the purchase, sale or transfer (accounts) of futures contracts and similar derivatives • Identify regulatory restrictions that apply for different uses • Explain how futures contracts and similar derivatives can address client needs • Explain how futures contracts and similar derivatives relate to and can complement other investment or structured products • Explain how futures contracts and similar derivatives commissions or fees are charged • Explain why and what content is included in required client statements and agreements • Analyze and evaluate benefits and risks of futures contracts and similar derivatives for client trading and risk management • Comply with KYP obligation as required, • Keep up to date with list of futures contracts and similar derivatives approved by the dealer for trading • Where required, explain to the client the futures contracts' and similar derivatives' structure, features, risks, initial and ongoing costs and the impact of those costs
OPTIONS			
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS			



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL		
SECURITIES		
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS	<ul style="list-style-type: none"> ▪ Futures Trading Agreement ▪ Futures Options Trading Agreement ▪ Futures Risk Disclosure and Information Statement ▪ Managed and Discretionary Account Agreements ▪ Hedge Agreement ▪ Authority to Transfer Funds Form ○ Client statement requirements for derivatives trading, including: <ul style="list-style-type: none"> ▪ Monthly account statements ▪ Trade confirmations ▪ Statement of purchase and sale on liquidating trades ○ Futures and similar derivative contracts, including: <ul style="list-style-type: none"> ▪ Equity futures ▪ Non-equity futures (e.g., bond, note, index, currency, interest rate) • Transactional elements of futures and similar derivative contracts, including: <ul style="list-style-type: none"> ○ Underlying interest <ul style="list-style-type: none"> ▪ Financial instruments (e.g., shares, bonds, bank credit) ▪ Financial variables (e.g., indexes) ▪ Commodities (e.g., oil, metals, agricultural products) ▪ Events (e.g., weather) ▪ Relationship to futures contract and futures contract options 	



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
GENERAL FOR ALL		
SECURITIES		
OPTIONS		
FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS	<ul style="list-style-type: none"> ○ Mark-to-market ○ Leverage <ul style="list-style-type: none"> ▪ Leverage and contract value ▪ Calculation of contract leverage ○ Margin <ul style="list-style-type: none"> ▪ Differences between futures and similar derivatives margin and securities margin ▪ Risk-based margin system ▪ Acceptable forms of margin ▪ Exchange margin ▪ In-house margin ▪ Hedge margin ▪ Day trading margin ▪ Margin change ○ Margin controls <ul style="list-style-type: none"> ▪ Initial margin call ▪ Maintenance margin call ○ Price forecasting techniques <ul style="list-style-type: none"> ▪ Fundamental analysis ▪ Technical analysis ○ Tax implications, futures and similar derivative contracts for: <ul style="list-style-type: none"> ▪ Professional traders ▪ Non-professional traders ● Single and multi-legged strategies for trading futures and similar derivative contracts, including: <ul style="list-style-type: none"> ○ Bullish strategies ○ Bearish strategies 	



2. Product and Market Impact		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
<div style="background-color: #d9e1f2; padding: 5px; text-align: center;">GENERAL FOR ALL</div> <div style="background-color: #d9e1f2; padding: 5px; text-align: center;">SECURITIES</div> <div style="background-color: #d9e1f2; padding: 5px; text-align: center;">OPTIONS</div> <div style="background-color: #92d050; padding: 5px; text-align: center;">FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS</div>	<ul style="list-style-type: none"> ○ Neutral strategies ○ Spread strategies ○ Risks related to spread strategies, including: <ul style="list-style-type: none"> ▪ Opposite position movement ▪ Illiquid markets ▪ Legging into and out of spreads ▪ Lower margins ▪ Shifting historical relationships ○ Volatility strategies ● Understanding of all futures and similar derivatives in a client’s account, including those that are held because of a transfer-in or client-directed trade 	



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



3. Execution and Market Integrity		
SUB-COMPETENCY	KNOWLEDGE For RRs and IRs to understand as applicable	BEHAVIOURS AND SKILLS For RRs to apply and IRs to apply or provide support as applicable
II. Gatekeeping responsibilities	<ul style="list-style-type: none"> • Gatekeeping obligations • Applicable regulatory requirements including: <ul style="list-style-type: none"> ○ Possible insider trading activity and violations ○ How to identify and escalate suspicious transactions ○ Applicable regulatory frameworks on whistleblowers ○ Applicable reporting obligations to dealers and regulators 	<ul style="list-style-type: none"> • Comply with market integrity, trade execution and settlement requirements by identifying and applying gatekeeping responsibilities • Escalate concerns to Supervisor and relevant compliance personnel about suspicious, manipulative or deceptive practices, including possible insider trading • Alert the trade desk to investigate with the exchanges, if required • Record suspicious activities and recommendations that reflect irregular requests, including rationale and actions taken