



Appendix A

Summary of Guidance

Guidance Reference	Topic	Summary
Part 1	Background	Provides background on the OEO business model.
Part 2	Regulatory Framework	Describes IIROC's regulatory requirements applicable to the OEO business model.
Part 3	Recommendations	Describes what may or may not constitute a "recommendation" for purposes of the Recommendation Prohibition.
Section 3.1	Meaning of "Recommendation"	Provides that "recommendation" means: <i>any communication or statement of opinion sent or made available to an investor (or class of investor) that could, based on the context or circumstances, reasonably be expected to influence that investor (or class of investor) to make an investment decision regarding a security (including any class of securities and the securities of a class of issuers).</i>
Section 3.2	General Application of "Recommendation"	Provides general interpretive guidance for OEO firms to consider when assessing whether a particular tool may be a recommendation.
Section 3.3	Specific Application of "Recommendation"	Sets out our analysis of some of the more common tools currently being offered by OEO firms. Whether a particular tool constitutes a recommendation will depend on an analysis of all the relevant facts and circumstances of the particular case and whether a reasonable person in similar circumstances would believe a recommendation has been made.
Subsection 3.3.1	Pricing Incentives	Pricing incentives are generally acceptable, depending on the facts and circumstances. A pricing incentive would more likely be considered a recommendation where it: • is on a specific security (or small number of securities) • is on a class of securities, but the OEO firm only offers a single (or small number) of securities within that class, or • favours proprietary products.
Subsection 3.3.2	Fair Visibility, Availability and Accessibility	OEO firms should ensure the fair visibility, availability and accessibility of all products and information they make available.
Subsection 3.3.3	Hyperlinks & Portals	Hyperlinks offered by an OEO firm to a third-party website are generally acceptable, depending on the facts and circumstances. Consistent with Notice 11-0349, OEO firms should consider: • the use of disclaimers • the nature of involvement in preparation of third-party communication • any evidence of explicit or implicit endorsement to help determine whether or not the third-party post reflects the views of the OEO firm.



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Subsection 3.3.4	Social Media	OEO firms may engage in social media activities, so long as they do not engage in activities that would be considered recommendations.
Subsection 3.3.5	Integrated Tools	Integrated Tools are generally acceptable, depending on the facts and circumstances. Consistent with Notice 11-0349, OEO firms should take steps to mitigate the risks that OEO clients: - consider the content of a third-party website to be attributed to or endorsed by the OEO firm, or - are not aware that they have left the OEO firm's website.
Subsection 3.3.6	Trading Tools	Trading Tools constitute recommendations and accordingly violate the Recommendation Prohibition. Trading Tools should not be made available by OEO firms.
Subsection 3.3.7	Trade Execution Assistant Tools	Trade Execution Assistant Tools may be a recommendation depending on how they are offered. So long as the Trade Execution Assistant Tool is merely made available on an OEO firm's website to be "pulled" by the client, without prompting or influence by the OEO firm, we would not consider it to be a recommendation. For example, OEO firms may offer their clients the option of how to execute trades (e.g., Volume Weighted Average Price, Percentage of Volume or Time). So long as the choice is made by the client, on their own initiative, without any recommendation provided by the OEO firm regarding which of these options, if any, a client should choose, we would consider such options acceptable.
Subsection 3.3.8	Pre-entering of Orders	Pre-entering of orders is acceptable, assuming that the order is pre-entered solely by the client, on their own initiative, without any recommendation being provided by the OEO firm.
Subsection 3.3.9	Automatic Rebalancing Alerts & Tools	Rebalancing Tools are generally acceptable provided that the OEO firm did not influence the client's selection of their desired pre-determined levels / rebalancing instructions. OEO firms should be mindful of the risks and concerns raised by Rebalancing Tools.
Subsection 3.3.10	Filtering Tools	Filtering Tools that merely sort/filter all securities the OEO firm has available for purchase and sale are not considered to be recommendations, so long as the client initiates (pulls) the sorting/filtering.
Subsection 3.3.11	New Issues	New Issues that are merely made available on an OEO firm's website to be pulled by a client, without prompting or influence by the OEO firm, are not generally considered to be recommendations.
Subsection 3.3.12	Informative Tools	Informative Tools are generally acceptable, depending on the facts and circumstances. However, they may be considered recommendations if they could reasonably be expected to influence a person's investment decision.
Clause (a)	Educational Tools	Educational Tools are generally acceptable, so long as their primary purpose is to educate, and not influence, clients.



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Clause (b)	Research Reports	Research Reports that are merely made available on an OEO firm's website to be "pulled" by the client, without prompting or influence by the OEO firm, are not considered to be recommendations
Clause (c)	Multiple Fund Series	We do not consider it to be a recommendation when an OEO firm provides factual information to a client of the availability of a lower-cost series of a fund the client holds or is in the process of acquiring (e.g., the availability of Series D, or the equivalent PTF, where the client holds or is in the process of acquiring Series A of that fund).
Clause (d)	Portfolio Analyzer Tools	Portfolio Analyzer Tools are generally acceptable so long as they merely provide a breakdown of a client's <i>existing</i> holdings.
Clause (e)	Model Portfolio Tools	Permitted Model Portfolios that: • are limited to class of investor, asset class, industry sector and/or time horizon • do not reference specific securities or issuers, and • are only made available on OEO firms' websites to be pulled by the client and are not pushed to a client(s) are not generally considered to be recommendations.