



Reference Document for:

Director Competencies

Executive Competencies

Ultimate Designated Person (UDP) Competencies

Refer to either Appendix 3, 4, or 5 to review the applicable competency profile



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements



Director, Executive and UDP Competencies

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From a regulatory perspective, the competencies for a highly competent and compliant Director/Executive/UDP at a minimum include the following:

General Regulatory Framework	Page 3	Corporate Governance and Ethics	Page 16
1	Understand and apply the following as applicable: <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. Dealer business models and related areasIV. Offering and distribution of securities	2	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Corporate governanceII. Ethics, conflicts of interest and confidentiality
Duties, Liabilities and Defences	Page 20	Risk Management and Oversight	Page 25
3	Understand and apply the following as applicable: <ul style="list-style-type: none">I. DutiesII. LiabilitiesIII. Defences	4	Understand and apply the following as applicable: <ul style="list-style-type: none">I. Risk management and internal controlsII. Significant areas of riskIII. UDP responsibilities* <p>*Note that this competency applies only to UDPs</p>



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable
I. Role of securities and derivatives regulators, SRO and applicable laws	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Securities and derivatives regulators, marketplaces/exchanges and Self-Regulatory Organization (SRO) <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 exchanges and other marketplaces, including: <ul style="list-style-type: none"> ▪ Exchanges ▪ Alternative Trading Systems (ATS) ▪ Crypto-Asset Trading Platforms (CTPs) ▪ Foreign Organized Regulated Markets (FORM) 	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Act in accordance with requirements that apply to approved role and responsibilities • Stay up to date with knowledge and understanding of all relevant business, industry, regulatory and legal developments • Ensure that dealer policies, procedures and structure remain current and reflective of business, industry, regulatory and legal developments • Ensure that an internal monitoring system is in place to identify legal and regulatory changes and corresponding impacts to the dealer



1. General Regulatory Framework		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable
	<ul style="list-style-type: none"> ○ Canadian Investment Regulatory Organization (CIRO), including: <ul style="list-style-type: none"> ▪ Jurisdiction ▪ Recognition orders and delegated authorities ▪ Mandate and objectives ▪ Enforcement powers ▪ Dealer and individual registration requirements ▪ Corporation Investment Dealer and Partially Consolidated Rules ▪ 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 ● Applicable laws <ul style="list-style-type: none"> ○ Securities and derivatives laws, regulations, corporate laws and statutes, including: <ul style="list-style-type: none"> ▪ Director conduct ▪ Shareholder rights, remedies and obligations ▪ Primary and secondary distribution of securities 	



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	<ul style="list-style-type: none"> ▪ Secondary market liability ▪ Raising capital ▪ Issuer disclosure ▪ Proxy solicitation ▪ Takeover bids ▪ Improper conduct (e.g., trading with non-public information) 	
II. Role of other financial services regulators and applicable laws	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> • Other financial regulators and agencies <ul style="list-style-type: none"> ○ 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 client 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) 	<p>Directors/Executives/UDPs</p> <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 • Stay up to date with knowledge and understanding of all relevant business, industry, regulatory and legal developments • Ensure that dealer policies, procedures and structure remain current and reflective of business, industry, regulatory and legal developments • Ensure that an internal monitoring system is in place to identify legal and regulatory changes and corresponding impacts to the dealer



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	<ul style="list-style-type: none"> ○ 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 regulatory authorities ● 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 	



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	<ul style="list-style-type: none"> • False prospectus • Organized crime offences • Illegal insider trading ▪ Canada Business Corporations Act (CBCA) ▪ Competition Act ▪ Canadian Anti-Spam Legislation (CASL) ▪ National Do Not Call List (DNCL) ▪ Confidentiality agreements ▪ Privacy legislation, including: <ul style="list-style-type: none"> • Personal Information Protection and Electronic Documents Act (PIPEDA) ▪ 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 	



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	<ul style="list-style-type: none"> ○ Rules for public company disclosure and the statutory rights of shareholders ○ Additional common and civil law liabilities, including: <ul style="list-style-type: none"> ▪ Breaches of contract law, including: <ul style="list-style-type: none"> ● Awards for damages or losses suffered ● Exemplary or punitive damages ● An order that the contract be completed ● A declaration that the contract is void and of no effect ● Litigation costs ▪ Tort law, including: <ul style="list-style-type: none"> ● Negligence ● Misrepresentation ▪ Vicarious liability 	
III. Dealer business models and related areas	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> ● 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, including: <ul style="list-style-type: none"> ▪ Managed account model, including role and responsibilities for Portfolio Managers and Associate Portfolio Managers ○ Online, including: 	<p>Directors/Executives/UDPs</p> <ul style="list-style-type: none"> ● Consider regulatory implications of current or planned business models, including relevant: <ul style="list-style-type: none"> ○ Line(s) of business ○ Account types ○ Client base ○ Services ○ Products ○ Compensation structures



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	<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), including: <ul style="list-style-type: none"> ▪ Recommendation prohibition ▪ Account suitability determination exemption OEO account appropriateness requirements ▪ Limited scope of products and account types ▪ DEA (Direct Electronic Access) ▪ Contracts-for-Difference (CFDs) • Services <ul style="list-style-type: none"> ○ Underwriting and other capital raising ○ Mergers & Acquisition (M&A) and other corporate advisory ○ Trading services and sales ○ Research ○ Introducing and Carrying Broker relationships ○ Prime brokerage ○ Corporate and merchant banking (within institution) 	<ul style="list-style-type: none"> • Stay up to date with knowledge and understanding of all relevant business, industry, legal and regulatory developments • Ensure that dealer policies, procedures and structure remain current and reflective of business, industry, regulatory and legal developments • Monitor product due diligence process, as required, to: <ul style="list-style-type: none"> ○ Approve all securities made available to clients ○ Monitor all approved securities for significant changes • Monitor maintenance of written policies and procedures for conducting product due diligence that describe all aspects of the process, as required, including: <ul style="list-style-type: none"> ○ Defining a new security ○ Level and depth of assessment required ○ Type of information to be collected ○ Responsibility for assessing a security • Ensure product due diligence is available to Approved Persons to support Know Your Product obligations, as required



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	<ul style="list-style-type: none"> ○ Asset and product securitization ○ Soft-dollar commission arrangements ● 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 ○ Options and similar derivatives accounts ○ Futures and similar derivatives accounts ● Basic types of securities, including: <ul style="list-style-type: none"> ○ Equities ○ Mutual funds and ETFs ○ Fixed-income products ○ Specialized (e.g. cryptocurrency) ● Complex types of securities, including: 	



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	<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 ○ Forwards and futures ○ 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 ● 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 ○ Requirement to have as many Executives and Supervisors as necessary to supervise activities of the dealer and its employees 	



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	<ul style="list-style-type: none"> ○ Procedures to conduct due diligence on new products and services, and continue risk assessment of existing products and services ○ Ongoing risk assessment of listing products and services ● Product due diligence requirements and exemptions, including: <ul style="list-style-type: none"> ○ Assessing relevant aspects of securities the dealer makes available ○ Approving securities to be made available to clients ○ Monitoring the securities made available ○ Exemptions for accounts held by: <ul style="list-style-type: none"> ▪ Carrying brokers ▪ Trade execution, clearing, settlement or custody service only dealers ● Product due diligence policies and procedures, which reflect: <ul style="list-style-type: none"> ○ Dealer business model ○ Types of securities and derivatives offered 	
IV. Offering and distribution of securities	Directors/Executives/UDPs	Directors/Executives/UDPs
	<ul style="list-style-type: none"> ● National Instrument 41-101 – General Prospectus Requirements 	<ul style="list-style-type: none"> ● Ensure compliance with applicable rules and obligations ● Be mindful of business affairs closely enough to determine when an obligation or liability is present



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	<ul style="list-style-type: none"> • Provincial and territorial securities legislation relating to the offering and distribution of securities • Dealer underwriting rights and obligations, including: <ul style="list-style-type: none"> ○ Gatekeeping functions ○ Types of underwriting (e.g., bought deal, agency, etc.) ○ Underwriter due diligence policies, procedures and statutory defences ○ Underwriting due diligence compliance function ○ Due diligence record-keeping ○ Syndicate vs. lead dealer due diligence ○ Confidentiality of material non-public information policies and procedures ○ Prospectus preparation ○ Prospectus certification ○ Capital requirements on underwriting positions ○ Termination clauses ○ Standard-form new issue letter (SFNIL) • Requirements relating to: <ul style="list-style-type: none"> ○ Periods of distribution ○ Bona fide offerings and new issues ○ Material non-public information 	<ul style="list-style-type: none"> • Ensure underwriter gatekeeping functions are appropriately performed, as required, including: <ul style="list-style-type: none"> ○ Due diligence investigations ○ Prospectus preparation ○ Material facts disclosure and certification • Monitor compliance with relevant policies and procedures, as required • Verify that underwriter due diligence policies and procedures include a due diligence plan, as required, including: <ul style="list-style-type: none"> ○ Timely due diligence “Q&A” sessions ○ Business and legal due diligence • Verify and maintain records of due diligence process, as required, to demonstrate: <ul style="list-style-type: none"> ○ Reasonableness of due diligence investigations ○ Adherence to relevant policies and procedures ○ Compliance with CIRO requirements and record-keeping obligations under applicable laws • Ensure compliance with disclosure and reporting obligations, as required, including: <ul style="list-style-type: none"> ○ Prospectus disclosure ○ Insider reporting



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	<ul style="list-style-type: none"> ○ Pre-marketing of securities ○ Margin obligations for underwriting commitments and when issued trading ● Required preliminary and final prospectus content ● Continuous disclosure obligations, including: <ul style="list-style-type: none"> ○ Annual Information Form (AIF) ○ Mutual Funds and Fund Facts documents ● Selective disclosure considerations, including: <ul style="list-style-type: none"> ○ Legislative prohibitions ○ High-risk disclosure practices (e.g., private briefings with analysts, confidentiality agreements with analysts) ○ Timely disclosure requirements ○ Confidential filing mechanisms ● Press releases and material change filings ● Prospectus-related rules and commonly used exemptions, including: <ul style="list-style-type: none"> ○ Private placements ○ Exempt market securities ○ Capital raising exemptions ○ Rights of withdrawal, rescission and action for damages ○ Mandatory proxy solicitation ○ Information circulars 	



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	<ul style="list-style-type: none">○ Shareholder communication procedures, including:<ul style="list-style-type: none">▪ Beneficial owners▪ Voting by dealers● Reporting issuers and short form prospectuses● Insider reporting● System for Electronic Document Analysis and Retrieval (SEDAR)● Rules for the sale of shares from a control position	



2. Corporate Governance and Ethics			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
I. Corporate governance	Directors/Executives/UDPs	Directors	Executives/UDPs
	<ul style="list-style-type: none"> • Corporate bylaws, including: <ul style="list-style-type: none"> ○ Shareholder and Director meetings ○ Director qualifications ○ Election and removal of Directors ○ Declaration and payment of dividends ○ Authority to bind the corporation • Shareholders’ agreements, proxy voting and other legal rights • Corporate governance guidelines, including: <ul style="list-style-type: none"> ○ Composition of the Board or equivalent governing body ○ Duties of Directors ○ Board mandate ○ Delegation (e.g., appointment and composition of Board committees) ○ Segregation of duties ○ Directors’ conflicts of interest, including: <ul style="list-style-type: none"> ▪ Sources of Director conflicts (e.g., contested Director elections, one-sided and/or contingent dealer arrangements) ▪ Conflicts specific to smaller dealers, including segregation of duties and escalation 	<ul style="list-style-type: none"> • Act in the best interest of the corporation • Guide and approve business strategy, including: <ul style="list-style-type: none"> ○ Monitoring performance ○ Establishing objectives and implementation of risk policies and internal systems • Select, compensate and monitor Executives • Ensure clear lines of accountability • Oversee “material information” disclosure process and communication • Monitor and ensure periodical reassessment of dealer governance practices 	<ul style="list-style-type: none"> • Develop a culture of compliance and emphasize its value towards managing risks in daily decisions • Manage dealer operations and ensure that the dealer and its staff comply with all relevant requirements • Exercise authority and strategic influence over material decisions • Maintain timely knowledge of all business, industry, regulatory and legal developments • Balance business development decisions with day-to-day risks, dealer processes and compliance considerations • Review financial statements and measure financial performance



2. Corporate Governance and Ethics			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> ▪ Obligations to avoid, manage and resolve material and non-material conflicts ▪ Transparency and disclosure obligations ○ Records management and document disclosure ○ Specific governance considerations for small dealers • Environmental, social and governance (ESG) considerations 	<ul style="list-style-type: none"> • Guide and approve the dealer’s code of conduct • Define the dealer’s risk appetite • Integrate the dealer’s governance structure with risk management and compliance functions • Seek reliable, timely information from trusted sources • Interpret and synthesize financial, technical and qualitative information • Appoint officers and approve their mandates 	



2. Corporate Governance and Ethics					
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable			
II. Ethics, conflicts of interest and confidentiality	Directors/Executives/UDPs	Directors/Executives/UDPs			
	<ul style="list-style-type: none"> • CIRO standards of conduct • Ethics versus rules • Ethics as a standard 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, including where a Director or Executive has a material conflict of interest • Conflicts of interest rules and obligations • Potential and existing conflicts, including: <ul style="list-style-type: none"> ○ Compensatory ○ Managerial ○ Ownership 	<ul style="list-style-type: none"> • Comply with CIRO and other applicable ethical standards of conduct • Ensure the culture of the dealer supports ethical decision-making • Apply an ethical decision-making process: <ul style="list-style-type: none"> ○ Identify the issue ○ Identify the individuals involved ○ Gather the facts and identify potential courses of action, and the potential consequences of each action ○ Make the decision ○ Reflect on the process • Address, disclose and/or avoid conflicts of interest consistent with the applicable rules on conflicts, including those on personal financial dealings • Establish and review policies and procedures about non-compliant possession of material non-public information • Consider policies and procedures when handling material non-public information in the necessary course of business 			
		<table border="1"> <thead> <tr> <th>Directors</th> <th>Executives/UDPs</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Adopt a written code of business conduct and ethics that is reasonably designed to promote integrity </td> <td> <ul style="list-style-type: none"> • Set the “tone at the top” • Apply and enforce the written code of business conduct </td> </tr> </tbody> </table>	Directors	Executives/UDPs	<ul style="list-style-type: none"> • Adopt a written code of business conduct and ethics that is reasonably designed to promote integrity
Directors	Executives/UDPs				
<ul style="list-style-type: none"> • Adopt a written code of business conduct and ethics that is reasonably designed to promote integrity 	<ul style="list-style-type: none"> • Set the “tone at the top” • Apply and enforce the written code of business conduct 				



2. Corporate Governance and Ethics			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> • 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 • Prohibition, approval, disclosure and action requirements regarding outside activities, positions of influence and personal financial dealings with clients, including: <ul style="list-style-type: none"> ○ Existing and reasonably foreseeable material conflicts of interest ○ Written disclosure, where applicable ○ Reporting obligations, where applicable • Containment of confidential information policies and procedures, including: <ul style="list-style-type: none"> ○ Information barriers and firewalls ○ Grey and Restricted lists ○ Research report disclosure requirements ○ Cybersecurity 	<p>and to deter wrongdoing</p> <ul style="list-style-type: none"> • Monitor compliance with the dealer’s business conduct and ethics code 	<ul style="list-style-type: none"> • Monitor compliance with policies and procedures that require disclosure and approval, including: <ul style="list-style-type: none"> ○ Consideration for potential client confusion or conflicts of interest ○ Effective controls and qualified supervision ○ Applicable due diligence process for approvals ○ Appropriate record-keeping



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	Directors	Executives/UDPs	Directors	Executives/UDPs
I. Duties	<ul style="list-style-type: none"> • Strategic objectives and positions • Models and methods of strategic analysis, option evaluation and organizational strategy • Business planning and strategy • Significant strategic initiatives (e.g., M&A) • Legal obligations as corporate directors, including: <ul style="list-style-type: none"> ○ Fiduciary duties, including: <ul style="list-style-type: none"> ▪ To act fairly, honestly and in good faith ▪ To manage corporate assets consistent with the 	<ul style="list-style-type: none"> • Legal obligations as officers of a corporation, including: <ul style="list-style-type: none"> ○ Fiduciary duties, including: <ul style="list-style-type: none"> ▪ To act honestly and in good faith ▪ To manage corporate assets consistent with the corporation's objectives ▪ To not abuse position for personal benefit ▪ To maintain the confidentiality of information 	<ul style="list-style-type: none"> • Guide and approve the vision and strategy • Act in accordance with fiduciary duties • High standards of skill, integrity, care and diligence in professional activities • Deliver effective leadership • Consider regulatory requirements and relevant risks with regards to matters brought to the Board's attention and in reviewing relevant materials 	<ul style="list-style-type: none"> • Consider duties of officers and Directors' duties, liabilities and defences and inform them as needed



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> corporation's objectives ▪ To avoid conflicts of interest with the corporation ▪ To not abuse position for personal benefit ▪ To maintain the confidentiality of information ▪ To serve the corporation selflessly, honestly and loyally • Mandatary duties (Québec only) • Obligations to perform duties with the care, skill and diligence of a reasonably prudent person 	<ul style="list-style-type: none"> ▪ To serve the corporation selflessly, honestly and loyally • Obligations to perform duties with the care, skill and diligence of a reasonably prudent person • Develop knowledge of Directors' duties as they apply to the role of Executives 		



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> Duty of diligence at Board meetings, including the duty to not support improper resolutions General duty of legal compliance Standards applicable to “inside” and “outside” Directors Directors actively engaged in the business of the dealer 			
II. Liabilities	<p>Directors</p> <ul style="list-style-type: none"> Potential legal liabilities that may arise from: <ul style="list-style-type: none"> Knowledge and authorization of illegal acts Misrepresentations Failure to conduct underwriting due diligence “Expertised portions” of a 	<p>Executives/UDPs</p> <ul style="list-style-type: none"> Potential legal liabilities Securities-related criminal penalties Limitation of liability (e.g., indemnity) Directors’ duties, and duties as officers to ensure proper escalation to Directors as needed 	<p>Directors</p> <ul style="list-style-type: none"> Consider potential liabilities when making decisions and take reasonable steps to minimize them 	<p>Executives/UDPs</p> <ul style="list-style-type: none"> Consider duties of officers and Directors’ duties, liabilities and defences and inform them as needed Consider potential liabilities when making decisions and take reasonable steps to minimize them



3. Duties, Liabilities and Defences			
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	<ul style="list-style-type: none"> prospectus (reliance upon experts) ○ Failure to make proxy-related disclosures ○ Failure to respond to requests from the Director appointed under Federal and Provincial corporation acts ● Securities-related criminal penalties, including: <ul style="list-style-type: none"> ○ Absolute or conditional sentences ○ Fines ○ Imprisonment ○ Parole and probation conditions ○ Restitution orders ○ Forfeiture of property 		



3. Duties, Liabilities and Defences				
SUB-COMPETENCY	KNOWLEDGE		BEHAVIOURS AND SKILLS	
	For Directors/Executives/UDPs to understand as applicable		For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> ○ Committal for contempt ● Other liabilities subject to applicable corporate laws ● Limitation of liability (e.g., indemnity) 			
III. Defences	Directors	Executives/UDPs	Directors	Executives/UDPs
	<ul style="list-style-type: none"> ● Legal defences, including: <ul style="list-style-type: none"> ○ Reasonable diligence ○ Due diligence ○ Good faith reliance ○ Business Judgment rule 	<ul style="list-style-type: none"> ● Legal defences available to officers ● General awareness of Directors' defences 	<ul style="list-style-type: none"> ● Incorporate legal defences in decision-making 	<ul style="list-style-type: none"> ● Consider defences available to officers and Directors' duties, liabilities and defences and inform them as needed



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	Directors/Executives/UDPs	Executives/UDPs	Directors	Executives/UDPs
I. Risk management and internal controls	<ul style="list-style-type: none"> • Definition and objectives of risk management • Risk management infrastructure of a dealer • Enterprise-wide risk management and models • Risk management in a principles-based regulatory environment • Regulatory expectations of risk management • Role of risk in growth and value creation, and of risk management in preservation of value, including: <ul style="list-style-type: none"> ○ Importance of integrating risk assessments into 	<ul style="list-style-type: none"> • Risk identification, measurement, monitoring, control and reporting considerations, including: <ul style="list-style-type: none"> ○ Nature, scale and complexity of business lines ○ Nature and range of activities undertaken in support of business lines ○ Internal control approach and infrastructure ○ Degree of risk associated with each area of its operation and consequence of negative risk events • Risk management tools, including: 	<ul style="list-style-type: none"> • Oversee, guide and approve material business strategy • Define risk appetite, review frequently and manage to an acceptable level of exposure • Direct Executives' and other senior management's full commitment to the risk management framework and oversight • Oversee the development of material policies and procedures • Establish and oversee regular review of internal control systems • Guide development of risk management policies and procedures 	<ul style="list-style-type: none"> • Exercise responsibility to supervise and direct activities within assigned area(s) of responsibility to provide reasonable assurance of compliance with applicable rules and requirements • Identify material risks • Regularly assess material risks and the effectiveness of addressing the risks • Consider regulatory obligations, budget and implement appropriate supervision and compliance procedures to manage risks • Establish, maintain and enforce timely updates and amendments to written policies and procedures regarding: <ul style="list-style-type: none"> ○ Business and compliance conduct ○ Supervision and compliance communications



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> ○ strategic decision-making ○ Assessment of risk/return trade-offs ● Risk management frameworks, including: <ul style="list-style-type: none"> ○ Scope of risks, including: <ul style="list-style-type: none"> ▪ Risk tolerance and risk appetite ▪ Risk identification and measurement ▪ Risk limits ▪ Risk mitigations ▪ Risk and compliance controls ○ Risk management policies and procedures ○ Roles and responsibilities 	<ul style="list-style-type: none"> ○ Hedging ○ Securitization ○ Insurance ○ Compliance ● Credit risk management policies and procedures 	<ul style="list-style-type: none"> ● Approve policies and procedures relating to significant risk management for derivatives to provide reasonable assurance they are consistent with the dealer’s overall broader business strategies and appropriate for market conditions, where applicable ● Direct Executives and other senior management to budget for sufficient personnel and resources to fully and properly enforce the written policies and procedures ● Designate an UDP to be responsible to CIRO for the conduct of the dealer and the supervision of its employees 	<ul style="list-style-type: none"> ○ Credit risk to dealer counterparties ● Receive and manage reports for all legal actions filed against the dealer ● Establish internal guidelines to approve and review counterparty credit limits ● Establish security loan values specifying dollar limits for all products, concentration, leverage activities and transaction types ● Ensure appropriate risk control systems for derivatives products and activities address market, credit, legal, operational and liquidity risks, where applicable ● Ensure risk management function for derivatives products and activities monitor and report risk metrics to appropriate Executive(s) and Directors or equivalent, where applicable



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> • Reporting requirements for legal actions filed against the dealer • General reporting obligations to the Board • Derivatives risk management internal control requirements • Regulatory roles and compliance responsibilities of Directors, Executives, Chief Financial Officer (CFO), Chief Compliance Officer (CCO) and UDP • Dealer risks, risk limits and methods of measuring risk • Auditor's reports • Implications of internal and external audits on the dealer • Definition and objectives of internal controls, including: 		<ul style="list-style-type: none"> • Support the UDP in carrying out their regulatory responsibilities • Assess the effectiveness of the dealer's risk management and internal controls • Oversee dealer management of certain areas of risk at the enterprise level • Ensure dealer assigns identified areas of risk to at least one Executive with supervisory responsibility when using an enterprise risk management model • Annually approve credit policies and procedures • Ensure Executives regularly review and 	<ul style="list-style-type: none"> • Ensure policies and procedures for derivative products specifically address processing, trading, monitoring and reporting cycles, where applicable, including: <ul style="list-style-type: none"> ○ Clear responsibility lines for risk management ○ Adequate system for measuring risk ○ Appropriate risk position limits ○ Effective internal controls ○ Comprehensive reporting process • Identify, measure and report on the dealer's risks • Allocate adequate resources • Authorize Supervisors to implement and enforce the dealer's policies and procedures • Examine risk of loss and the cost-benefit relationship of controlling that risk in order



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE		BEHAVIOURS AND SKILLS	
	For Directors/Executives/UDPs to understand as applicable		For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> ○ Detective controls ○ Preventive controls ● General internal control requirements ● Dealer compliance program requirements 		<p>update credit policies and procedures</p> <ul style="list-style-type: none"> ● Ensure credit risk department's independence, authority and role in dealer management, if included ● Receive reports on a regular basis on any significant potential loss exposures or delegate to a credit risk review committee that reports directly to the Board ● Ensure dealer maintains a compliance program that identifies and addresses material risks of non-compliance and that appropriate supervision and compliance procedures to 	<p>to implement preventive controls, as required</p> <ul style="list-style-type: none"> ● Ensure adequate internal control over the dealer's day-to-day activities ● Resolve weaknesses and assess risks to expanding business lines and products shelf ● Use best judgment to determine whether internal controls are adequate ● Review and approve any substantive changes, at least annually, to all internal control policies and procedures within area of responsibility ● Approve detailed written record of internal controls, including policies and procedures to provide reasonable assurance of compliance with all CIRO requirements relating to internal controls



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable
			<p>manage those risks have been implemented</p> <ul style="list-style-type: none"> • Review written compliance governance document, which describes the dealer’s organizational structure and reporting relationships that support required compliance arrangements • Review compliance and audit reports • Review CCO and CFO reports and recommendations to determine what actions are necessary to rectify outstanding compliance deficiencies • Oversee that rectifying actions are <ul style="list-style-type: none"> • Review internal controls for adequacy and suitability at least annually • Approve internal controls in writing after each review



4. Risk Management and Oversight				
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable		BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
			completed on a timely basis, recorded and that ongoing monitoring is adequate	
II. Significant areas of risk	Directors/Executives/UDPs <ul style="list-style-type: none"> • Definition of significant areas of risk • Requirements relating to managing significant areas of risk • Significant areas of risk specific to the dealer and its business lines, which may include the following: <ul style="list-style-type: none"> ○ Financial, including: <ul style="list-style-type: none"> ▪ Financing arrangements (including cash and security borrowing and lending arrangements) ▪ Regulatory financial report filings ▪ Pricing internal controls ▪ Minimum capital levels ▪ Early warning tests ○ Operational, including: <ul style="list-style-type: none"> ▪ Account openings and transfers ▪ Account information and records ▪ Dealer records ▪ Client communications 		Directors <ul style="list-style-type: none"> • Ensure dealer: <ul style="list-style-type: none"> ○ Identifies significant areas of risk in accordance with the size, scope and risk of its business lines ○ Assigns as many appropriate Executives as necessary to ensure adequate management of each significant area of risk ○ Assesses which Executives are appropriate using the same general considerations 	Executives/UDPs <ul style="list-style-type: none"> • Inform and escalate to Directors as needed • Be responsible for and manage assigned significant area(s) of risk, including review and approval of any policies and procedures related to their significant area of risk • Share joint responsibility and accountability when multiple Executives are either assigned to all identified areas or partly divided between specific business lines • Possess the necessary education, training and experience to manage assigned areas • Monitor policies and procedures for adequacy



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
			<ul style="list-style-type: none"> ▪ Internal controls over the protection of dealer and client assets, including segregation and safekeeping-related procedures ▪ Containment of non-material information ▪ Business continuity planning ▪ Privacy, cyber-security and information technology infrastructure ▪ Anti-Money Laundering and Terrorist Financing ▪ Introducing Broker/Carrying Broker arrangement risks ○ Corporate finance, including: <ul style="list-style-type: none"> ▪ Underwriting due diligence ▪ Professional and fairness opinions ▪ Containment of material non-public information ▪ Risk of not selling the new issue ○ Trading, including: <ul style="list-style-type: none"> ▪ Clearing and settlement ▪ Derivatives risk management ▪ Market manipulation, tipping and illegal insider trading ▪ Market structure and the dealer’s role within the market, including best execution obligations



4. Risk Management and Oversight			
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable	
	<ul style="list-style-type: none"> ○ Wealth management ○ Research ● The impact of significant areas of risk on the dealer and ways to mitigate risk 		<ul style="list-style-type: none"> ● Ensure appropriate record-keeping, regulatory reporting policies and procedures ● Ensure oversight of complaint handling, litigation, other regulatory reviews, and that such matters are appropriately addressed at the dealer ● Ensure the implementation of appropriate policies and procedures relating to: <ul style="list-style-type: none"> ○ Complaints ○ External client litigation ○ OBSI ○ CIRO investigations ○ Provincial securities commissions' investigations ● Approve annual review and test of business continuity plan
<p>The following competency applies only to UDPs</p>			



4. Risk Management and Oversight		
SUB-COMPETENCY	KNOWLEDGE For Directors/Executives/UDPs to understand as applicable	BEHAVIOURS AND SKILLS For Directors/Executives/UDPs to apply as applicable
II. UDP responsibilities	<p>UDPs</p> <ul style="list-style-type: none"> • CIRO supervisory system requirements, including the specific UDP responsibilities • Monitoring and supervision responsibilities, including: <ul style="list-style-type: none"> ○ Specific cases of non-compliance ○ Internal control weaknesses that might lead to non-compliance ○ Significant areas of risk • Role of the Executives (including CCO and CFO) in managing significant areas of risk and using risk-based approaches to compliance • UDP continuing education compliance requirements • CIRO audit content and resolution plans (report is directed at the UDP) • Early warning rules • Risk trend reports 	<p>UDPs</p> <ul style="list-style-type: none"> • Apply the correct “tone at the top” • Ensure appropriate resources are provided for compliance and supervision • Establish and oversee the dealer’s risk management infrastructure, supervisory and compliance systems • Exercise ultimate authority and accept full responsibility for dealer and employee compliance • Supervise both dealer and employee activities directed towards ensuring compliance with applicable requirements and laws • Promote a culture of dealer, employee compliance, and regularly communicate the importance of compliance within the dealer • Exercise care in the selection of a CCO, CFO and Executive team • Oversee the compliance activities of CCO, CFO and all Executives, including those responsible for managing significant areas of risk, including: <ul style="list-style-type: none"> ○ Setting goals or projects and monitoring progress ○ Making compliance matters a regular discussion topic at Executive committee (or similar structure) meetings ○ Advising Executives of specific matters that must be brought to the UDP’s attention



4. Risk Management and Oversight		
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		<ul style="list-style-type: none"> • Ensure CCO, CFO and all Executives responsible for managing significant areas of risk have adequate resources and direction to competently exercise their responsibilities • Ensure CCO, CFO and all Executives responsible for managing significant areas of risk have unrestricted access to UDP in order to report any instances of non-compliance with securities legislation that: <ul style="list-style-type: none"> ○ Create a reasonable risk of harm to a client or to the market ○ Are part of a pattern of non-compliance • Oversee the development and implementation of adequate written compliance policies and procedures • Ensure there is documentary evidence of each key supervisory step • Ensure that effective procedures for identifying and escalating all instances of non-compliance are in place • Ensure the timely resolution of all instances of non-compliance are completed, recorded and regularly monitored • Communicate with the Board at such times as is necessary or advisable • Ensure all staff understand the importance of consulting with the compliance department • Review risk trend report and resolve deficiencies identified in regulatory examinations • Accountability for regulatory examinations



4. Risk Management and Oversight		
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		<ul style="list-style-type: none">• Distinguishing between matters of non-compliance• Oversee governance document, including:<ul style="list-style-type: none">○ A list of all roles required by regulation (e.g., UDP, CCO, CFO and Supervisors)○ A clear description of what each role requires○ The identity and role of the person to whom each required role reports○ The reporting relationship of the CCO to the Board• Establish and maintain procedures in place to promptly address statistical and summary information reported through the Complaints and Settlement Reporting System (ComSet)• Ensure that sufficient qualified employees are hired and trained to assure compliance with regulatory requirements